

Stable rates good news for low income earners

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The Real Estate Institute of Queensland (REIQ) today welcomed the Reserve Bank of Australia's (RBA) decision to leave interest rates unchanged at 6 per cent.

The RBA increased the cash rate by 25 basis points in both May and August, increasing the pressure on Queensland low income earners.

REIQ Chairman, Peter McGrath, said the decision to maintain the current interest rate was particularly good news for tenants saving for a home.

"For those in the rental market striving to enter home ownership, the increasing cost of living - including high petrol prices and increasing borrowing rates - means they have to work harder to save for a deposit, and many on low incomes will simply not qualify for a loan," Mr McGrath said.

"Extremely low vacancy rates across the Southeast - on average around 1.5 per cent for houses - have already placed increased pressure on tenants.

"Another rise would certainly have prompted landlords to consider offsetting some of their costs, by increasing rents when current tenancies expire.

"In Brisbane alone, rents have increased 17 per cent over the past two years."

"A further rate rise would have compounded the dire prospects of many young Queenslanders attempting to save for their first home."

Another interest rate rise now could also have forced many in the lower echelons of the private rental market into the public housing domain, Mr McGrath said.

The REIQ believes the Queensland property market is still in a position of strength, as it continues to defy the downward trend in Australia's other major capitals.

"Of the three biggest states, Queensland has weathered previous rises better than Victoria and New South Wales," he said.

"Queensland still reflects very good economic fundamentals with the commodities boom seeming to know no end, but the Institute is concerned at the overall effect that further rate rises will have on the economy."