JLL Residential

JLL Residential *Insights*

17 June 2026 | residential.jll.com.au/insights

Reserve Bank of Australia Holds Cash Rate at 4.35%

Words by
Will Silk
JLL Residential Research

The Reserve Bank of Australia (RBA) announced on June 16th that the cash rate will be held at 4.35%, following three consecutive increases through the first half of 2026. This decision marks a pause in the tightening cycle and may signal a period of cautious stability for Australian housing markets.

While inflationary pressures remain at the core of this monetary policy cycle, the June decision has been made against a more settled backdrop than May's announcement. Recent data shows headline inflation at 4.2% in April 2026, down from 4.6% in March. The trimmed mean inflation figure rose marginally to 3.4% from 3.3%, though both measures remain above the RBA's 2-3% target range.

The RBA's statement noted that disruption to global oil supply is directly adding to inflation and has been passing through to prices of other goods and services. The RBA also said it remains focused on ensuring inflation does not become embedded after any shorter-term impacts pass through.

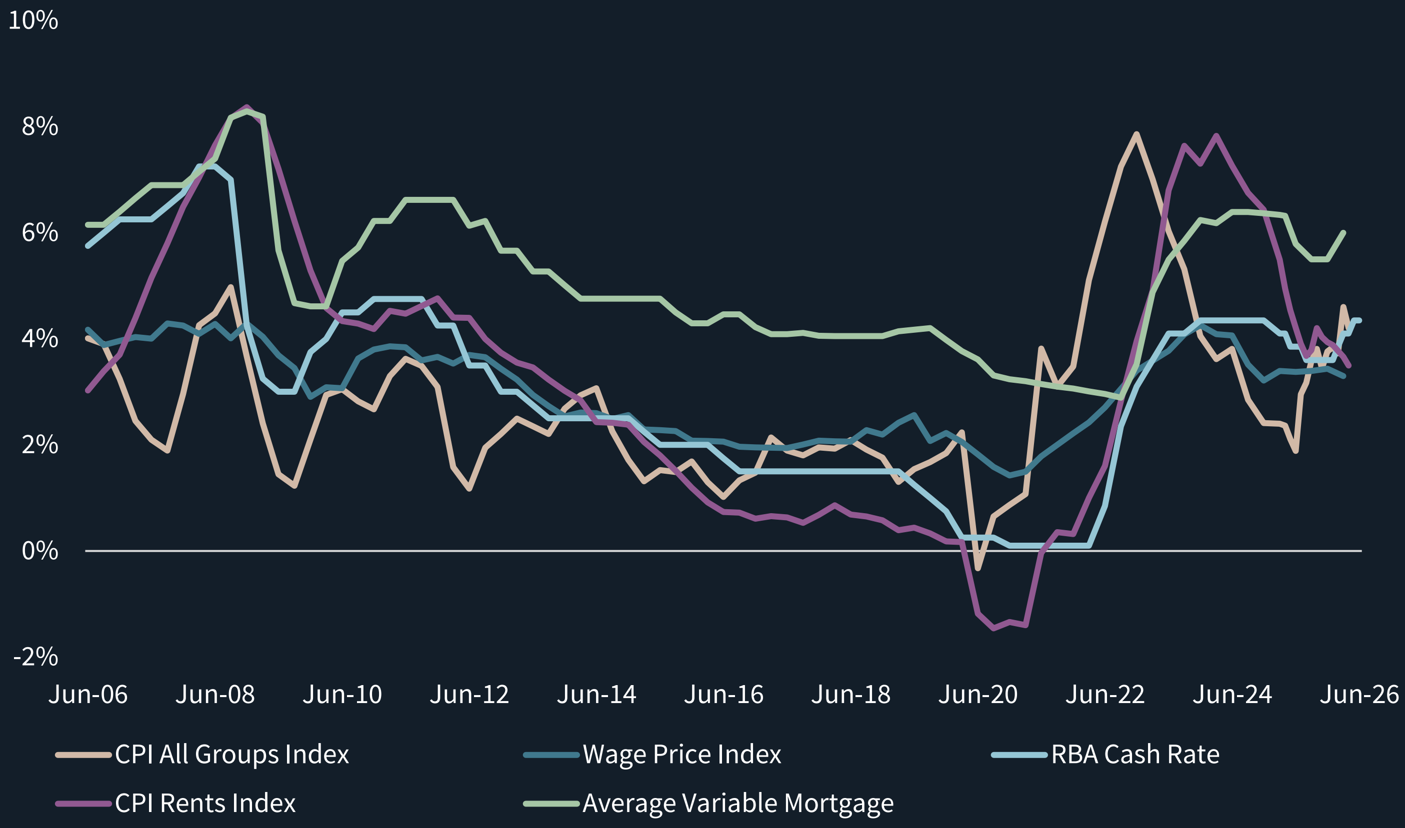
Implications for Housing Markets

This cash rate hold brings relief to homeowners facing cost-of-living pressures. The RBA acknowledged that financial conditions have tightened following three cash rate increases, with signs the economy is slowing as expected. However, while this gives the RBA time to assess the response to previous cash rate rises, it stated inflation remains too high and would increase the cash rate further if required.

Futures markets are pricing in a lower probability of further cash rate increases in the near term, though the RBA maintains an explicitly cautious stance. Market sentiment has faced headwinds following rate hikes and tax policy changes impacting residential property investment announced in the Federal Budget 2026/27.

In this environment, the rate hold provides stability, allowing market participants to digest policy changes without simultaneously navigating rising borrowing costs.

Figure 1: Economic Indicators



Source: JLL Research, ABS, RBA, at 16 June 2026.

Market Conditions and Outlook

Year-on-year sale price growth has begun to soften in some of the major markets, though this partly reflects typical seasonal patterns in the property cycle. Auction clearance rates have softened in some locations, but it's too early to identify lasting pricing trends. We remain cautious in drawing significant conclusions from monthly changes in price movements, and instead are assessing value changes through trend movements.

Despite near-term headwinds, we remain confident in the fundamental drivers supporting Australia's housing markets. Population growth and chronic supply shortages across major cities ensure that housing demand consistently outpaces supply, underpinning long-term value. Demographic trends, continued immigration, and urbanisation patterns maintain pressure on pricing levels, both for sales in desirable locations and for rentals, as affordability constraints lead households to make trade-offs between tenure and lifestyle.

For prospective buyers, this hold provides an opportunity to assess the market from a position of relative stability. First-home buyers in particular, can more accurately evaluate borrowing capacity and make purchasing decisions without several market factors shifting simultaneously.

The remainder of 2026 depends largely on inflation trends over coming months. Reduction in construction cost inflation would be particularly beneficial, helping to unlock stalled projects and support new home development.

Lower construction costs could also improve borrowing capacity and narrow the gap between development costs and sale prices.

While challenges remain, the cash rate hold represents a stabilising moment. Combined with Australia's enduring housing fundamentals, this creates conditions for cautious optimism as markets adjust to the current environment.

JLL Residential

Research at JLL

JLL's research team delivers intelligence, analysis and insight through market leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 550 global research professionals track and analyse economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fuelled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

Will Silk
Research Manager
JLL Residential Research

Abby Sage
Research Analyst
JLL Residential Research