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## Media Release

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### **RBA SHOULD HEED INDEPENDENT HOUSING ADVICE ON BACK OF NEW REPORT**

The Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington, has responded to the State of the Housing System 2024 Report (the Report) released by the National Housing Supply and Affordability Council.

Attending the launch at the State Library of New South Wales (3 May 2024), Ms Pilkington said that the Report provided a comprehensive analysis of what is limiting the supply of new homes to market that was especially relevant in the run into Federal Budget 2024.

#### *Interest Rates and the next RBA Decision*

“Of relevance ahead of the Reserve Bank’s meeting this week is the abhorrent impact of interest rates on housing supply – the root of the current housing crisis.

“The Council said a decline in interest rates of 50-basis points would boost net housing supply by 54,000 dwellings and a rise of 50-basis points would decrease net supply by 45,000 dwellings.

“We hope the RBA heeds this warning shot issued by the Governments independent housing advisor.”

#### *Supply Projections*

The Council’s projections indicate there will be a significant shortfall of new supply relative to new demand of around 37,000 dwellings in the current financial year and with the six-year shortfall widening to only 39,000 dwellings.

“Feedback from the marketplace suggests that that is optimistic at best and more extreme support measures will be needed.

“Indeed, last week’s ABS building approvals reflected only 12,947 private sector approvals Australia wide in March 2024.”

#### *Negative Gearing and Taxation*

“It is pleasing to see a holistic analysis of taxation treatments in housing presented, informed by evidence. This recognises the integral role negative gearing plays in housing supply by not disparaging negative gearing.”

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)**

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