

**Media Release
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Low CPI is good news for homebuyers and renters

The June 2017 quarter CPI figures suggest the continuation of historically low interest rates for some time yet which is good news for homebuyers and renters, according to the Real Estate Institute of Australia (REIA).

“The All Groups CPI, increased by 0.2 per cent in the June quarter giving an annual increase of 1.9 per cent. This is marginally lower than the annual increase to the March quarter of 2.1 per cent,” REIA President Malcolm Gunning said.

“The annual change for both the analytical series of trimmed mean and for the weighted median was 1.8 per cent with the annual change in the trimmed mean being the same for the past four quarters and the weighted mean up by 0.1 percentage points compared to the year to the March 2017. This is below the RBA’s target zone of 2-3 per cent and suggests the continuation of historically low interest rates for some time yet.

“The Housing Group increased by 0.3 per cent for the quarter and 2.4 per cent for the year to June 2017 with rents increasing by just 0.2 per cent for the June quarter and 0.6 per cent for the year. The major contributors to the increase in the Housing Group were new dwelling purchases and gas and other household fuels.

“From 2013, when investment in housing started to pick up, we have seen the rate of increase in rents slow down in Australia. For the last three quarters the annual changes have been 0.6 per cent - the lowest annual increase since December 1994.

“The latest CPI figures show that the increased investment in housing through the current taxation arrangements has kept growth in rents lower than they have been historically.

“In Sydney and Melbourne where much of the investor activity has been focussed the increase in rents in the past twelve months has been 2.5 per cent and 1.7 per cent respectively.

“With the CPI figures always a central component of the RBA’s consideration, the latest inflation data would suggest that home buyers can be comfortable in the knowledge that interest rates will remain stable for a while yet, concluded Mr Gunning.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.

For further information or to speak with REIA President Malcolm Gunning please contact Helen Hull via media@reia.com.au or 0419 642 961.