

Media Release



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REIA WELCOMES INTEREST RATE HOLD AS HOUSING AFFORDABILITY CRISIS WORSENS

The Real Estate Institute of Australia (REIA) President, Hayden Groves has welcomed the RBA's hold on interest rate rises giving a reprieve for the thousands of Australians balancing mortgage repayments with myriad cost-of-living pressures.

"The pause is important for struggling households, primarily due to the need for the lagged impacts of higher rates to work their way through the economy.

"Inflation is clearly on the way down with household spending in decline and impacting at a time where small business struggle under the weight of higher wages and energy costs from 1st July.

"The pause will provide some time for the Board to assess the impact of the increase of rates to date and the economic outlook.

"The property market will take some confidence from today's RBA decision that the frequency of rate increases is slowing.

"The RBA had not been prudent in waiting for more data in assessing the impact of the twelve past increases and it has been reflected in the latest ABS lending statistics.

"We know the 12 previous interest rate hikes are hurting Australians with the latest ABS Lending figures for May 2023 showing owner occupiers, investors, and first-time buyers seeking to refinance in large numbers."

"Owner occupier refinancing reached a new high at \$14.1 billion – 21 per cent higher than a year ago reflecting the impacts higher rates are having on borrowers."

Mr Groves said that more interest rate hikes were still possible with Australia's interest rates below those of Canada, New Zealand, the United States and the United Kingdom, most of which are expected to continue to see increases.

"The RBA has made clear we can expect more hikes if inflation remains above the target band, but with housing supply a major challenge and the threat of recession looming, the RBA has done the sensible thing by giving mortgage holders some reprieve."

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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