

# Media Release



For immediate release – 6<sup>th</sup> June, 2023

## REIA SAYS RATE RISES ARE DESTROYING THE AUSTRALIAN DREAM

Real Estate Institute of Australia (REIA) President, Hayden Groves said it was disappointing the RBA chose to increase rates by another 25 basis points given the impact interest rate rises are having on housing affordability.

“We are now at risk, driving the economy closer to a recession.

“Following the national wage case decision (5.75% for minimum wage earners) and the larger than expected monthly CPI for April (6.8% up from 6.3% in previous month) the financial markets were betting on an increase in interest rates.

“The Commission in handing down its decision indicated that in their analysis the increase would not be inflationary. It is the business groups that have come out saying it will be.

“Whilst the April CPI doesn't follow the downward trend of previous months it should be treated cautiously as the monthly stat isn't as comprehensive in coverage as the quarterly figure (June quarter out at end of July) and was driven in large part by the change in excise on fuel.

“Retail sales volumes have fallen and unemployment has, albeit from a strong base, started to increase.

“The ABS released a statement saying household spending has risen.

“It rose by 6.0% in April **in nominal terms** compared to the same time last year. Growth in household spending has been on a downward trend from a peak of 29.1 % in August 2022.

“The lags in the impact of previous RBA decisions are quite long and it is only now that banks are saying that it is having an impact on some borrowers with defaults starting to creep up.

“Whilst the RBA will stick to economics, they cannot be immune to the political pressures with small business and young families holding a mortgage most impacted by the latest rate increase.

“The pace of rate increases leaves the economy in uncharted territory with the official cash rate now at its highest level in more than a decade. Some underlying inflationary pressures in the economy cannot simply be fixed by hiking interest rates,” concluded Mr Groves.

## ENDS

For any further information please contact Olwyn Conrau, REIA Media Consultant, 0413 600 350 [olwyn.conrau@reia.com.au](mailto:olwyn.conrau@reia.com.au)

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](http://www.reia.com.au)