

Prime Site

Rate rise 'unlikely to slow commercial volumes'

Melissa Maugeri

INTEREST rates rises could see a slackening in some residential markets but the move was unlikely to slow commercial volumes, according to industry experts.

Jones Lang LaSalle's Stephen Conry said speculation of further rate increases caused more harm than the actual increases themselves.

"In the commercial sector, continued focus will remain on Bris-

bane and Melbourne, where rising commercial sector rents may even allow a further compression of yields against the traditional rise in yield expected following a rate rise," Mr Conry said.

He expects total 2005 Australian market sales volumes, excluding direct deals, to be 30 per cent up on 2004 by the end of the year based on domestic activity and known investment requirements.

In the residential market, buyer's agent Scott McGeever

said the interest rate rise could see a lot more properties under the \$400,000 mark coming on to the market.

If another rise followed Wednesday's move, the market could swing in favour of buyers resulting in longer sales negotiations.

"More supply and more competition will mean unrealistic vendors just won't sell their properties," Mr McGeever said.

But the Real Estate Institute of

Queensland is optimistic the market will continue to perform well.

"We do not believe a 25 or 50 basis point rise in interest rates will greatly affect the owner-occupier buyers in the market," REIQ managing director Don McKenzie said.

But another rise in the next few months could hit investors. "If this happens, there is every possibility that some investment property owners may decide to sell as their ability to repay investment

loans is stretched further," Mr McKenzie said.

Herriots Certified Practising Valuers managing partner Iain Herriot said the rise might see a slight slowing, probably at the bottom end of the market.

"However if there is another quarter of a per cent rise between now and June, the market will be detrimentally affected and you will see a marked and immediate slowdown," Mr Herriot said.