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FOR IMMEDIATE RELEASE

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## Record Low Rates to Continue into 2018

“Australia will kick off 2018 with ultra-low interest rates following this afternoon’s decision from the RBA,” remarked Shane Garrett, HIA Senior Economist.

“The RBA’s official cash rate has been held at 1.50 per cent since August 2016. We are close to marking the longest ever period without a change in interest rates.

“The current interest rate environment is remarkable in that borrowing costs are very low. Along with this, the unprecedented stability in rates over the past 18 months makes for a very favourable setting in terms of planning for business investment and economic activity generally.

“There is little basis for expecting interest rate rises over the short term. Price inflation is weak, wages growth is close to a 20-year low and the pace of economic expansion is sub-par.

“In short, the RBA must keep interest rates low at this time.

“The continuation of a low interest rate regime has also boosted short-term prospects for new home building activity.

“Last week, HIA Economics released out latest forecasts for residential building. From the record highs reached in 2016, new home building will continue to retreat modestly. We expect new dwelling starts to shrink by 8.2 per cent in 2018 with a 10.0 per cent contraction in 2019.

“Despite these reductions, the volume of new home building over the coming years will remain elevated. The backdrop of low and stable interest rates is a key piece of the jigsaw,” concluded Shane Garrett.

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