

# Real Estate

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■ David Deane does not believe the latest interest rates rise will affect the market.

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## Optimism despite rate rise

**W**HILE some industry analysts appear cautious on the effect this week's interest rate rise will have on the housing market, David Deane, principal of David Deane & Associates is not.

The Reserve Bank of Australia increased official rates on Wednesday to 5.75 per cent, from 5.5 per cent - the first rise in 14 months.

Rising fuel prices have pushed inflation up, which in turn led to the Reserve Bank's decision.

Experts say the rise of 0.25 per

### closeup upward movement

- Interest rates rise for first time in 14 months.
- Experts divided on impact.
- Some fear market will slow.
- Others believe little will change.

cent would add about \$40 a month to the average home mortgage.

However, Mr Deane does not

believe the increase would make any difference to the current boom they were facing.

"The last three months have been record months for us," he said. "Even if they did put it up it would be fairly insignificant for houses under \$300,000, which are the majority of sales at the moment."

"If they put it up a quarter per cent we would still have the cheapest and best value for money homes in Australia," Mr Deane said.

Steve Baudinette, principal of

L.J. Hooker Albany Creek and Warner said: "The market has been steady over the last six months."

"A percentage rate increase mixed with the petrol prices will certainly harm the market. If rates didn't go up the market will continue to surge ahead."

The Real Estate Institute of Queensland (REIQ) said the state's housing market should remain stable, despite the rise.

"While the increase might dampen sentiment in the property market over the next couple of

months, the Institute believes the rise will not overly deter property consumers," REIQ chairman Peter McGrath said.

"Nevertheless the Institute is still concerned at the overall effect this rise will have on the Australian economy, especially given the growing impact of high petrol prices."

However, Graham Cuthbert, executive director of the Master Builders Association, said the rate rise would make housing less affordable.

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