

Media Release



For immediate release 28 June 2023

MONTHLY CPI IS EVIDENCE OF INFLATION ABATING

ABS data shows that the Consumer Price Index rose 5.6% in the twelve months to May, down from the April figure of 6.8%.

"The latest figure confirms the overall trend down in inflation from the December 2022 figure of 8.4%," said Mr Hayden Groves, President of the Real Estate Institute of Australia (REIA).

"The annual movement for the monthly CPI, excluding the volatile items of fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 6.4% in May, down from 6.5% in April.

"The important analytical series, trimmed mean annual inflation, which excludes large price rises and falls, was 6.1% for the twelve months to May, down from 6.7% in the previous month and the lowest since October 2022.

"The most significant contributors to the annual increase in the May monthly CPI indicator were housing (up 8.4%), food and non-alcoholic beverages (up 7.9%) and furnishings, household equipment and services (up 6.0%) and transport (7.1%) with the annual increase for the housing group lower than the previous five months."

Mr Groves said rents continued to rise with an annual increase of 6.3% in May, up from April's 6.1%.

"The increases in rent, whilst a continuing challenge and contributor to cost-of-living concerns, should be seen in a historical context. For the ten years to the March quarter rents, based on ABS data, increased by 13.0% whereas the CPI increased by 29.5%. In that time there were 5 years when rents didn't move at all.

"Advocates of a 'CPI plus cap' on rents purporting to be the "renters' friend" should keep in mind that tenants would have been far worse off over the past decade had a 'CPI plus' approach been in place.

"With the CPI having peaked late last year as was forecast by the RBA and trending down, it is time for the RBA to stop further increases on interest rates and avoid the serious risk of tipping the economy into recession," concluded Mr Groves.

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