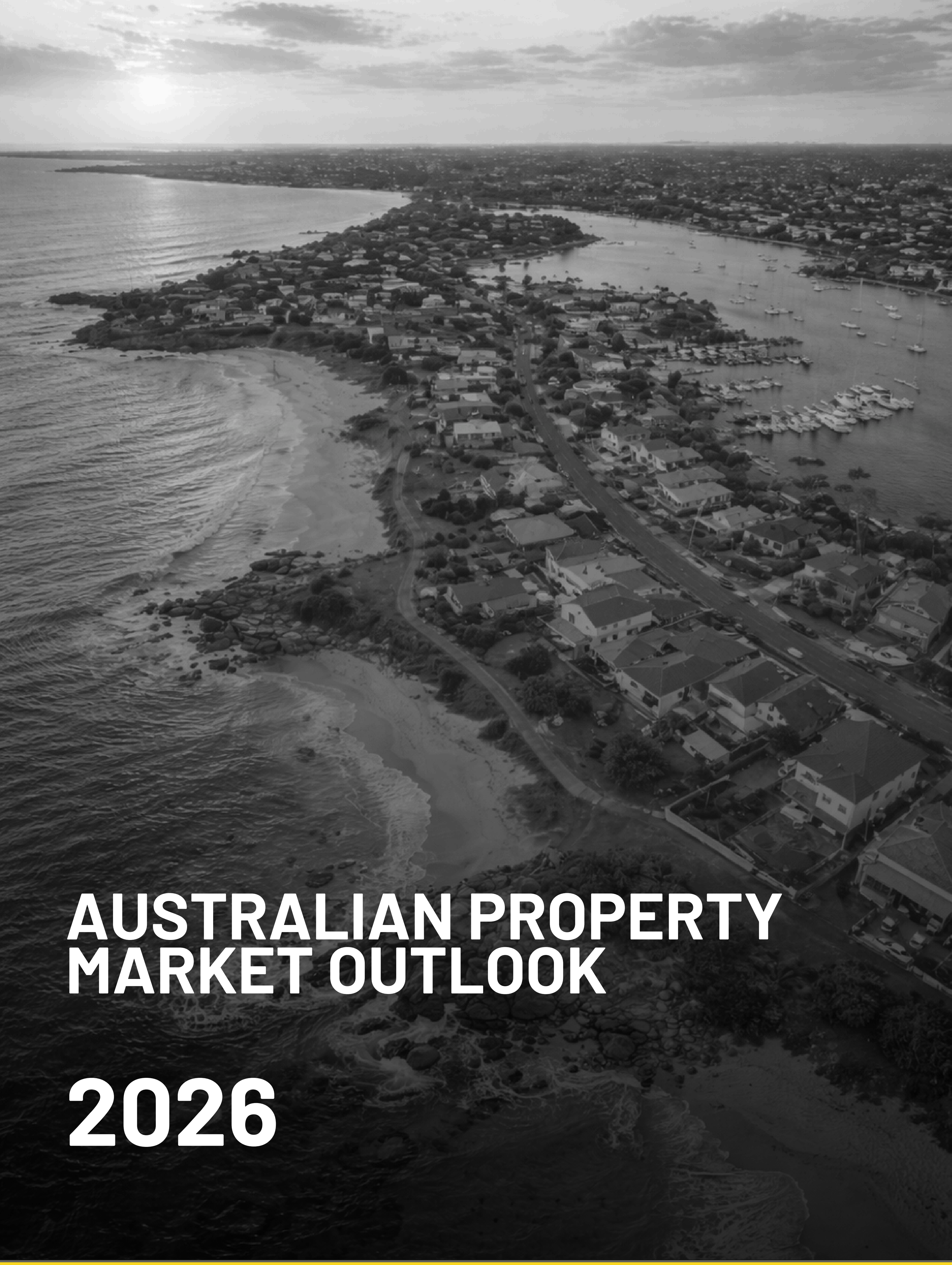


AUSTRALIAN PROPERTY MARKET OUTLOOK

2026

buyersclub

TABLE OF CONTENTS

1.EXECUTIVE SUMMARY

Australian capital city house prices are forecast to rise **8–10% nationally in 2026**, although growth is expected to vary significantly between markets.

Key economic drivers shaping the 2026 housing outlook include:

- **Overseas Migration:** Net overseas migration remains elevated by historical standards, continuing to add to housing demand across major capitals.

- **Interstate migration**: Population flows toward more affordable states such as Queensland and Western Australia are strengthening housing demand in Brisbane and Perth.

- **Housing supply shortages**: New dwelling completions remain well below the pace required to meet underlying household formation.

- **Policy impacts**: Initiatives such as the expanded 5% deposit scheme are supporting first-home buyer demand in lower price brackets.

Within this environment, the strongest performance is expected in more affordable markets. **Perth and Darwin** are forecast to lead national growth at **13–15%**, followed by **Brisbane at 11–13%**. **Adelaide** is expected to deliver **9–11%** growth, while the larger eastern capitals are likely to record more moderate gains, with **Sydney** and **Melbourne** forecast to rise **4–6%** and **Canberra** around **3–5%**.

2.ECONOMIC CONDITIONS

2.1 Interest Rates

The interest rate backdrop entering 2026 is more balanced than markets anticipated six months ago.

After three 25 basis point cuts during 2025, the RBA lifted the cash rate to **3.85%** in early 2026 following firmer than expected inflation data. While further aggressive tightening appears unlikely, the prospect of rapid rate cuts has diminished.

Our base case is for mostly stable interest rates through 2026, with some hike risk should inflation remain persistent.

For property, this has two important implications:

- **Growth in 2026 is unlikely to be driven by rate cuts.**
- **Markets must rely on supply-demand dynamics rather than monetary stimulus.**

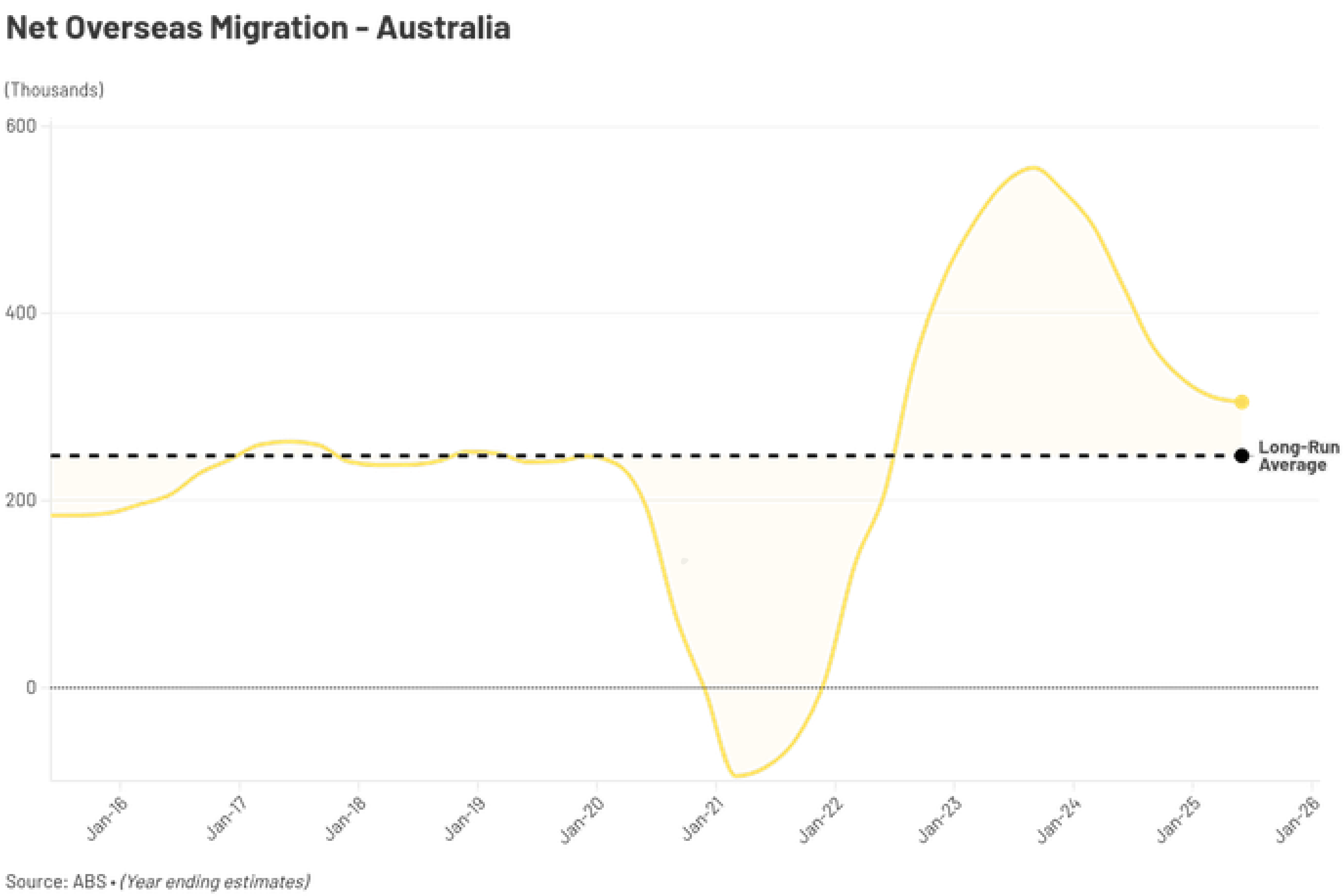
Investors should assume borrowing capacity will remain relatively stable rather than expanding. Market performance in 2026 will therefore favour key locations with strong fundamentals - population inflows, constrained supply, and relative affordability advantages - rather than the effects of monetary stimulus across the board.

2.2 Population Growth and Immigration

Population growth remained elevated through 2025, although net overseas migration has moderated from its post-pandemic peak.

Annual net migration declined from approximately **429,000** at its peak to around **305,000** over the past year. While this represents a normalisation, it remains materially above long-term pre-COVID averages.

Importantly, even a further slowing of migration through 2026 would continue to support housing demand in the major capitals and key growth states. Overseas arrivals remain heavily concentrated in Sydney, Melbourne, Brisbane and Perth, placing continued pressure on rental markets and entry-level housing segments.

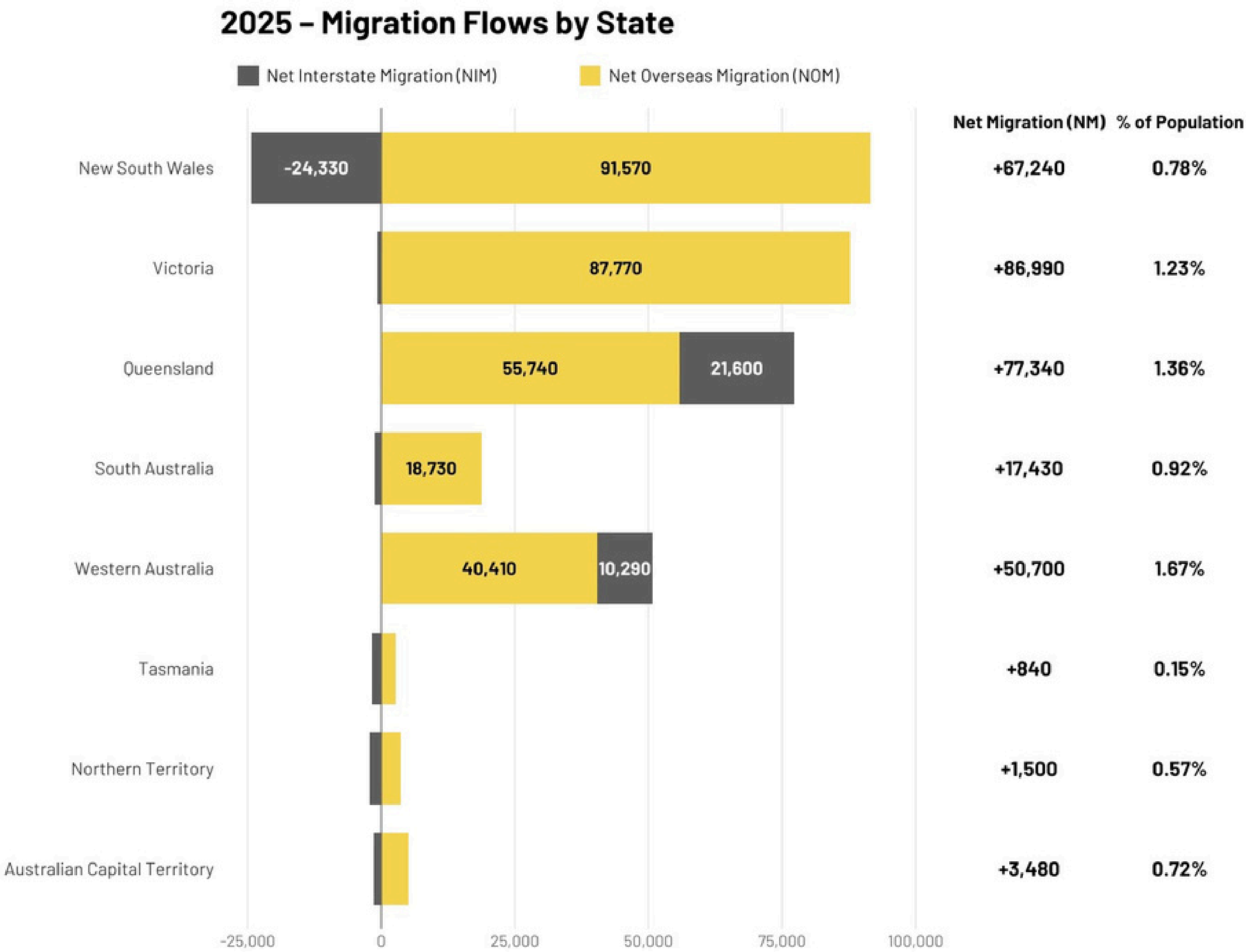


While overseas migration is the dominant source of population growth, interstate migration is also playing an important role.

New South Wales remains the clearest example of this offsetting effect. Despite a sizeable interstate outflow (–24,330), strong overseas arrivals (+91,570) more than compensated, leaving the state with a net gain of around +67,240 people, or 0.78% of its population. **Victoria** shows a similar pattern, with a large overseas inflow driving a net gain of +86,990 (1.23%) despite slightly negative interstate movement.

Queensland and **Western Australia** stand out, having benefitted from both streams. **Queensland** recorded the strongest interstate inflow (+21,600) alongside strong overseas migration (+55,740), producing a net gain of +77,340, equivalent to 1.36% of the state's population. **Western Australia** combined an interstate gain of +10,290 with +40,410 overseas arrivals, resulting in +50,700 net migration, the highest intensity across the major states at 1.67% of population.

This supports our constructive outlook for **Brisbane** and **Perth** in 2026, while **New South Wales** continues to rely heavily on overseas migration to offset ongoing domestic losses.



Source: ABS. Population at 30 June 2025. NM = NOM + NIM.

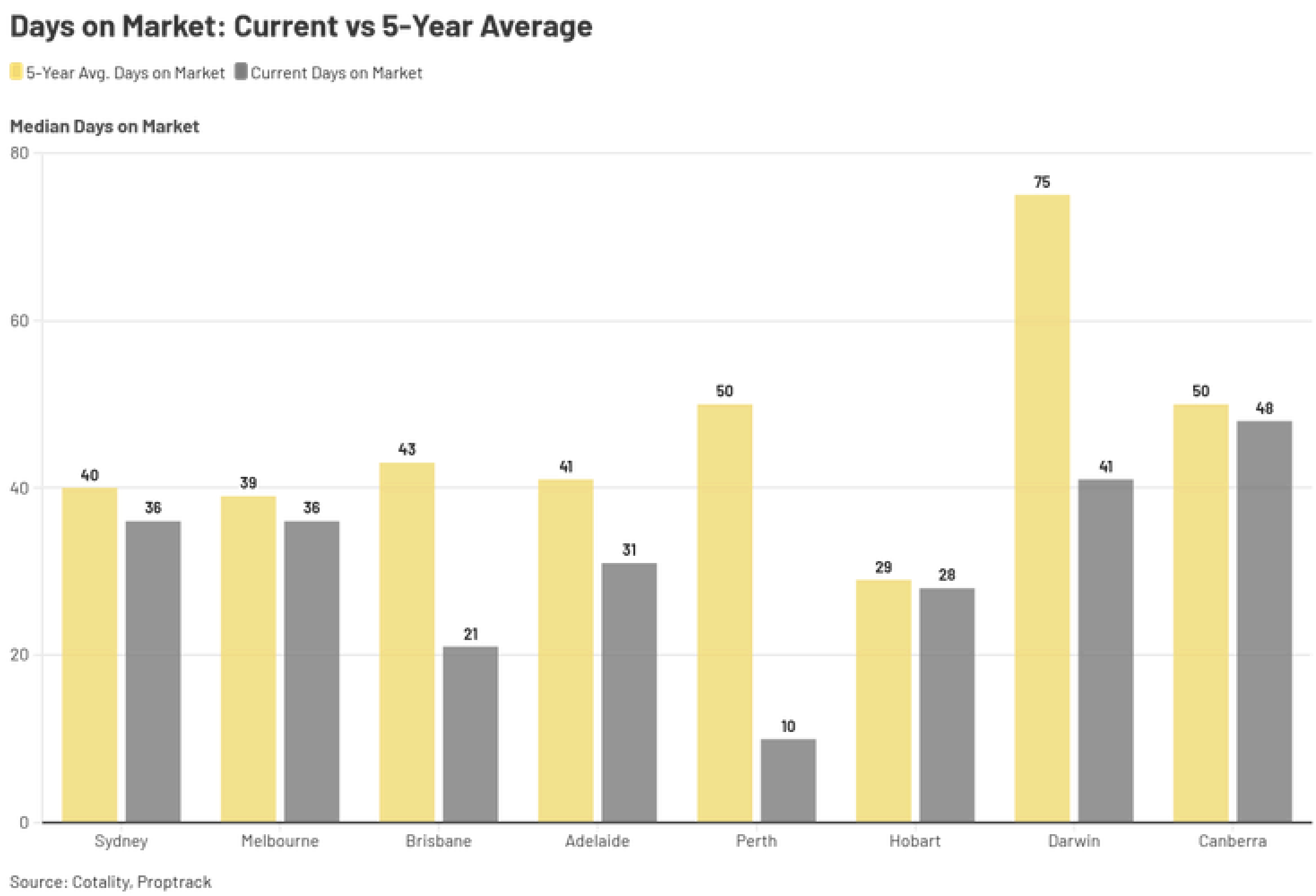
2.3 Market Liquidity

Days on market remain below five-year averages across all capital cities, indicating continued strength in buyer demand relative to available supply.

The divergence is most pronounced in **Perth, Darwin and Brisbane**, where properties are selling significantly faster than historical norms. Perth's median selling time has fallen to just 10 days, compared with a five-year average of around 50 days, highlighting the intensity of current demand conditions. Brisbane also shows a substantial tightening, with homes selling in 21 days compared with a five-year average of 43 days.

Adelaide also remains materially tighter than historical averages, while **Sydney** and **Melbourne** are broadly aligned with recent norms but still reflect relatively healthy transaction speeds.

Overall, the data indicates that **market liquidity remains strong nationally**. Faster selling times across most capitals suggest that available listings continue to be absorbed quickly, reinforcing the broader theme of constrained supply supporting price growth into 2026.



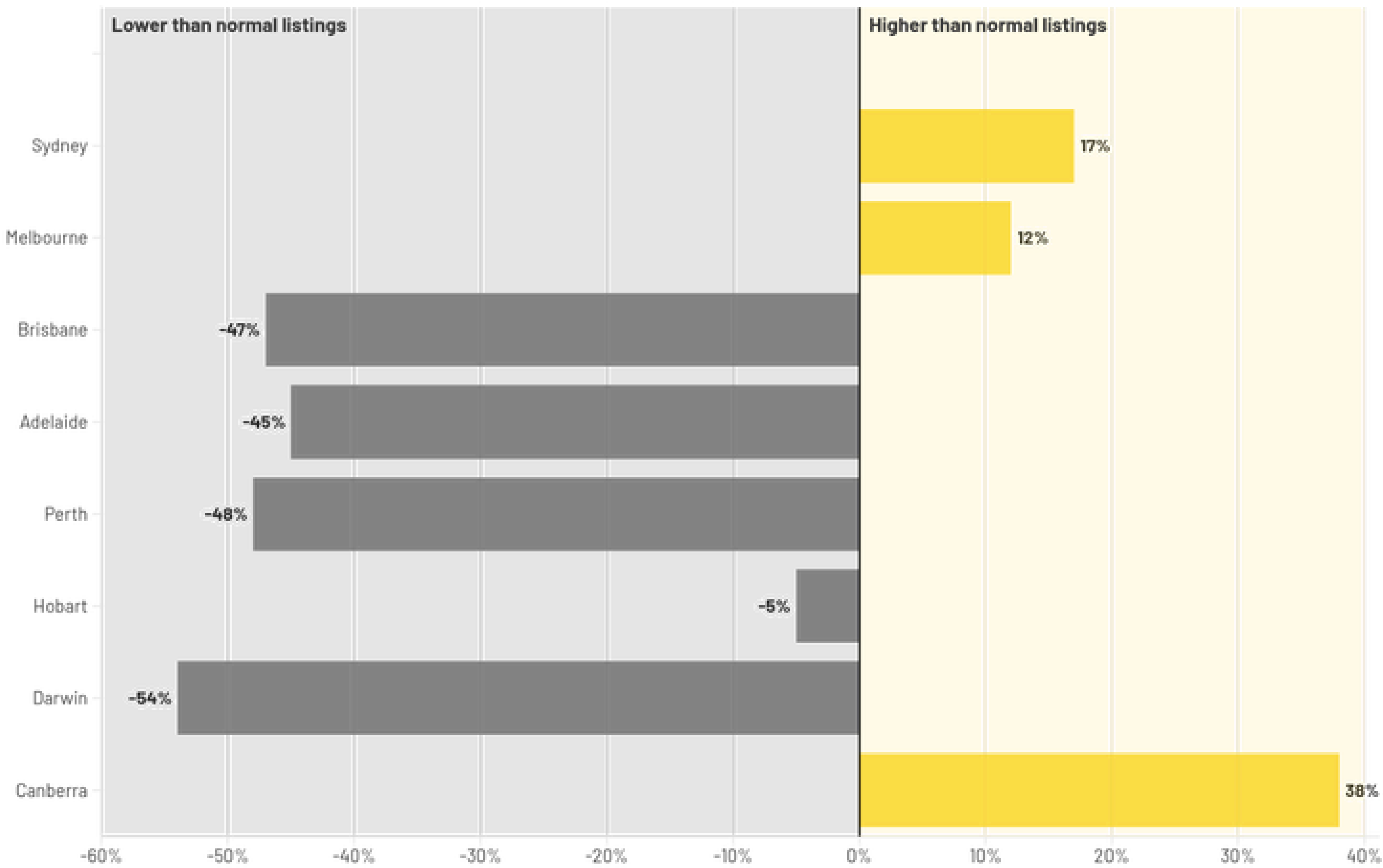
2.4 Stock on Market

Several markets continue to operate with **substantially reduced stock on market**. Listings in **Darwin, Perth, Brisbane and Adelaide remain around 45–55% below their long-run averages**, reflecting the depth of supply constraints that have developed in these markets. Such tight inventory conditions typically indicate that available properties are being absorbed quickly, which can place upward pressure on prices where demand remains strong.

In contrast, **Sydney and Melbourne currently have moderately higher stock levels than their historical norms**, with listings sitting **17% and 12% above long-run averages** respectively. **Hobart sits close to its long-run average**, indicating a market that is broadly balanced in terms of available stock.

Overall, the data highlights a pronounced imbalance in supply conditions across Australian housing markets. While some capitals are beginning to see a recovery in available listings, others continue to operate with **extremely low stock on market**, which is likely to support stronger price growth in the most supply-restricted markets through 2026.

Capital City Listings vs Long-Run Average



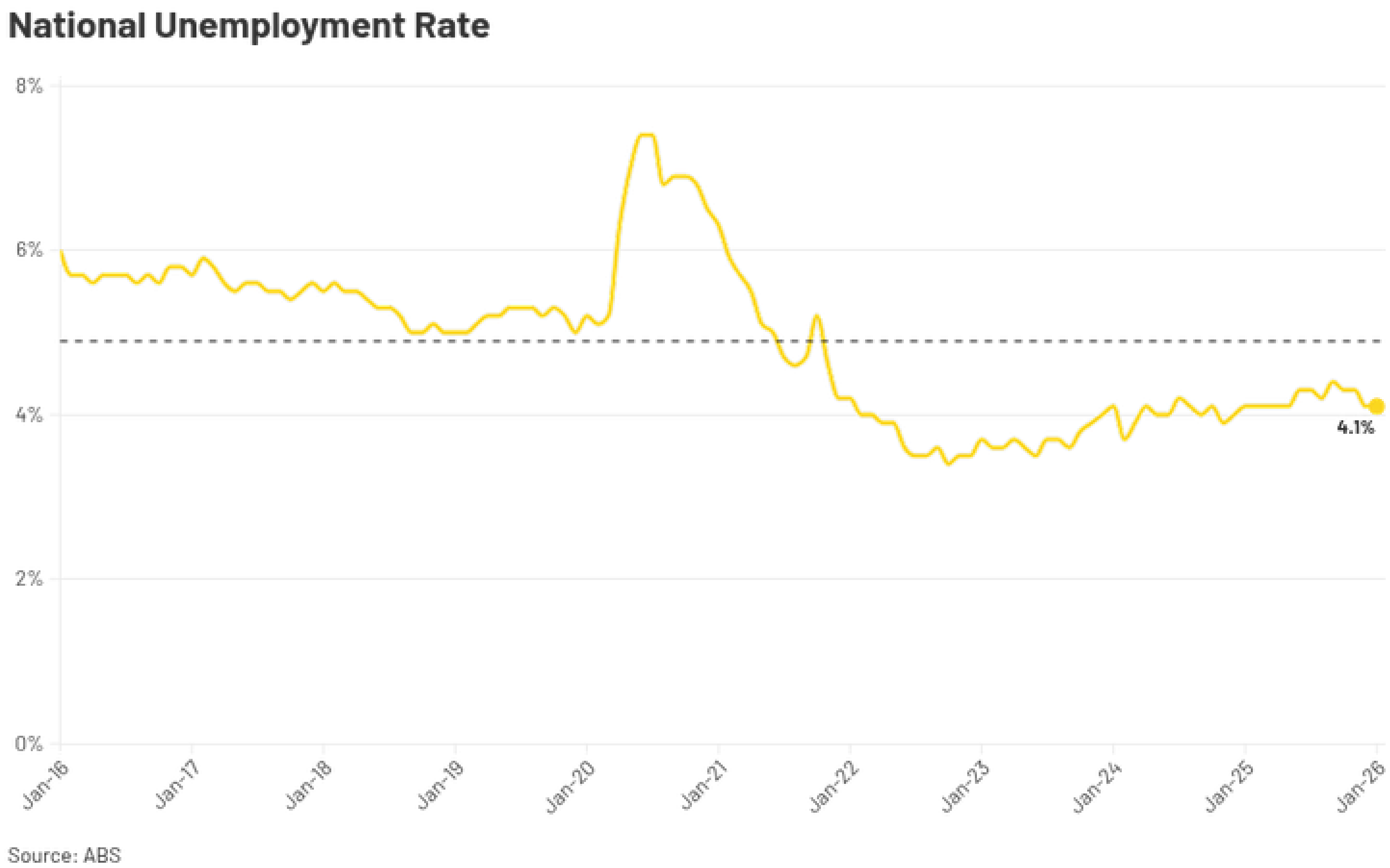
Source: SQM

2.5 Labour Market

Australia's labour market remains resilient despite modest softening over the past two years. After reaching lows of around **3.5% in 2022**, the national unemployment rate has gradually increased but remains relatively tight at **just over 4% entering 2026**.

While the labour market has cooled slightly from the extremely tight conditions observed following the pandemic, **unemployment remains below long-term averages**. This indicates continued strength in employment conditions and household income stability.

For housing markets, a low unemployment rate remains supportive of demand. Strong labour market participation and stable employment conditions continue to underpin borrowing capacity and consumer confidence, helping sustain housing market activity even in the face of higher interest rates.



2.6 Household Size and Structural Demand

While migration determines how many people are arriving into the market, household formation determines the scale of property market demand.

In 2025, several states recorded net migration equivalent to between **1.0 and 1.7%** of their population. When this growth is combined with Australia's gradual decline in average household size, the effect on underlying dwelling demand is amplified.

Australia's average household size now sits at approximately **2.5 persons per dwelling**. Even small changes in this ratio materially increase housing requirements.

For example, a population of 1,000 people requires around 385 dwellings at 2.6 persons per household, compared with 400 dwellings at 2.5 persons per household - a 4% increase in household demand without any additional population growth.

Based on ABS forecasts, average household size is set to continue to decline through to at least 2031.

In states such as **Western Australia** and **Queensland**, strong net migration is occurring alongside these structural declines in household size. The result is compounded demand for housing, particularly in markets where new supply remains constrained.

Even if migration moderates over time, demographic shifts including ageing, smaller household structures and delayed family formation are likely to continue supporting baseline dwelling demand.

2.7 Dwelling Supply

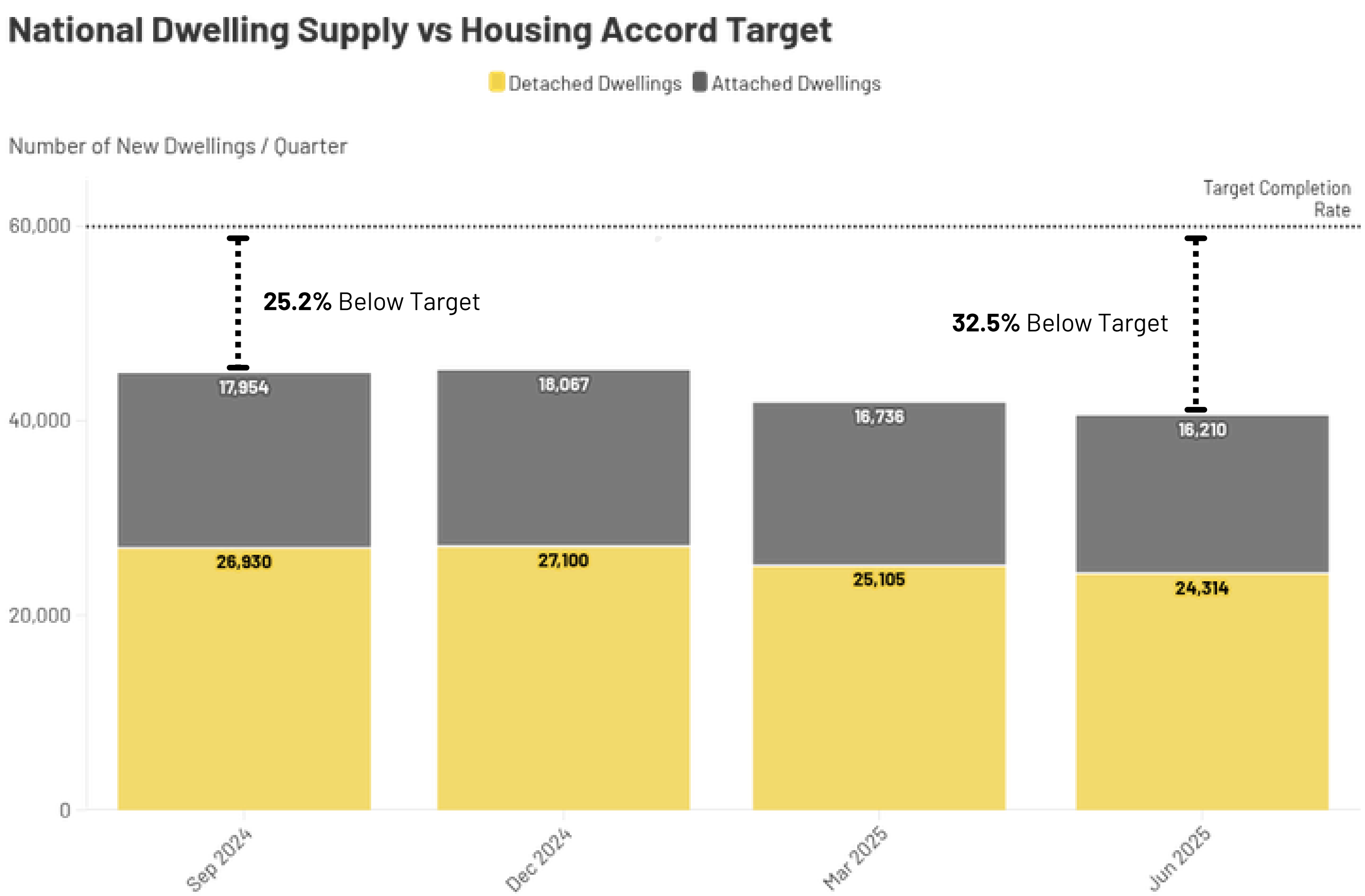
The National Housing Accord commenced in July 2024, with a commitment to deliver **1.2 million new dwellings over five years.** To achieve this objective by June 2029, national **construction activity must average 60,000 dwellings per quarter**.

The chart below compares actual quarterly completions since the commencement of the accord with the required build rate. In each of the four reported quarters to June 2025, delivery has fallen well short of the benchmark.

Across the first year of the Accord period, completions have averaged approximately **28 percent below the quarterly target**, resulting in **a cumulative shortfall of 67,584** dwellings relative to the 240,000 required after four quarters.

Notably, completion rates are actually getting worse. After a modest improvement in December 2024, **quarterly completions have declined for two consecutive quarters**, with the shortfall widening from 25 percent below target to more than 32 percent below target by June 2025.

Based on this trend, the supply gap is clearly worsening.

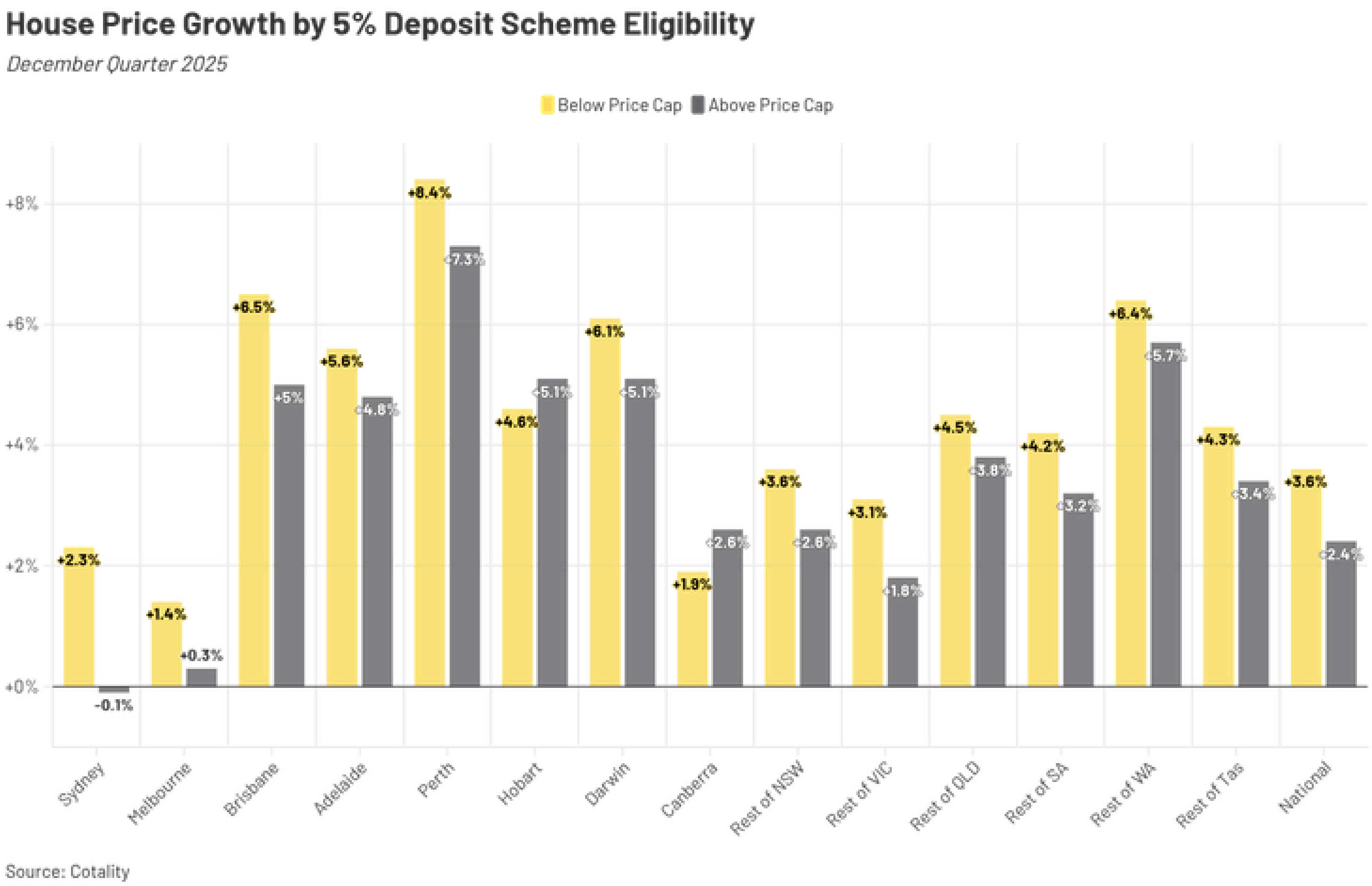


Source: ABS, Treasury

2.8 Policy Impacts

The expansion of the **5% deposit scheme** last year is already influencing price dynamics at the lower end of the market. Price data from the end of 2025 shows that **homes priced below the scheme's eligibility caps recorded stronger value growth than those above the caps across almost all capital cities and regional markets.**

Nationally, dwellings within the cap rose **3.6%** for the quarter, compared with **2.4%** for higher-priced homes. The divergence is particularly evident in Sydney, Melbourne, Brisbane and Perth, and extends across regional markets. The policy appears to have significantly concentrated demand for key price segments within the market.



Discussion of a potential **reduction in the capital gains tax discount** has also resurfaced ahead of the 2026 budget, following a recent OECD report. If any change were announced with a future start date and existing investments were grandfathered, it could trigger a rapid lift in investor demand. Buyers may seek to secure property under the current tax settings before any cut-off applies, **heightening demand in the short term.**

Over the longer term, a lower capital gains discount would reduce after-tax returns on investment property and make buying and selling less attractive from a capital growth perspective. This would discourage shorter holding periods and reduce overall market turnover, **potentially reducing listings and rental supply.**

3.CAPITAL CITY OUTLOOK

Australian capital city house prices are forecast to rise by **8-10%** nationally in 2026, while growth will be extremely variable across markets.

Growth remains supported by elevated population growth, ongoing interstate migration toward more affordable states and persistent housing supply constraints. Net overseas migration, while moderating from its peak, remains high by historical standards, and new dwelling completions continue to lag underlying household formation. In addition, policy settings such as the expanded 5 percent deposit scheme have increased competition in lower price brackets, particularly among first-home buyers.

Within this environment, the strongest performance is likely to remain concentrated in **Perth and Darwin at 13-15%** , followed by **Brisbane at 11 -13%**. These markets continue to benefit from relative price advantages, tight supply conditions, and in the case of Perth and Brisbane, sustained interstate migration flows.

By contrast, premium eastern capitals are likely to record more modest gains. **Sydney and Melbourne** are forecast to grow **4-6%**, while **Canberra** is set to lag at **3-5%**. Affordability constraints and softer relative population flows are expected to temper upside in these markets.

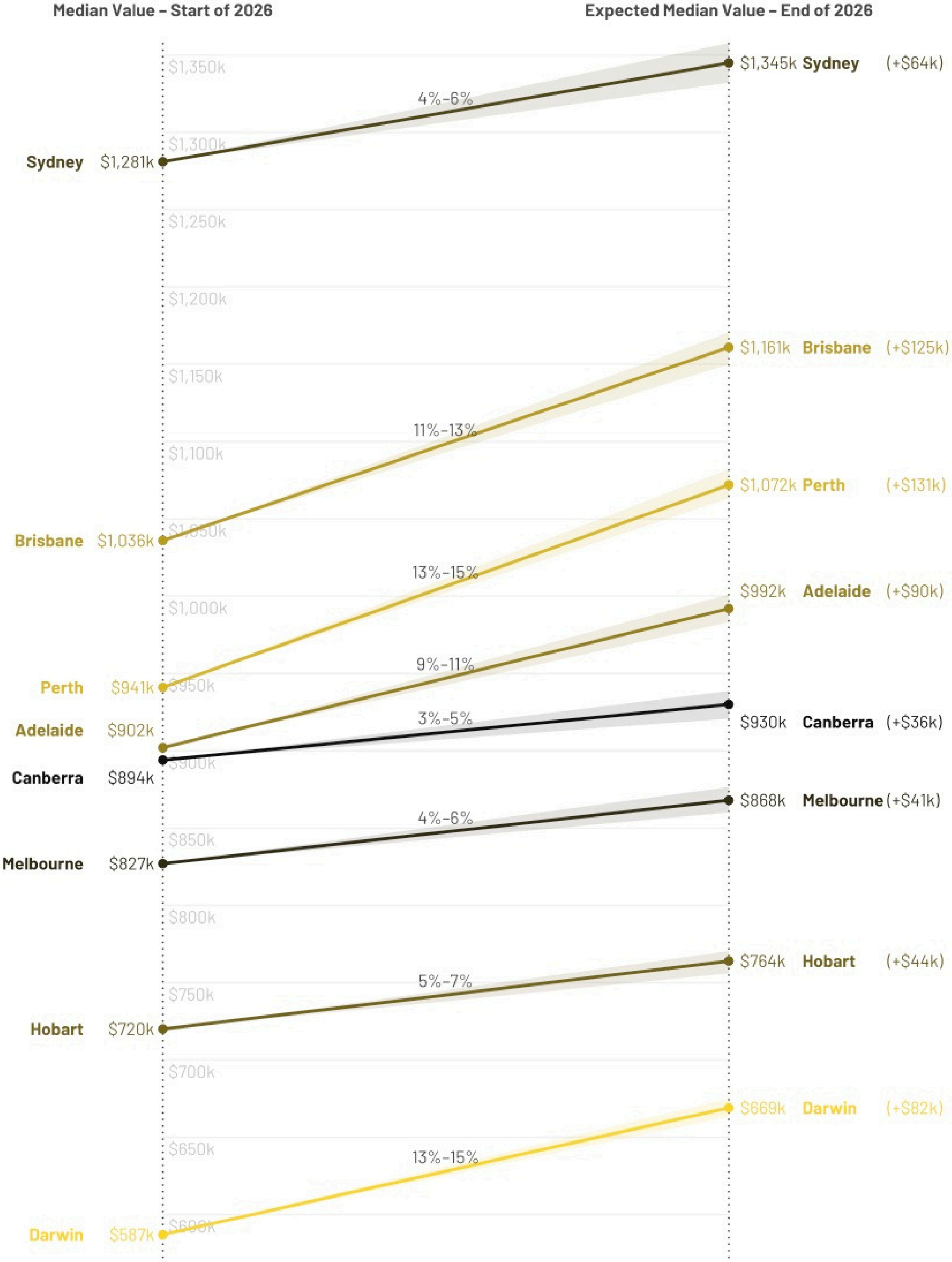
Importantly, 2026 growth is unlikely to be driven by aggressive interest rate cuts. Market performance will depend primarily on supply shortages, population flows and relative value between states.

2026 - Australian Capital City Forecasts

City	2025 Growth	Median Value - Start of 2026	2026 Growth Forecast	Expected Median Value - End of 2026	Expected Change in Median Value
Sydney	5.8%	$1,280,613	4-6%	~$1,344,644	+$64,0301
Melbourne	4.8%	$827,117	4-6%	~$868,473	+$41,256
Brisbane	14.5%	$1,036,323	11-13%	~$1,160,682	+$124,359
Adelaide	8.8%	$902,249	9-11%	~$992,474	+$90,225
Perth	15.9%	$940,635	13-15%	~$1,072,324	+$131,689
Hobart	6.8%	$720,341	5-7%	~$763,561	+$43,220
Darwin	18.9%	$586,912	13-15%	~$669,080	+$82,168
Canberra	4.9%	$893,907	3-5%	~$929,663	+$35,756

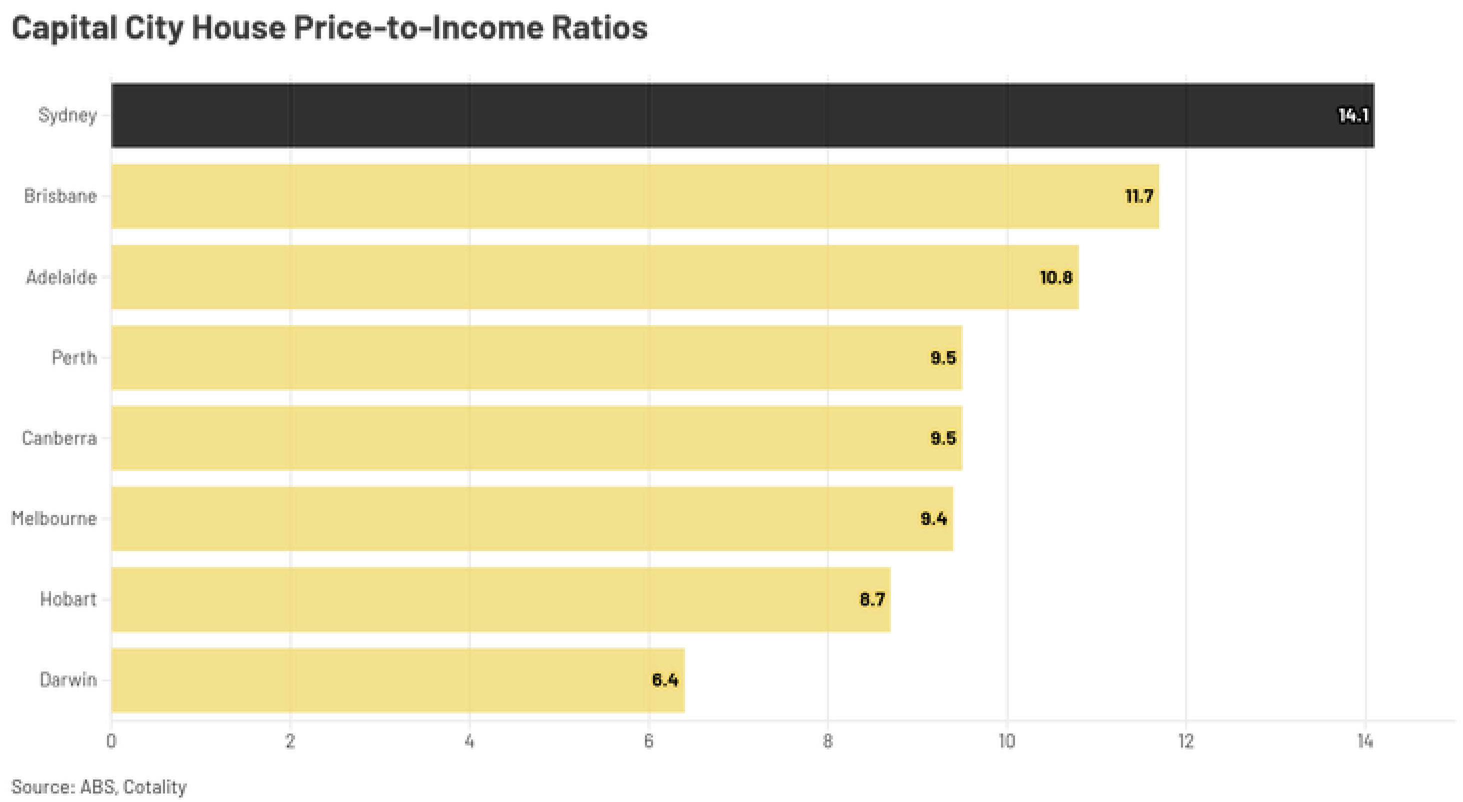
(Cotality HVI - January 2026 Median Values)

2026 – Australian Capital City Forecasts



3.1 Sydney

*2025 Growth: **5.8%*** | *2026 Growth Forecast: **4-6%***



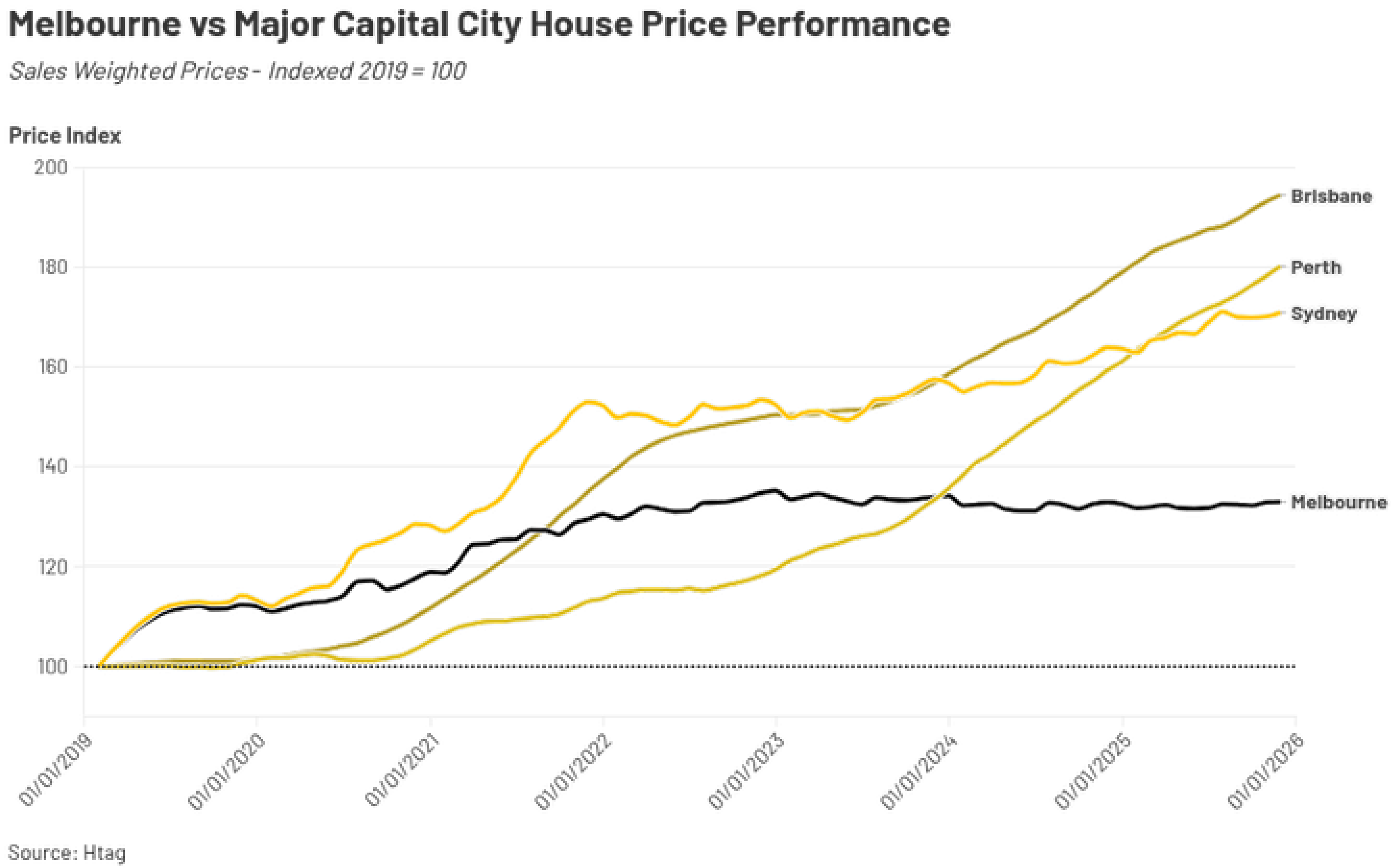
Sydney remains Australia's least affordable housing market. Median house prices are now over **14 times median household income**, well above every other capital city. By comparison, most other capitals sit between 9 and 11 times income.

This affordability gap also means Sydney is particularly sensitive to changes in interest rates. In high-price markets, relatively small increases in mortgage rates can have a larger impact upon borrowing capacity and the ability for new buyers to enter the market.

With monetary policy expected to remain somewhat restrictive, and potential for rate increases, this sensitivity is likely to temper price momentum. However, persistent housing shortages and ongoing population inflows continue to support underlying demand, suggesting **moderate but positive price growth in 2026.**

3.2 Melbourne

2025 Growth: ***4.8%*** *|* *2026 Growth Forecast:* ***4-6%***



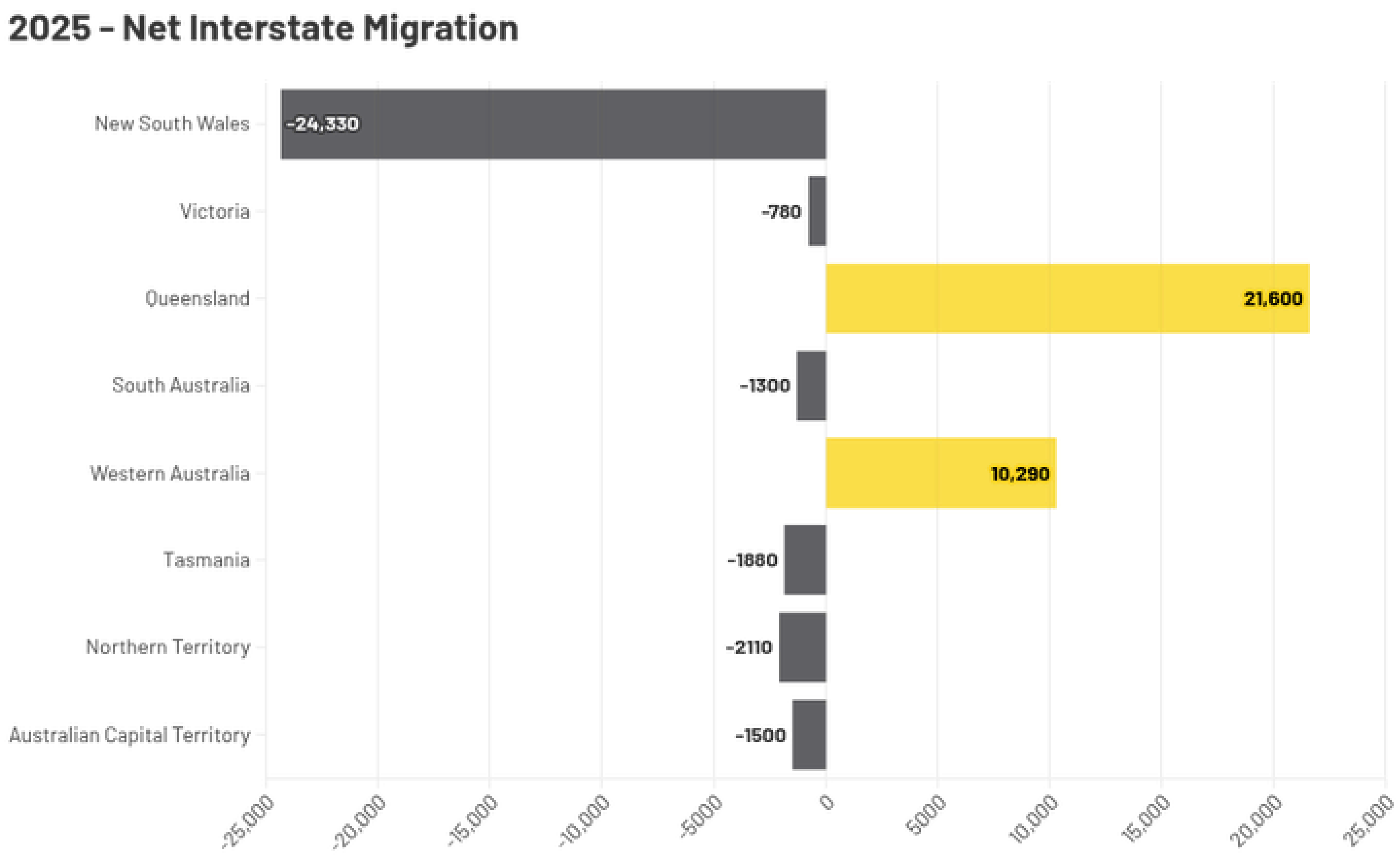
Melbourne's housing market has underperformed most other capital cities during the current housing cycle. Since 2019, house prices in Brisbane, Perth and Adelaide have risen significantly faster, reflecting strong population inflows and constrained housing supply in those markets. By comparison, Melbourne's price growth has been more subdued, with the city remaining much closer to its earlier cycle levels.

This relative underperformance partly reflects Melbourne's larger construction pipeline and more moderate supply constraints compared with several other capitals. The market also experienced weaker conditions during the prior interest rate tightening phase, which slowed price momentum relative to faster-growing markets.

However, Melbourne's position earlier in the housing cycle also suggests **scope for gradual recovery**. With population growth continuing to support underlying housing demand and borrowing conditions stabilising, the market is expected to record **moderate house price growth of around 4–6 percent in 2026**.

3.3 Brisbane

2025 Growth: ***14.5%*** | *2026 Growth Forecast:* ***11-13%***



Source: ABS

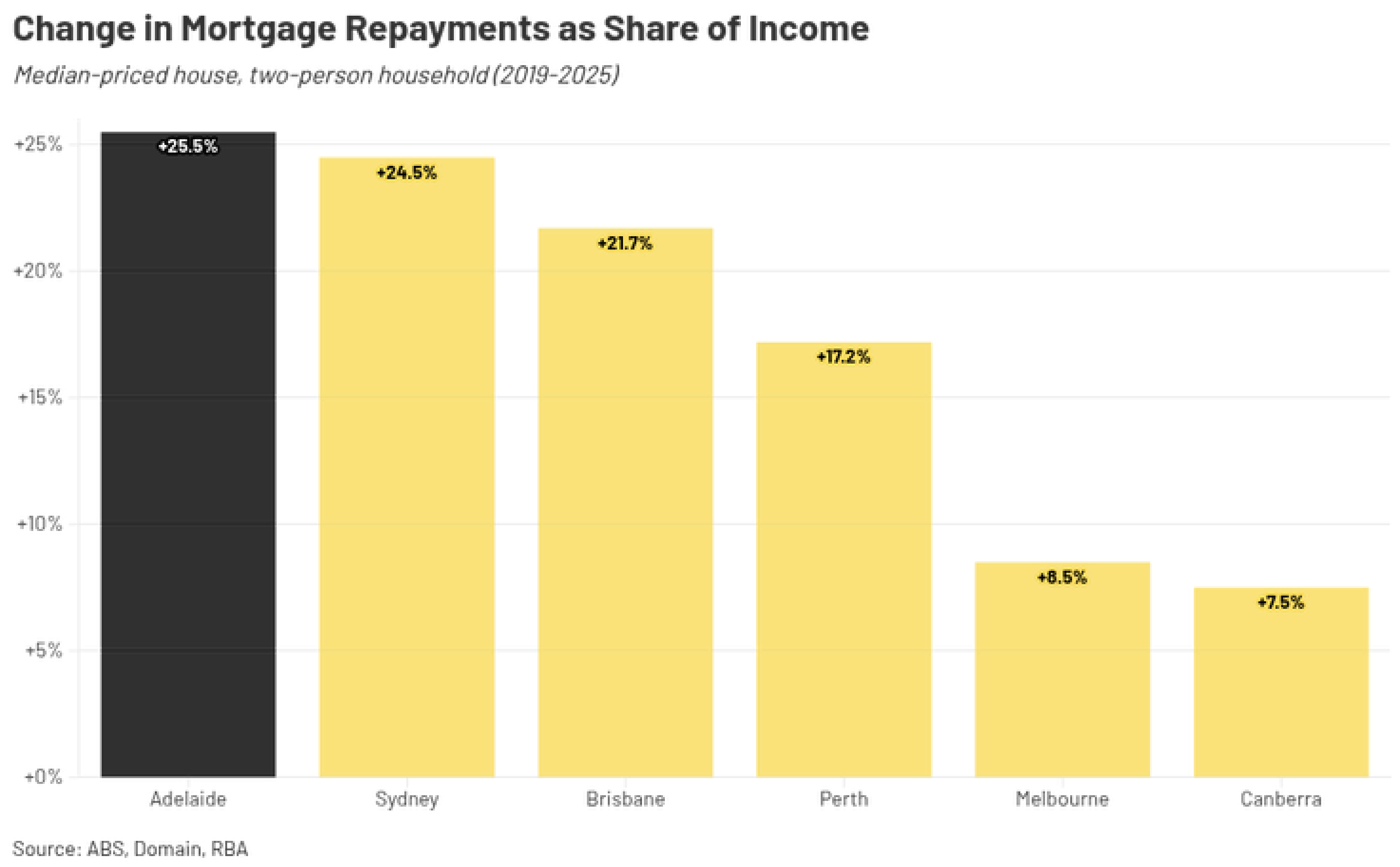
Brisbane continues to benefit from strong interstate migration flows, with Queensland recording the largest net inflow of residents from other states in 2025. More than **21,000 people relocated to Queensland from elsewhere in Australia**, while New South Wales experienced a substantial net outflow.

This migration trend has been driven largely by relative housing affordability and lifestyle factors, with many households relocating from Sydney and Melbourne to South East Queensland. The inflow of new residents has increased housing demand across Brisbane and surrounding regions, placing further pressure on an already constrained housing supply.

Importantly, **market momentum is already strong**. Brisbane house prices rose **14.5% in 2025**, making it one of the strongest performing capital city markets. Combined with continued population inflows, tight rental conditions and limited new supply, these factors are expected to sustain elevated demand, with house prices forecast to rise **around 11–13% in 2026**.

3.4 Adelaide

2025 Growth: ***8.8%*** | *2026 Growth Forecast:* ***9-11%***



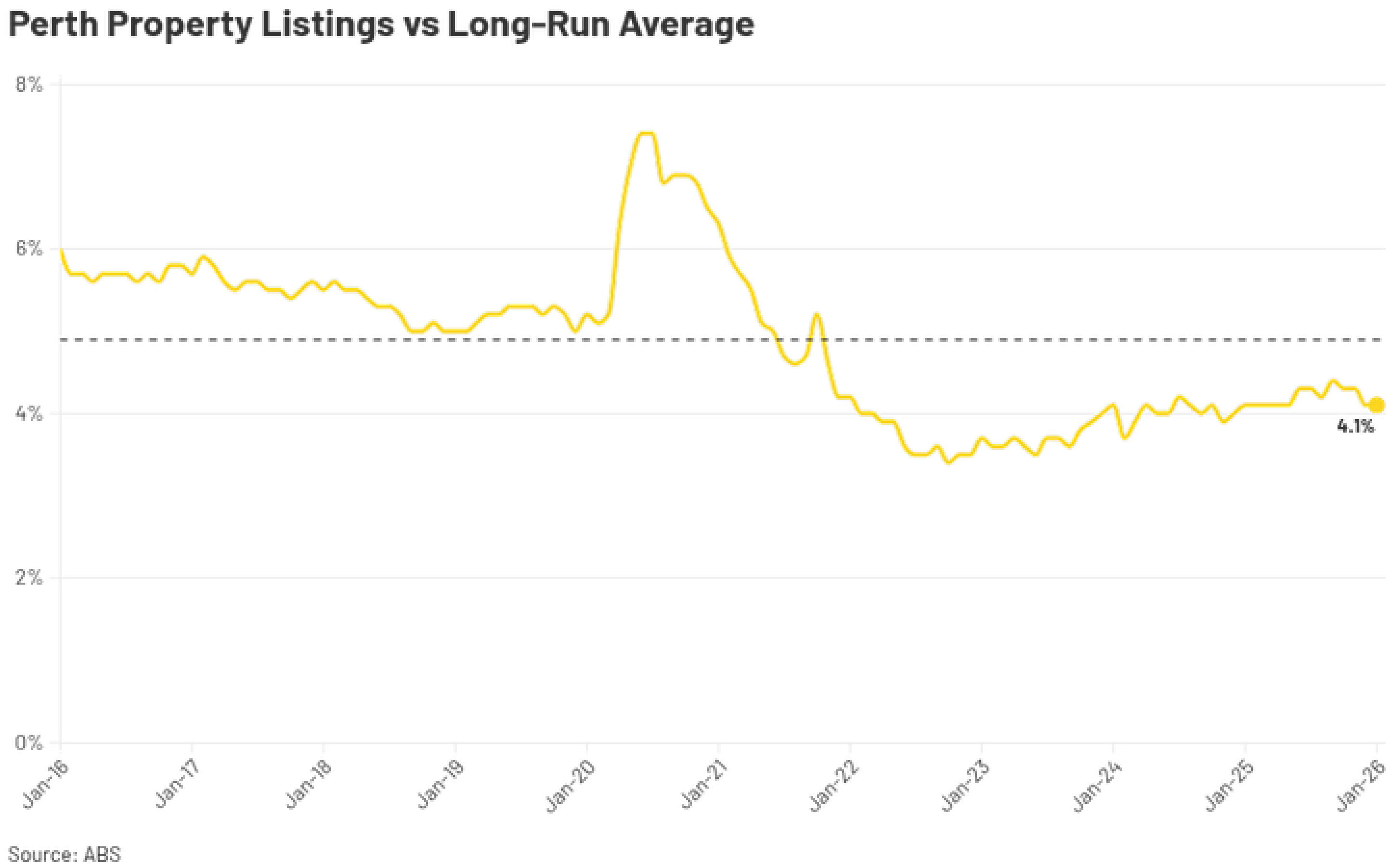
Adelaide has experienced one of the sharpest deteriorations in housing affordability among Australia's capital cities. Since 2019, new mortgage repayments on a median-priced house have increased by over **25% as a share of household income**, the largest rise nationally. This reflects the city's strong price growth over recent years, which has outpaced local income growth.

Adelaide was historically one of Australia's more affordable capital city housing markets, but rapid price appreciation has eroded that advantage. The speed of this shift highlights how quickly affordability conditions can tighten in smaller markets when demand strengthens and new supply fails to keep pace.

Despite this affordability compression, underlying demand conditions remain supportive and Adelaide recorded **8.8% house price growth in 2025**. While affordability pressures may gradually moderate the pace of gains, limited supply and steady population growth are expected to continue supporting prices.

3.5 Perth

2025 Growth: ***15.9%*** | *2026 Growth Forecast:* ***13-15%***



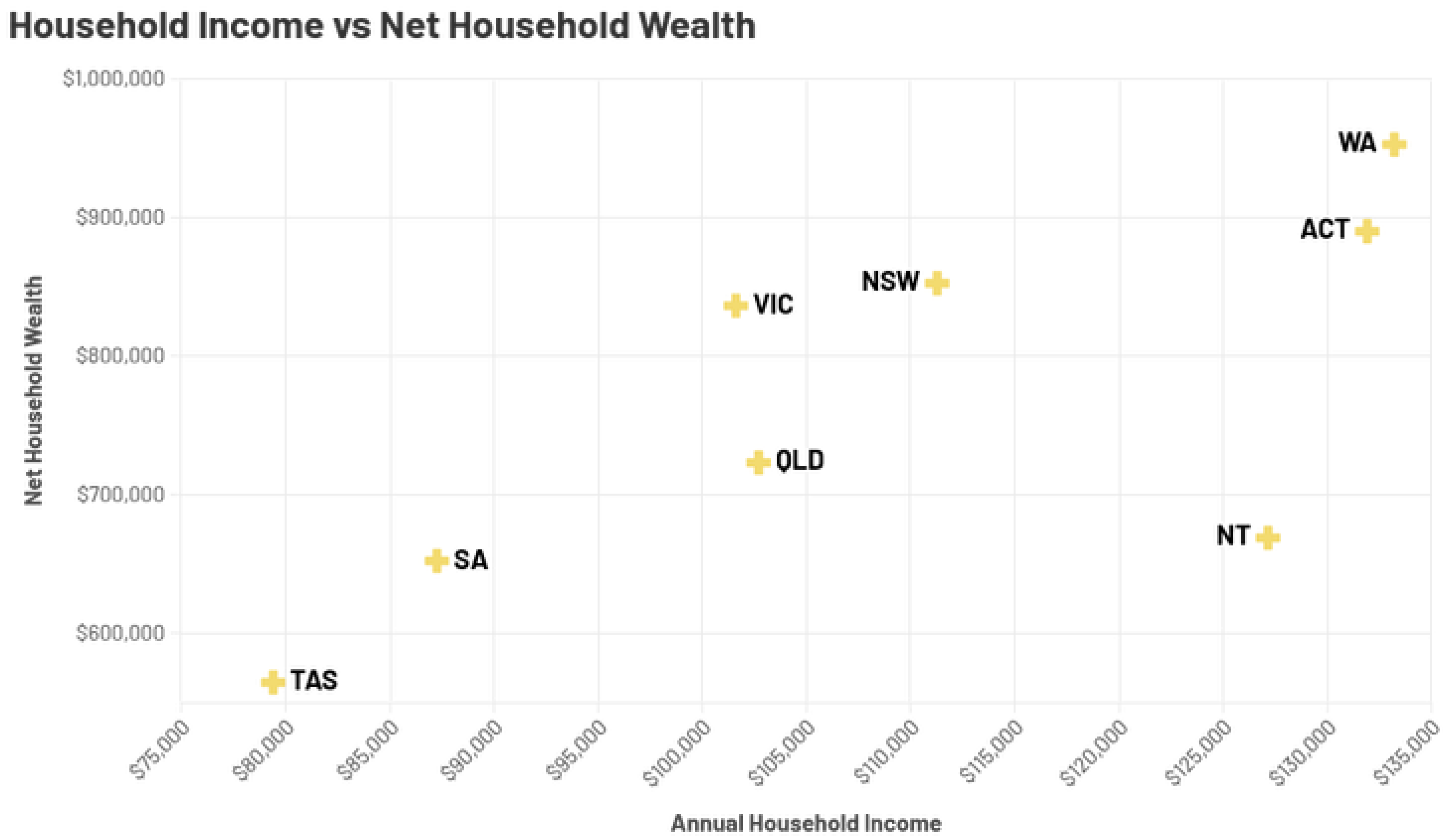
Perth recorded the second strongest housing market growth nationally in 2025, with house prices rising **15.9%**. This momentum reflects strong population growth, rising rents and a sharp decline in available housing supply. As the chart shows, total property listings have fallen well below long-run average levels, significantly tightening market conditions.

Despite this growth, Perth remains **relatively affordable compared with eastern capital cities**, thanks to strong household incomes and median house prices still below those in Sydney and Brisbane. This relative price advantage continues to support demand from both interstate migrants and investors.

With listings still historically low and demand remaining strong, market conditions remain supportive. While growth may slightly moderate from the very strong gains recorded in 2025, Perth house prices are forecast to rise **13–15% in 2026.**

3.6 Canberra

2025 Growth: ***4.9%*** | *2026 Growth Forecast:* ***3-5%***



Source: ABS

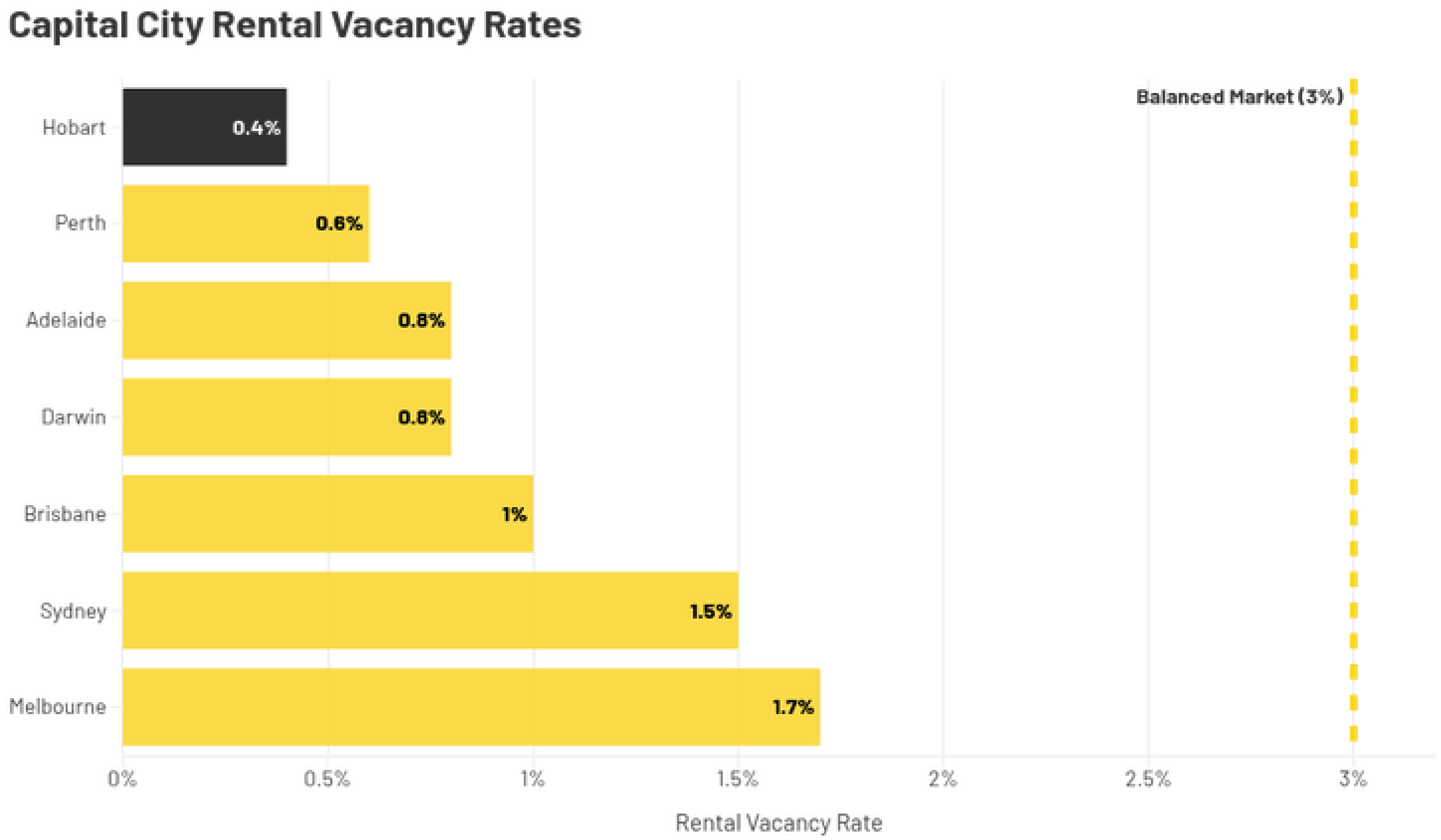
Canberra's housing market is underpinned by **some of the highest household incomes in Australia**, reflecting the city's concentration of federal public sector employment and professional services. This large and stable government workforce supports consistently strong incomes and creates a relatively resilient demand base for housing compared with many other capital cities.

The chart highlights how the ACT stands out nationally for household income while also maintaining relatively strong household wealth. Western Australia also appears toward the top end of the wealth distribution, although this partly reflects the **strong outperformance of the Perth housing market in recent years**, which in turn has created significant household wealth.

Canberra recorded **4.9% house price growth in 2025**, a more moderate result than several faster-moving markets. With interest rates remaining relatively restrictive and affordability constraints emerging at current price levels, the city is expected to experience steadier growth than most capitals. Canberra house prices are forecast to rise **around 3–5% in 2026**.

3.7 Hobart

2025 Growth: ***6.8%*** | *2026 Growth Forecast:* **5-7%**



Source: SQM

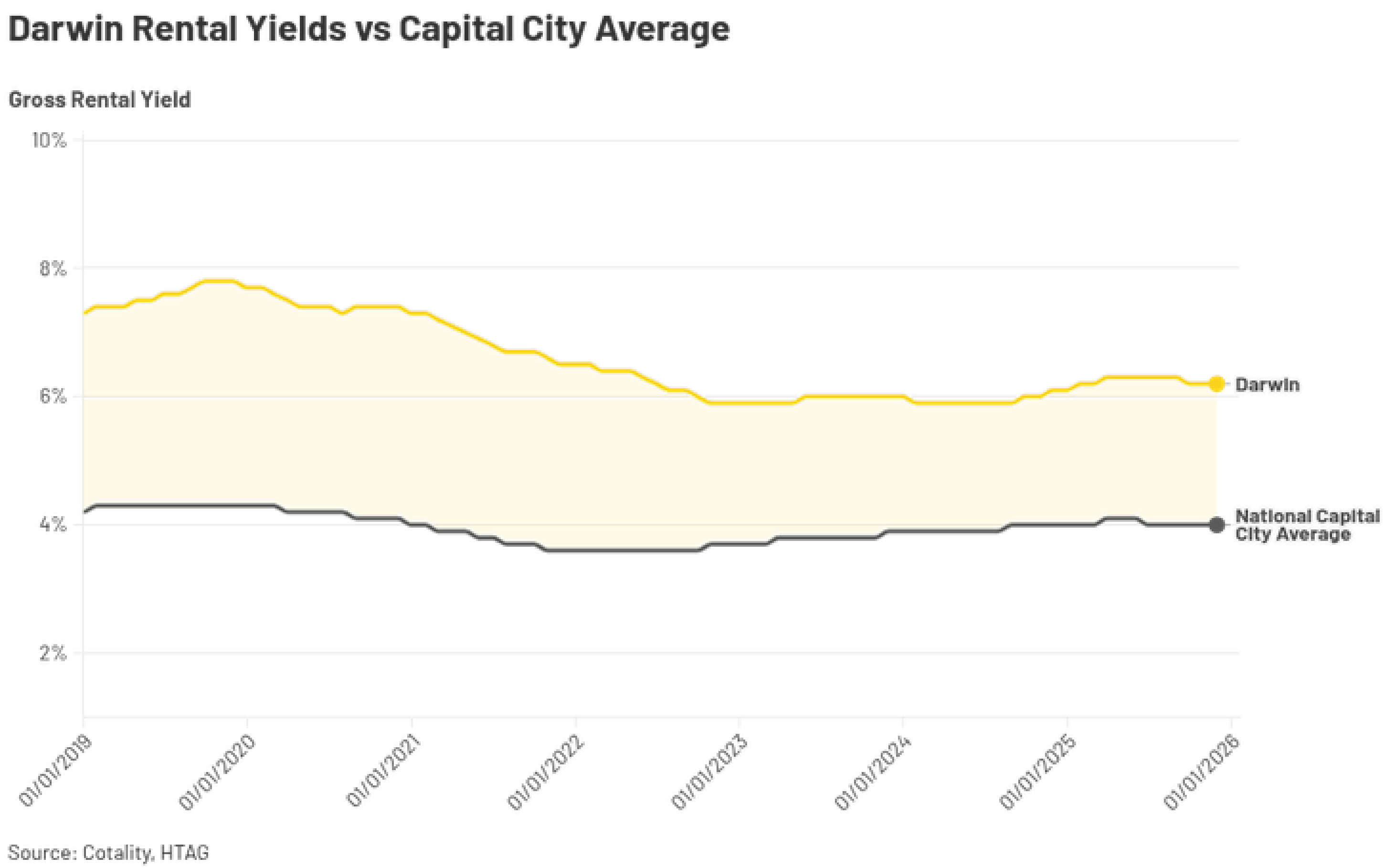
Hobart's rental market remains the tightest in the country, with vacancy rates sitting at just **0.4%**, well below every other capital city. Even markets experiencing strong population inflows such as **Brisbane (1.0%)** and **Perth (0.6%)** are operating with higher vacancy levels.

A balanced rental market typically requires vacancy rates of around **3%**, highlighting the severity of the current shortage. At less than one sixth of this level, Hobart's vacancy rate reflects an extremely constrained rental environment where available properties are absorbed quickly and rental competition remains elevated.

These tight conditions continue to support housing demand. Hobart recorded **6.8% price growth in 2025**, and while momentum has moderated from the rapid gains earlier in the cycle, persistent supply constraints are likely to sustain further growth. Our forecast is for **5–7% price growth in 2026**, supported in large by ongoing rental pressure sustaining investor demand, rather than strong population growth.

3.8 Darwin

*2025 Growth: **18.9%*** | *2026 Growth Forecast: **13-15%***



Darwin remains Australia's highest-yielding capital city housing market, with gross rental yields typically ranging between **6% and 8%** in recent years, compared with roughly **4%** across the broader capital city average. This yield premium reflects lower dwelling prices and strong rental demand in a relatively small housing market.

Following several years of subdued performance, Darwin has entered a renewed upswing. Tight rental conditions, growth in investor demand and improving economic activity supported **18.9% house price growth in 2025**, making it the fastest growing city in the country.

Despite this momentum, Darwin remains relatively affordable compared with eastern capitals, which continues to attract investor demand seeking higher rental returns. We expect this dynamic to support further growth of **13–15% in 2026**, although the city's smaller market size means price cycles can be more volatile than larger capitals.

buyersclub

MISSION

To unlock smarter, fairer, and more transparent pathways to property investment.

VISION

To create a world where property wealth is accessible to all.

Secure Your Advantage