

Media release

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CPI suggests interest rate cut

According to the Real Estate Institute of Australia, the September 2015 quarter CPI figures confirm the RBA Board's assessment at its October meeting that inflationary pressures are well contained and are likely to remain within the RBA's target over the next one to two years.

REIA President, Neville Sanders, says "this raises the possibility of an interest rate cut and certainly a sustained period of low interest rates which is good news for home owners."

"In the September quarter, the CPI rose by 0.5% and an annual rate of 1.5%. These figures are well below the RBA's target zone of 2-3% and should ease any pressure on the interest rate outlook," Mr Sanders said.

"The annual changes for the analytical series of trimmed mean and for the weighted median were 2.1% and 2.2% respectively. In the case of the trimmed mean this is the lowest annual increase since the series was introduced in June 2003 and for the weighted mean the lowest since June 2012," Mr Sanders said.

The housing group increased by 0.6% for the September quarter and an annual rate of increase of 2.7%.

The main increases in the September quarter for the housing group was for property rates and charges, which increased by 4.6%. Rents increased by 0.3% for the quarter and 1.5% for the year.

"The impact of increased investor activity in the housing sector is flowing through to lower increases in rents. The increase in the past twelve months in Sydney at 2.5% - the same as for the twelve months to June 2015 - was the lowest yearly increase since the September quarter of 2006," Mr Sanders added.

"With inflation under control and a moderating housing market, home buyers can expect a stable outlook with the possibility of a further rate interest rate cut," Mr Sanders concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or interview opportunities, please contact:

Neville Sanders
Elizabeth Ley

REIA President
Administrative Officer

0419 592 365
02 6282 4277