100 YEARS OF SERVING THE REAL ESTATE INDUSTRY

Media Release

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CPI WELCOME NEWS FOR BORROWERS

ABS data shows that the Consumer Price Index (CPI) rose 0.2 per cent in the December 2024 quarter and 2.4 per cent over the twelve months, well down from 2.8 per cent in the September quarter and 3.8 per cent in the June quarter.

"The annual figure is the lowest since March 2021 and below market expectations. It is now well within the RBA's target band of 2–3 per cent," said Real Estate Institute of Australia (REIA) President, Ms Leanne Pilkington.

"The important analytical series of trimmed mean, which excludes large price rises and falls, at 3.2 per cent for the year continued to trend down over the last eight quarters from its peak of 6.8 per cent in the December 2022 quarter. It was 3.6 per cent in the September quarter and 4.0 per cent in the June quarter.

"Similarly, the weighted mean rose 3.4 per cent in the year to December 2024 compared to 3.7 per cent in the year to September and 4.2 per cent in the year to June.

"With all three broad measures of inflation at the lowest they have been since early 2022 and below the RBA's forecasts of 2.6 per cent for headline inflation and 3.4 per cent for annual trimmed mean inflation for the December 2024 quarter, borrowers can reasonably expect that a cut in interest rates by the RBA is imminent.

"The main reasons for lower CPI inflation were due to a fall in prices for electricity and automotive fuel and moderating price rises for new dwellings with the most significant quarterly price rises being for recreation and culture, up 1.5 per cent and alcohol and tobacco, up 2.4 per cent.

"Rents rose 0.6 per cent for the quarter and 6.4 per cent annually down from the annual increase of 6.7 per cent for the year till September and 7.3 per cent to June. The quarterly increase is the lowest since March 2022 and reflects easing vacancy rates.

"The latest figures support market expectations of a rate cut at the next RBA meeting in February. This would provide a welcome relief for borrowers and improve affordability for first home buyers. For each drop in interest rates by 0.25 per cent monthly repayments would decrease by around $100 and the proportion of family income required to service their loan would drop by 1 percentage point from the current historically high level of 48.6 per cent," concluded Ms Pilkington.

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