

**Media Release
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CPI SHOWS RENTERS BENEFITTING FROM INCREASED HOUSING INVESTMENT

The September 2017 quarter CPI figure continues to signal good news for home buyers and renters, according to the Real Estate Institute of Australia (REIA).

“The All Groups CPI, increased by 0.6 per cent in the June quarter giving an annual increase of 1.8 per cent. This is marginally lower than the annual increase to the June quarter of 1.8 per cent,” REIA President Malcolm Gunning said.

“The annual change for the analytical series of trimmed mean and for the weighted median was 1.8 per cent and 1.9 per cent, respectively, with the annual change in the trimmed mean being the same for the past three quarters and for the weighted mean the same for two quarters. 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 1.9 per cent for the quarter and 3.3 per cent for the year to September 2017. The major contributors to the increase in the Housing Group for the quarter were electricity (up 8.9 per cent), gas and other household fuels (up 5.2 per cent) and rates and charges (up 2.6 per cent).

“Rents increased by just 0.2 per cent for the September quarter and 0.5 per cent for the year. This is the lowest annual increase in rents since September 1993.

“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 eight quarters the average annual change has been 0.7 per cent.

“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 2.3 per cent and 1.5 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,” Mr Gunning concluded.

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.