

MEDIA RELEASE

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Inflation numbers a warning for the States on Housing costs

Urban Taskforce Australia CEO, Tom Forrest, today warned that the Australia Bureau of Statistics data showing a return of inflation puts at risk future reductions in interest rates and this is really bad news for housing supply, particularly in NSW. The Albanese Government has done a good job to pull inflation down and put downward pressure on interest rates – but this is at risk.

While the annual inflation rate is steady at 2.4%, the ABS data released today shows that the quarterly CPI rate for the three months to the end of March 2025 has risen to 0.9%. The inflation data for the three months to the end of March 2025 was 0.9% after two Quarters of low inflation of just 0.2%.

Hopefully this increase is an anomaly, but it could reflect a burst in spending arising from the interest rate cut on February 18. If inflation stays high, the Reserve Bank would be under pressure **not** to cut interest rates, and to even consider increasing them.

The focus will be renewed on the States to reduce the cost of new housing production. The hopes of interest rate cuts saving the States from their relentless push to add costs to housing supply will be back in the spotlight.

One of the factors often missed by statisticians, pollsters and analysts is the close inter-relationship between the Cost of Living as measured by the CPI and housing prices (the cost of mortgages and rents). Small changes to the CPI have a much greater impact on household budgets when mortgages and rents are high because these costs are fixed. There is no generic cheaper brand option. It's not like you can just move to a cheaper rental – there's simply nothing available!

This situation is felt worst in Sydney, but the problem exists across the nation. The housing costs in Sydney are 30 % higher than in Melbourne or Brisbane. So when supermarket shopping prices go up, or school fees, insurance costs, electricity or petrol prices rise, the impact is much greater on families in Sydney than elsewhere.

That is why the sleepy response from of politicians on the multiple causes of housing costs at all levels of government to take decisive action to ease the bureaucratic burdens on housing supply, to relax the design and zoning controls, to stop the ever-increasing rises in the cost of construction with changes to the Building Codes, to ease the burden of state and local government imposed fees, taxes and charges on housing supply, is so concerning.

The comments and analysis above can be attributed to **Tom Forrest**, CEO, Urban Taskforce.

*The **Urban Taskforce Australia** is a property development industry group, representing Australia's most prominent property developers and equity financiers.*

The flurry of political announcements from both sides of politics on housing costs and housing supply shows the penny has dropped with our political leaders – but it is taking too long to flow through to housing supply. Today’s inflation data is a wakeup call for action on all areas which impact on housing costs.

End.

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