



**100 YEARS OF SERVING
THE REAL ESTATE INDUSTRY**

Media Release

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INFLATION GENIE BACK IN THE BOTTLE

ABS data shows that the Consumer Price Index (CPI) rose 0.6 per cent in the December, 2023 quarter and 4.1 per cent over the twelve months.

“This is the smallest quarterly increase since March 2021, and lower than the 5.4 per cent annual increase for the September quarter. It is also the fourth consecutive quarter of lower annual inflation down from the peak of 7.8 per cent in the December 2022 quarter, indicating that the RBA’s thirteen rate hikes since May 2022 are slowly but surely putting the inflation genie back into the bottle”, said Real Estate Institute of Australia President (REIA), Ms Leanne Pilkington.

“The important analytical series of trimmed mean, which excludes large price rises and falls, was 4.2 per cent for the year compared to 5.1 per cent in the September quarter and 5.9 per cent for the June quarter. This is the fourth consecutive decrease in the weighted mean analytical series.

“Further, annual inflation for services which has remained sticky and has been of concern to the RBA eased for the second consecutive quarter, to 4.6 per cent down from the peak of 6.3 per cent in the June 2023 quarter.

“The most significant quarterly price rises were tobacco, up 7.0 per cent, new dwellings purchased by owner occupiers, up 1.5 per cent, domestic holiday travel and accommodation up 3.9 per cent and medical and hospital services up 1.2 per cent.

“Rents rose 0.9 per cent in the quarter and 7.3 per cent annually, slightly lower than the 7.6 per cent annual rise in the September 2023 quarter.

“The CPI data comes on the back of retail spending figures which nose-dived in December by 2.7 per cent and was the largest December fall on record. Over the past year, sales have increased by only 0.8 per cent. Once population growth is taken into account, the value of sales per capita has fallen sharply over the past 12 months.

“The lagged response to the successive interest rate hikes are showing up in the CPI and other economic data. The pointers are that we have seen the end of rate rises and if this continues home buyers can anticipate a rate reduction later this year,” concluded Ms Pilkington

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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.

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