

Rate cuts having no 'meaningful' impact on residential development sales: Mirvac

By Larry Schlesinger
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Cash rate cuts made by the RBA, around 80% of which have been passed on by lenders, have not stimulated buyers' appetites for new residential property, according to Brett Draffen, chief executive of development at Mirvac.

In an interview with *Australian Financial Review TV*, Draffen highlighted the muted impact that interest rate cuts have had to date on activity and prices in the property market – a point made by other property market analysts, including Laing+Simmons general manager [Leanne Pilkington](#), following the December rate cut.

Draffen says the interest rate reductions have not made a “meaningful change” at Mirvac sales offices and the level of transactions they are doing.

“They are positive initiatives but we are still in that overarching observation of a lack of confidence,” he says.

Draffen says he is more optimistic about that benefits of rate cuts starting to flow through in 2013 into transaction activity but Mirvac is yet to see it at this stage.

In December, following the RBA cutting the cash rate by 25 basis points to 3%, Pilkington said the Reserve Bank “no longer has the relevance or power to stimulate housing market activity as the banks are either not passing on the cuts, or passing on only a fraction of them”.

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