

# WHAT DOES RISING INTEREST RATES MEAN FOR THE MARKET?

Rising interest rates have seen the average family's borrowing capacity shrink by almost \$250,000 compared to April 2022 as a result of 12 interest rate rises. As interest rates rise, the maximum amount a person can borrow from the bank decreases because they pay more in interest to the lender.

Once this latest cash rate decision takes effect, the big banks' ongoing variable rates are likely to be over 6 per cent, which means that borrowers will soon be stress tested at rates over 9 per cent.

While interest rates have gone up, property prices have defied conditions recently with property values holding their own. The last 12 rate hikes should have sent property prices sliding, but a severe lack of stock has seen property prices head in the other direction in some cases.

If the cash rate keeps climbing, we could see an increase of "For Sale" signs in the second half of this year as over-leveraged investors offload part of their portfolio and over-burdened families relocate to a cheaper area to get some financial relief.

With high migration rates (1,000 per day) it seems we are unlikely to experience an over supply of stock. This current housing shortage is not going to be solved easily or within a short time frame.

If you are thinking of selling, the best advice is to consider selling sooner rather than later while there is less competition in the market. If we have an increase of properties for sale (a Buyer's market) with plenty of properties for Buyers to choose from, Sellers will be in a disadvantaged position when it comes to achieving the best sales price.

***For complimentary appraisals and advice for buyers, please contact our office on 5478 5288, we are OPEN 7 days.***

## TESTIMONIAL

## GREAT RESULT!

*Roger and his professional team achieved an excellent result in selling our elderly Mother's property at Flaxton. Roger's open communication kept the family informed and up to date on the sale progress. An excellent result. I highly recommend the services of Roger and his team at Roger Loughnan Real Estate.*

***Review submitted by G Salmond (Vendor)  
10 Mar 2023***



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