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RBA NEEDS TO ACT ON INTEREST RATES

ABS data shows that the Consumer Price Index (CPI) rose 2.1 per cent in the twelve months to October the same as for the year to September and down from the 2.7 per cent rise in the twelve months to August.

“The annual movement for the monthly CPI excluding the volatile items of fruit and vegetables, automotive fuel and holiday travel and accommodation, rose 2.4 per cent in August, down from the September figure of 2.7 per cent and 3.0 per cent for August. “This is the lowest since November 2021 before the RBA started its interest rate increases in May 2022”, said Real Estate Institute of Australia President, Ms Leanne Pilkington.

Ms Pilkington said that whilst the important analytical series of annual trimmed mean inflation went up by 3.5 per cent in October, compared to 3.2 per cent in September and 3.5 per cent in August, it needs to be remembered that the monthly CPI indicator is not as comprehensive as the ABS’s quarterly inflation data as it only updates prices for between 62 per cent and 73 per cent of the consumer price index basket.

“The most significant price rises at the group level were recreation and culture (up 4.3 per cent), food and non-alcoholic beverages (up 3.3 per cent) and alcohol and tobacco (up 6.0 per cent).

“Rents increased by 6.7 per cent in the twelve months to November, up from the 6.6 per cent increase in September and down from 6.8 per cent in August. The REIA’s Real Estate Market Facts to be released early in December will provide details on vacancy rates and provide a pointer to future movements.

“Whilst the unemployment figures continue to suggest a tight labour market rate, it needs to be remembered that about 70 percent of new jobs in the past year have been in the public sector. Further SEEK’s latest Labour Market Balance Report shows that jobs are not as plentiful as they were, and it is taking 10 weeks longer for the average job seeker to find a job.”

“Per capita GDP figures highlight a slowing economy with six consecutive quarters of decline and a fall of 1.5 per cent in the year to June. Against this background of a slowing economy and with a consistent downward trend across the three measures of CPI, the RBA will need to act soon on interest rates given the inherent lags in the system,” concluded Ms Pilkington.

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