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Media Release

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CPI PUTS LID ON RATE RISES

The latest ABS data shows that the Consumer Price Index rose 3.4% in the 12 months to January 2024, the same as the increase for the 12 months to December 2023, but down from the November 2023 figure of 4.3%.

“Even though the January figure is the same as for the previous month the downward trend in inflation is undeniable, it is the lowest annual inflation since November 2021 and well down on the peak of 8.4% in December 2022”, according to the Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington.

“The annual movement for the monthly CPI excluding the volatile items of fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 4.1% cent in January, down from 4.2 in January and the all-important analytical series annual trimmed mean inflation was 3.8% in January, down from the 4.0% increase in January and the lowest since March 2022.

“The thirteen rate hikes by the RBA since May 2022 are slowly but surely stemming the inflation tide.

“The most significant contributors to the annual increase in the January monthly CPI indicator were housing (up 4.6%), food and non-alcoholic beverages (up 4.4%), alcohol and tobacco (up 6.7%) and insurance and financial services (up 8.2%).

“Rents increased by 7.4% in the 12 months to January, the same as the annual increase for December 2023.

“With the latest unemployment figures showing a rise to 4.1 per cent in January, from 3.9 per cent in December and the first time in two years that the unemployment figure has been above 4 per cent, the lagged response to the successive interest rate hikes are showing up in the CPI.

“As the Secretary to the Treasury said to the Parliamentary Economics Legislation earlier this month ‘the drivers of inflation are normalising...we expect that services inflation has likely peaked and will moderate...as the economy cools’.

“The pointers are that the RBA should keep the lid on further rate rises at its meeting in three weeks’ time and that 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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