

Media Release



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RBA'S 'EVEN KEEL' CASH RATE INCREASE FLIES IN FACE OF ECONOMIC EVIDENCE

The Real Estate Institute of Australia (REIA) President, Hayden Groves said the RBA's latest interest rate hike will hurt first home buyers and investors alike putting unnecessary strain on an already stressed market.

REIA President, Hayden Groves said REIA is disappointed the RBA chose to increase interest rates despite recent CPI figures showing inflation had slowed down.

"The RBA could have waited until it had additional information on the economy for its next meeting in June including retail trade, business turnover, household spending and labour force to assess the impact of ten successive past increases," he said.

Mr Groves said ABS data shows that the Consumer Price Index (CPI) rose 1.4% in the March quarter of 2023 and 7.0% over the twelve months.

"This is down on the annual figure for the December quarter of 7.8% and is the lowest quarterly increase since the December quarter of 2021 and clearly confirms a slow-down in the rate of increase.

"The rate of price growth for new dwellings continued to ease over the December quarter, following a record annual rise in the September 2022 quarter, reflecting improvements in the supply of construction materials and an easing in demand," he said.

Mr Groves said the latest hikes will put further pressure on the rental market by deterring property investors which is causing great anxiety across the nation coinciding with the chronic shortage of supply.

"Rents increased by 4.9% annually on a weighted capital city basis, the largest annual rise since 2010, and compares to 4.0% for the twelve months to December."

Mr Groves concluded that RBA will be able to analyse the impact of next week's Budget on economic activity and RBA targets, further supporting the view that the RBA ought to have kept rates on hold.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.com.au