



What impact would an increase in interest rates have on property prices across Australia?

A select few property experts have been constantly predicting how property prices could drop for the next few years consistently after 2 consecutive interest rate hikes in last few months by the RBA.

However, after doing some research around it, our personal opinion is quite different and we believe that [house prices will continue to increase despite rising interest rates](#). Here is a look at why we do believe this to be the case

Australians who recently bought a house have a mortgage that must be repaid with interest. We all know that there was an increase in interest rates in May 2022. The Reserve Bank could soon raise interest rates to lower inflation. It is very difficult to control inflation once it has established itself. Economists worry that rising interest rates could make housing more expensive and reduce buyer demand, which will in turn lead to lower prices.

It is logical that rising borrowing costs will result in lower buyer demand and, consequently, prices will fall. This theory is hard to prove because interest rates have consistently fallen since the 1990's when the standard variable rate on a home loan was way more than what is right now.

As we all know quite well, people make more money these days and now that Australia is open after COVID, there is going to be more people moving in from overseas to settle in Australia.

So, demand in the property market is not going to cool off anytime soon. With demand, there would be a surge in prices with the housing industry. This is exactly why construction workers seem to be highly paid and highly sought after.

If you are still concerned about rising costs and interest rates and you still have savings from your super that you would like to invest. Consider investing with a property developer who would offer you a high return on your investment. Make sure you do research before investing with property development. Look for [an investment opportunity](#) from Australian property developers involved in the development and operation of residential projects, commercial and

industrial projects, and shopping centers. These development projects if in the right location headed by the right people and if operated and executed properly is where you will see high potential in growth of the actual project. So, doing your study is the key to investing in such developments.