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Media Release

2 March 2010

Rate hiatus not long enough

The Reserve Bank of Australia's (RBA) decision to increase official interest rates by 0.25 per cent for the fourth time in five months, after a brief hiatus in February, will increase affordability pressure on Australian families and really hurt business and commercial borrowers", said Real Estate Institute of Australia (REIA) President, Mr David Airey.

Although REIA welcomes economic recovery, the combined rate increases in five months has the potential to dampen the market and stifle recovery.

This increase comes as REIA is about to release the Deposit Power Housing Affordability Report for the December quarter, with a prediction that housing affordability will have once again worsened.

"The most recent figures showed a decrease in housing affordability and the release of next Wednesday's report is not likely to show any improvement," continued Mr Airey.

Mr Airey added, "We are still in uncertain times and any rate increase will hit families and business borrowers hard."

"The reality is that housing lending has dropped along with business loans and no change in interest rates is what was needed," concluded Mr Airey.

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