



What effect would an additional interest rate hike have on property prices in Australia?

A few property analysts and economists have predicted that house prices would fall this year and 2023 because of rising interest rates. There is still a good chance that [property value will rise regardless of interest rates](#). Let's take a look at the past performance and how our research led us to this conclusion. Australians who recently bought a home have a mortgage which must be repaid with interest. We all know that interest rates have increased in recent months, with the Reserve Bank threatening to increase them further in order 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 understandable that rising borrowing costs will result in lower buyer demand and prices will fall. However, property prices have risen during this period. The interest rates have also risen. The major banks have raised their standard variable home loan interest rate multiple times since the 90s. In 2011, the last official increase in cash rate was more than a decade ago. Although it's possible that property prices could have risen faster had interest rates not increased when they did, they didn't fall. This is because most property owners are resilient and resistant to interest rate rises. A third of the housing market in America is 100% owned, with all mortgages paid off. The majority of owners are elderly couples who want to sell their property to downsize. This group of property owners is unlikely to be affected by interest rate increases. If you are concerned about interest rates moving forward due to what the RBA did recently, invest in projects where the developer pays a high return on investment. Capital is 100% secure, regardless of how the property markets reacts to changes in interest rates from the banks and the reserve bank. You will find this as a very direct [investment opportunity in Australian](#) property developers involved in the development and operation of entire residential projects, commercial and industrial projects, and shopping centers.