EDITION 09 · AUGUST 2026

THE DOWNTURN IS BROADENING

August 2026 Property Market Report

A sharper, data-led view of the national downturn, city performance, rental conditions and emerging opportunities.

Prepared 3 August 2026 · Sources current to 31 July 2026

Futureland Property Group

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EXECUTIVE SNAPSHOT

Key Takeaways – July 2026

Australia's housing market entered a more pronounced phase of correction in July 2026. The downturn, previously concentrated in Sydney and Melbourne, has now extended to Brisbane and Adelaide, signalling a structural shift in national momentum. Premium property is leading the decline while rental fundamentals remain tight, and buyer negotiation power is improving across most capital cities.

$928K

National Median Value

Combined dwellings, July 2026

-0.7%

Monthly Movement

National dwelling values, July

+5.3%

Annual Growth

National 12-month change

1.7%

Vacancy Rate

National rental vacancy

Downturn Accelerating

National dwelling values declined 0.7% in July, with combined capital cities falling 0.9% — the steepest monthly result since early 2023.

Broader Geographic Spread

Brisbane and Adelaide have joined Sydney and Melbourne in monthly decline. Perth remains marginally positive but quarterly momentum has reversed.

Premium Segment Leads Losses

Upper-quartile values fell 3.2% over the three months to July, while lower-value properties rose 0.3% — a pronounced divergence in market behaviour.

Rental Conditions Remain Tight

Despite softening values, the national vacancy rate holds at 1.7% with annual rental growth of 5.9%, maintaining strong income fundamentals for investors.

NATIONAL MARKET DASHBOARD

National Market Metrics — July 2026

The national dashboard presents a market in transition: short-term values are declining across most capital cities, yet the 12-month picture remains firmly positive. Regional markets continue to demonstrate resilience, and rental fundamentals remain structurally strong. The data below provides the authoritative baseline for all analysis in this report.

Metric	Value	Movement
National Median Dwelling Value	**$928,421**	-0.7% monthly
National Quarterly Movement	—	-1.9%
National Annual Growth	—	+5.3%
Combined Capital City Median	**$1,010,814**	-0.9% monthly
Combined Regional Median	**$769,867**	-0.2% monthly
Combined Regional Annual Growth	—	+9.7%
National Annual Rental Growth	—	+5.9%
National Gross Rental Yield	**3.7%**	—

The market is correcting in the short term, but values remain higher than one year ago. Investors should distinguish between cyclical softness and structural deterioration.

MARKET ANALYSIS

The Downturn Is Broadening

The Australian property downturn has entered a new phase. What began as a correction concentrated in Sydney and Melbourne has now extended to Brisbane and Adelaide, two markets that led national growth narratives through 2024 and 2025. This geographic broadening represents a meaningful shift in the underlying dynamics of the national market.

Sydney declined 1.4% in July — the steepest monthly result among major capitals. Melbourne fell 1.2%, continuing a run of monthly losses that has erased significant gains from earlier cycles. Brisbane's decline of 0.6% marks its most pronounced monthly retreat in over two years, reflecting the compounding effect of affordability pressure at the median above $1.1 million. Adelaide's 0.2% decline is modest but symbolic — it signals that even the most recently arrived boom markets are not immune to the current headwinds.

Perth remained marginally positive at 0.1%, but this single data point conceals a more important trend: quarterly momentum in Perth has turned negative, suggesting the headline number is a lagging indicator of a slowdown already underway.

Sydney

-1.4% July movement. Weakest major capital. Extended correction in premium and inner-ring markets.

Melbourne

-1.2% July movement. Persistent softness. Annual values now -2.8% — two consecutive years of weakness.

Brisbane

-0.6% July movement. Affordability ceiling reached at $1.1M+ median. Growth cycle maturing.

Adelaide

-0.2% July movement. First monthly decline after extended growth run. Sentiment shifting.

Perth

+0.1% July movement. Marginal positive, but quarterly trend is now negative. Momentum slowing.

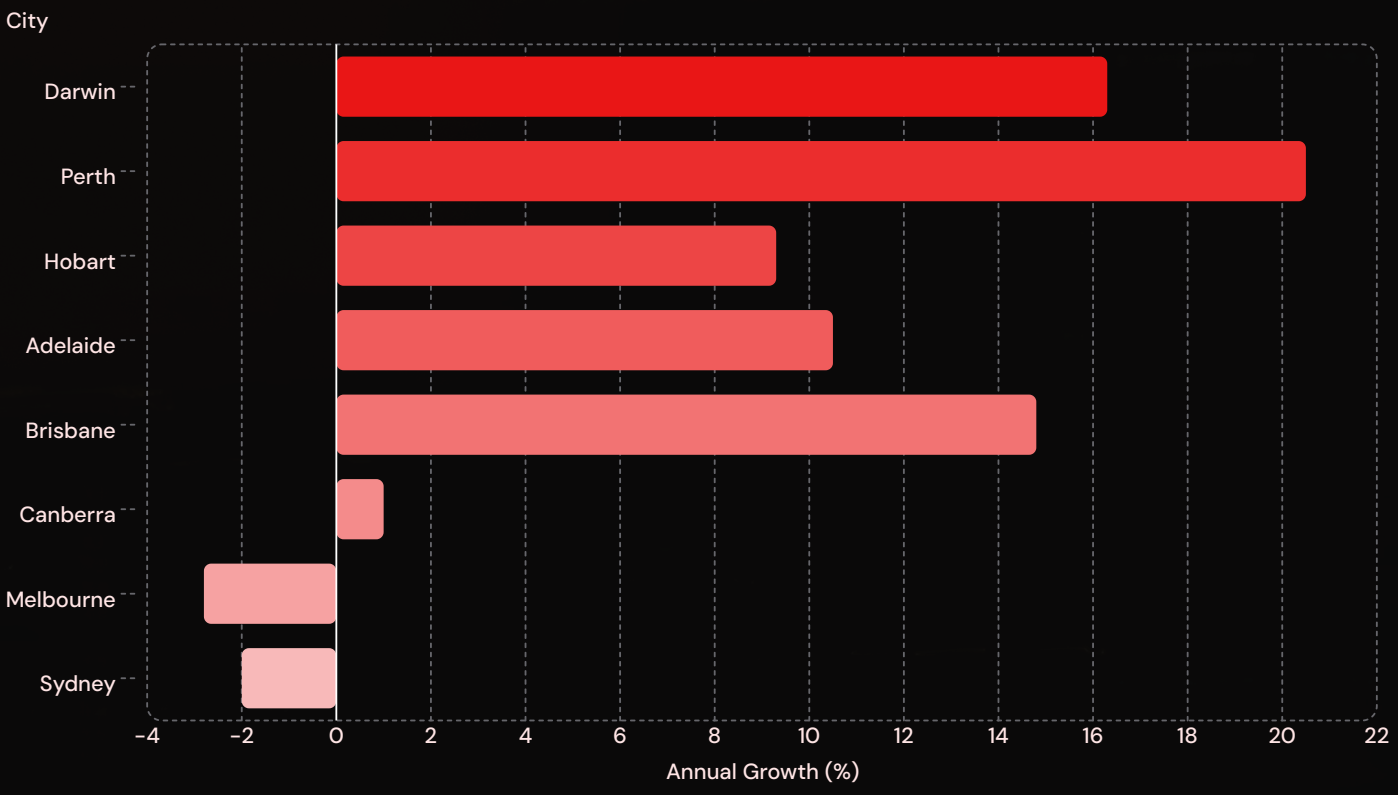
> **Futureland Insight:** This is not a uniform collapse. It is a transition from broad-based growth into a more fragmented and negotiation-driven market. The cities, segments and price points performing worst today may represent the strongest buying opportunities of the next three to five years.

CITY PERFORMANCE

Capital City Performance – July 2026

The eight capital cities tell eight different stories in July 2026. Darwin and Perth continue to record annual growth above 16%, while Sydney and Melbourne have now delivered negative annual returns. The data below ranks all capitals by monthly movement, providing a clear snapshot of short-term trajectory alongside the 12-month context.

City	Median Value	Monthly	Annual
Darwin	$642,175	+0.8%	+16.3%
Perth	$1,029,797	+0.1%	+20.5%
Hobart	$756,951	+0.1%	+9.3%
Adelaide	$944,909	-0.2%	+10.5%
Brisbane	$1,104,094	-0.6%	+14.8%
Canberra	$883,138	-1.0%	+1.0%
Melbourne	$797,354	-1.2%	-2.8%
Sydney	$1,244,617	-1.4%	-2.0%



Annual growth leaders remain Perth, Darwin and Brisbane, but monthly momentum has weakened across all three. The divergence between annual and monthly performance is one of the defining features of the current market — investors relying solely on 12-month data risk misreading the near-term trajectory.

PREMIUM SEGMENT

Premium Property Is Falling Fastest

The correction is not evenly distributed across price points. Upper-quartile values declined 3.2% over the three months to July 2026, while lower-value properties recorded a modest increase of 0.3% over the same period. This divergence reflects a fundamental shift in where demand is concentrating and where it is retreating.

Premium and prestige properties are disproportionately exposed to the current macro environment. Reduced borrowing capacity under current serviceability assessments hits higher purchase prices hardest — the absolute dollar reduction in borrowing power is far more consequential at $2 million than at $700,000. Higher mortgage repayments are prompting upgraders and discretionary buyers to pause or reduce their price ceiling. Investor exposure is also more pronounced in premium inner-city stock, adding to supply-side pressure as some investors re-evaluate holding costs.

Upper Quartile

-3.2% over three months to July 2026. Premium segment leading the national correction. Discretionary buyers withdrawing.

Lower Value Properties

+0.3% over three months to July 2026. Demand concentrating at affordable price points. First-home buyers and investors active.

The factors driving premium weakness include reduced borrowing capacity, higher mortgage repayments, weaker buyer confidence, lower upgrader activity, more discretionary buyer behaviour, and greater investor exposure at higher price points. Together, these forces create a self-reinforcing dynamic where premium stock sits longer on market, vendors reduce expectations, and comparable sales data drags values further.

> **Futureland Insight:** The affordable end of the market is now carrying more demand. Investors focused on lower entry prices, higher rental yields and stronger occupancy rates are better positioned in the current environment than those targeting prestige or high-end investment stock.

NEGOTIATION MARKETS

Sydney and Melbourne Are Negotiation Markets

Sydney and Melbourne are no longer momentum markets. The era of rapid value appreciation, multiple offers above reserve, and compressed campaign timelines has been replaced by a very different set of conditions — one that, counterintuitively, may represent the most compelling buying environment for well-prepared, evidence-driven buyers in many years.

Both cities are now characterised by elevated listing volumes, extended campaign lengths, declining auction clearance rates, and a growing cohort of motivated vendors who have revised price expectations. For buyers with access to finance, clear decision-making criteria and the patience to negotiate from evidence, these conditions represent a structural advantage.



More Stock Available

Total advertised listings remain elevated in both Sydney and Melbourne, giving buyers genuine choice across price points, locations and property types.



Longer Campaigns

Extended time on market reduces urgency and increases the information available to buyers. Properties sitting beyond 45 days present the strongest negotiation leverage.



Motivated Vendors

Vendors who listed in anticipation of continued growth are increasingly prepared to meet the market. Circumstances-driven sales create acquisition opportunities.



Lower Auction Pressure

Clearance rates below 50% since late May mean buyers face less competition at auction and greater room for conditional offers and price negotiation.

> **Futureland Insight:** Sydney and Melbourne are becoming more interesting because they are less exciting. The best buys often occur when buyers have choice, time and leverage — three conditions that are now firmly present in both markets.

GROWTH MARKETS

Brisbane and Perth: Still Strong, But More Selective

Brisbane and Perth remain two of Australia's strongest property narratives over the past three years. Both cities have delivered exceptional annual growth driven by interstate migration, infrastructure investment, population growth and relative affordability. However, the July 2026 data introduces a more nuanced picture that requires careful interpretation by investors considering entry at current prices.

Brisbane

Annual growth remains strong at +14.8%, but July recorded a decline of -0.6%. The median value has now exceeded $1.1 million, introducing meaningful affordability pressure across the broader buyer pool. Demand is migrating to outer corridors and townhouse stock as the detached house market becomes increasingly inaccessible at the median.

Perth

Annual growth of +20.5% remains the strongest of any capital city, but July's +0.1% movement is a statistical rounding of a market in near-stasis. Quarterly momentum has turned negative, indicating the extraordinary run of 2023–2025 is entering a consolidation phase. Entry at peak prices for a slowing market carries meaningful timing risk.

For both cities, the critical discipline for investors is avoiding the backward-looking price justification trap. Markets that have delivered strong historical returns attract buyers willing to pay a premium for that history — but property investment returns are driven by future performance, not past performance. The relevant questions are not "how much has it grown?" but "what are the drivers of future demand, and are they still intact at this price?"

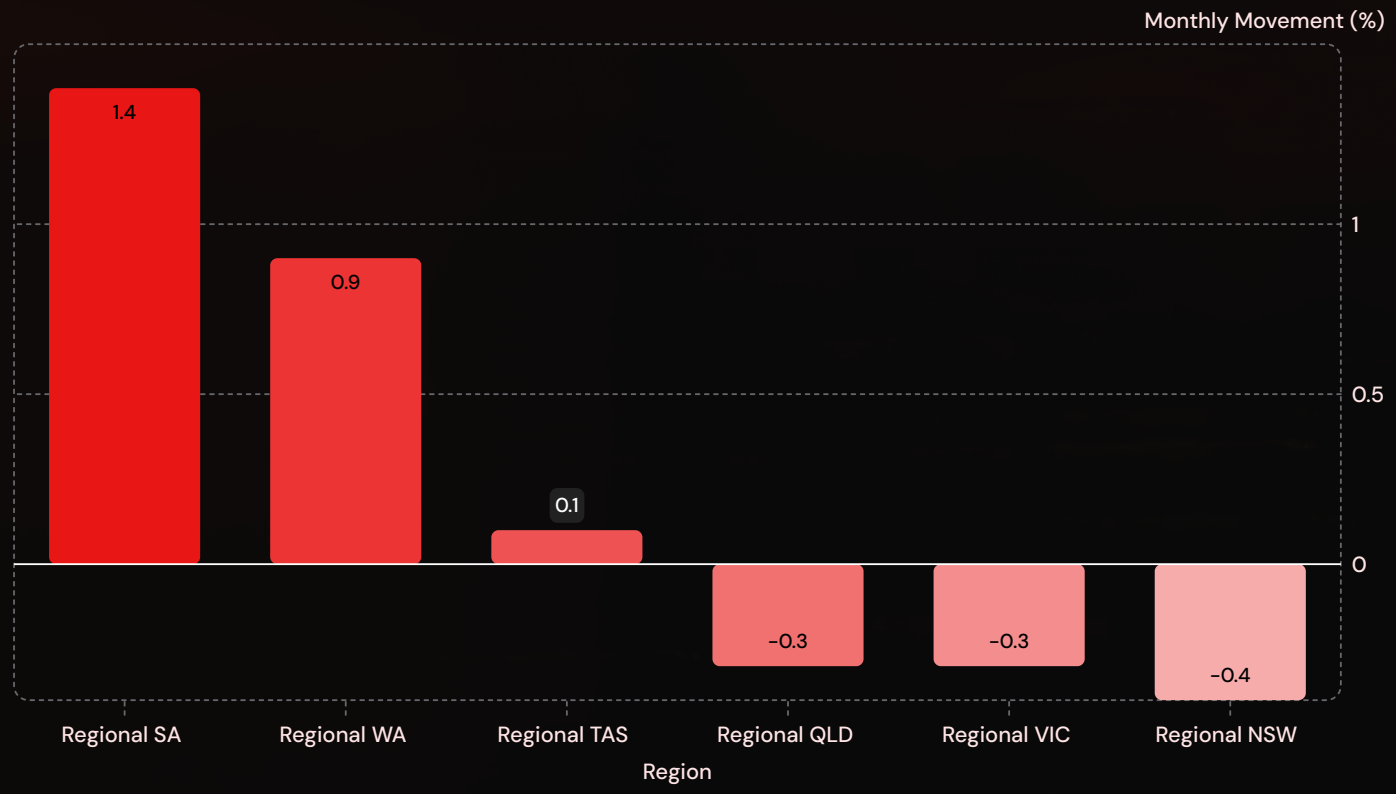
> **Futureland Insight:** Brisbane and Perth remain strong long-term stories, but investors should not pay tomorrow's price for yesterday's performance. Selective acquisition within both cities — focusing on undervalued corridors, strong rental yields and genuine supply constraints — remains defensible.

REGIONAL MARKETS

Regional Markets Remain Resilient

Regional Australia continues to outperform capital cities on an annual basis, with combined regional growth of 9.7% compared to 3.9% for the combined capitals over the past 12 months. This structural outperformance reflects population decentralisation, affordability-driven migration, and targeted infrastructure investment across key non-metropolitan regions.

However, the July data introduces important nuance. Not all regional markets are performing equally, and several have now joined the monthly decline. Regional NSW fell 0.4%, regional Queensland declined 0.3%, and regional Victoria fell 0.3%. By contrast, regional South Australia gained 1.4% and regional Western Australia added 0.9%, reflecting the ongoing strength of underlying economic conditions in those states.



The combined regional annual advantage over capitals (+5.8 percentage points) reflects genuine structural demand in many non-metropolitan areas — but this aggregate figure masks enormous variation at the suburb and town level. Regional markets without clear economic anchors — particularly those that benefited primarily from remote-work-driven migration during 2020–2022 — are now facing normalisation as that demand tailwind fades.

> **Futureland Insight:** "Regional property" is not a strategy. The strongest regional markets are supported by employment, infrastructure, healthcare, education and genuine population growth. Investors must interrogate the specific economic foundations of each regional market before assuming the aggregate outperformance figure applies to their target location.

RENTAL MARKET

Rental Market Remains the Structural Support

One of the defining features of the current property cycle is the decoupling between softer values and persistently tight rental conditions. Nationally, annual rental growth reached 5.9% in July 2026, the vacancy rate holds at 1.7%, and gross rental yields sit at 3.7% — a yield level that has improved as values have declined and rents have continued to rise. For income-focused property investors, this combination represents one of the strongest fundamental pictures in nearly a decade.

+5.9%

Annual Rental Growth

National figure, July 2026

1.7%

Vacancy Rate

National, structurally tight

3.7%

Gross Rental Yield

National average, improving

Strongest Rental Growth by City

Darwin

+10.4% annual rental growth. Highest in the nation. Supported by resource sector employment and constrained housing supply.

Perth

+8.1% annual rental growth. Strong population growth and investor yield demand sustaining upward rental pressure.

Hobart

+8.0% annual rental growth. Constrained supply and limited new development maintaining structural rental scarcity.

Brisbane

+6.7% annual rental growth. Continued migration demand supporting above-average rent increases across most dwelling types.

Sydney

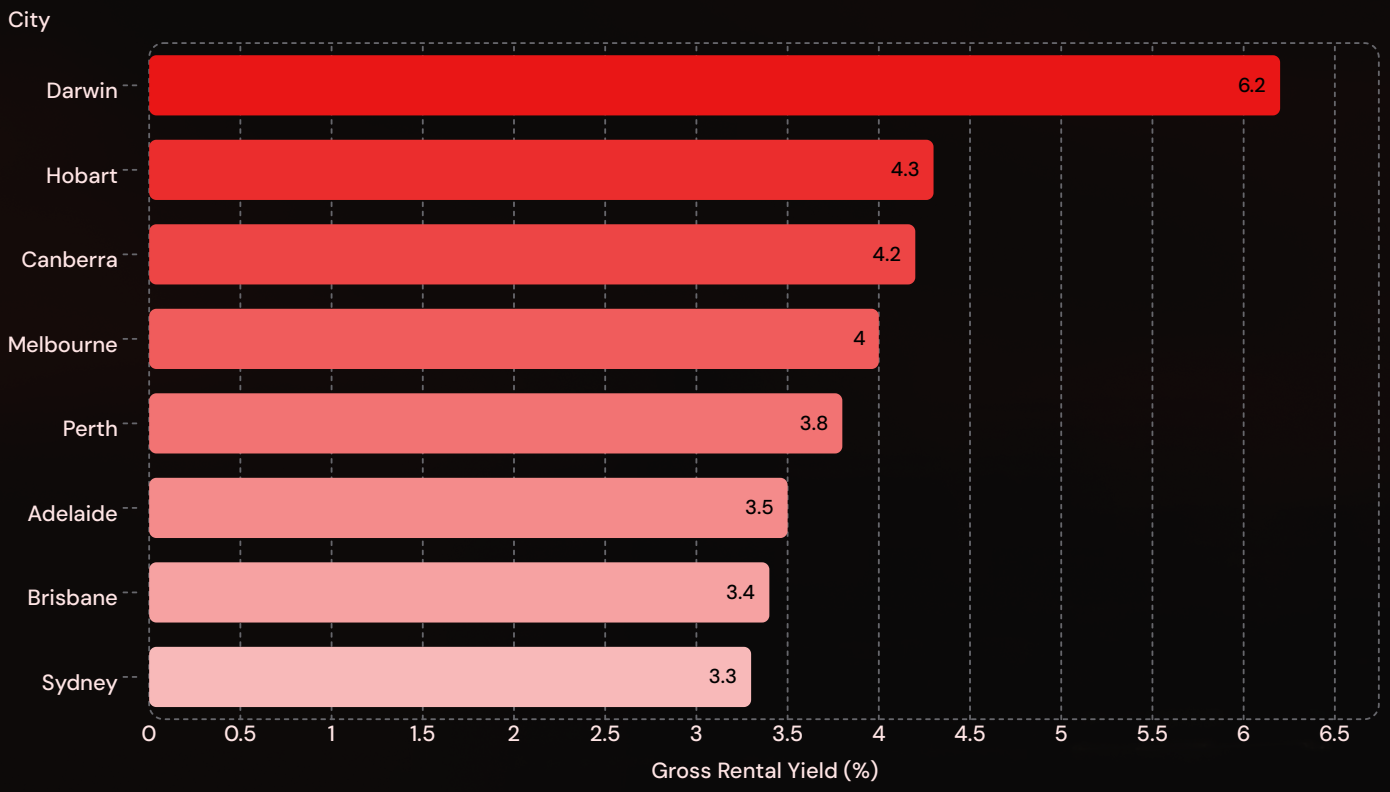
+6.1% annual rental growth. International migration and constrained supply keeping vacancy extremely tight despite value declines.

Futureland Insight: Rental scarcity remains one of the strongest structural property fundamentals in Australia. However, investors should use realistic rents in cash-flow modelling — rental growth of recent years will moderate as affordability constraints limit tenant capacity to absorb further increases.

YIELD ANALYSIS

Rental Yields Are Improving

Gross rental yields are improving across all capital cities as the dual effect of rising rents and declining or flat property values compresses yield denominators. For investors who have been deterred by historically low yields in prior cycles, the current environment is delivering the most attractive yield profile since pre-pandemic conditions. However, gross yield is a starting point — not an endpoint — for cash-flow analysis.



Darwin's gross yield of 6.2% stands out as the highest in the nation, reflecting both the lower absolute entry price and exceptional rental growth. Hobart and Canberra follow at 4.3% and 4.2% respectively — both representing meaningful improvements from yields of 2.8–3.2% recorded at the peak of those markets. Melbourne and Perth sit at 4.0% and 3.8%, with Melbourne's yield recovery driven by value declines rather than rental growth alone.

⚠ A higher gross yield does not automatically mean positive cash flow. Investors must account for borrowing costs, property management fees, maintenance, rates, insurance, land tax and vacancy allowances before assessing the net cash position of any acquisition.

VENDOR BEHAVIOUR

Seller Expectations Are Adjusting

The gap between vendor price expectations and buyer willingness to pay has been one of the defining features of the 2026 correction. In the early phases of a downturn, vendors typically hold to prior-cycle comparable sales evidence and resist discounting. As campaigns extend and offers fail to materialise, expectations begin to adjust. The July data suggests this adjustment process is now underway — but it is uneven, and requires careful reading by buyers seeking to identify genuine motivation.

New listings are slowing, which partially reflects vendors choosing to withdraw rather than heavily discount. This behaviour provides a floor under values but also reduces total transaction volume. Total advertised stock remains elevated relative to historical averages, with combined capital-city listings running approximately 5.7% above the five-year average — a meaningful buyer's market signal across most price segments.

Auction Clearance Below 50%

Combined capital-city clearance rates have remained below 50% since late May 2026. Sub-50% clearance is a reliable indicator of buyer leverage and vendor price anxiety in the higher-turnover segments of the market.

Listings 5.7% Above Average

Total advertised stock across combined capitals sits 5.7% above the five-year average, providing buyers with genuine choice and reducing the urgency premium that characterises a seller's market.

Extended Campaign Lengths

Days on market are increasing in Sydney, Melbourne and Canberra. Properties with extended exposure histories are the most likely to yield negotiation outcomes below asking price.

Vendor Withdrawals Rising

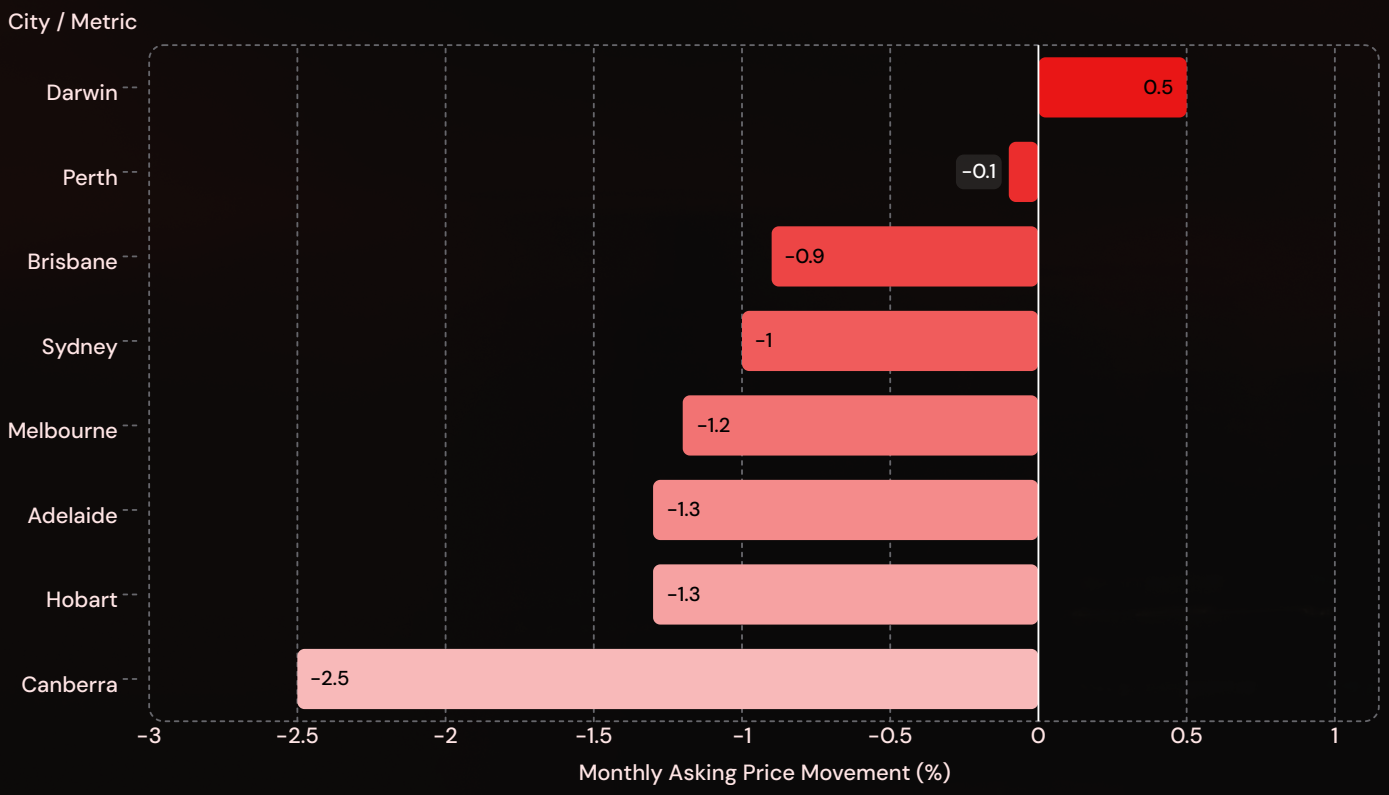
A growing number of vendors are choosing to withdraw from the market rather than accept lower prices. This behaviour reduces headline supply data but confirms underlying price resistance from motivated vendors who do not need to sell.

Futureland Insight: Motivated vendors are becoming easier to identify. Buyers should focus on campaign length, previous asking-price history, vendor circumstances and comparable sales evidence to distinguish between strategic withdrawals and genuine price flexibility.

REAL-TIME PULSE

SQM Asking Prices: Rolling Monthly Movements

SQM Research's rolling asking-price data provides an early-warning signal for where transaction prices are likely to move in the months ahead. Advertised asking prices typically lead actual settlement prices by four to eight weeks, making this dataset one of the most forward-looking indicators available in the current market environment. The July data paints a clear picture: vendor asking prices are now declining across the majority of capital cities, with Canberra recording the steepest fall.



Canberra's -2.5% monthly asking-price movement is the most pronounced in the nation, suggesting that the ACT's correction — which has been building since mid-2025 — is accelerating. Adelaide and Hobart each recorded -1.3%, a notable deterioration for markets that were still recording positive asking-price movements as recently as March 2026. The capital-city average of -0.8% and national figure of -0.5% confirm that the softening in advertised prices is now systemic rather than isolated to the two traditional correction markets of Sydney and Melbourne.

Advertised asking prices are leading indicators. The -0.8% combined capital-city monthly movement suggests settlement price data will continue to soften through August and September 2026.

STRATEGY FRAMEWORK

Strategy Lens by Buyer Type

No two buyers enter the market with identical objectives, risk tolerance or time horizons. The current environment favours those with clarity of purpose — the ability to define what they are buying, why, and how it performs across a range of scenarios. The following framework provides a starting point for aligning market conditions to buyer type, but all acquisition decisions require suburb-level analysis and independent financial modelling.

Buyer Type	Best-Fit Markets	Strategic Rationale
Growth-Focused Investor	Perth, selected Brisbane corridors, regional WA and SA	Strong annual growth, population demand and constrained supply continue to support long-term capital appreciation.
Value & Recovery Buyer	Melbourne and selected Sydney stock	Softer sentiment, extended campaigns and motivated vendors create negotiation leverage and below-replacement-cost entry points.
Yield & Cash-Flow Investor	Darwin and selected regional markets	Higher gross yields, lower entry prices and strong rental growth create the most defensible income position in the current rate environment.
Affordable-Market Investor	Established units, townhouses, outer metropolitan houses	Demand is concentrating at lower price points as borrowing capacity constraints push buyers and tenants toward more affordable options.
Owner-Occupier Upgrader	Sydney, Melbourne and Canberra	Softer premium markets improve the relative terms of trade for upgraders — selling an established property and buying up in a declining segment.
Development Buyer	Scarce sites with conservative feasibility	Acquisition conditions may improve, but construction costs and finance risk remain elevated. Only sites with significant buffer in feasibility should be pursued.

Across all buyer types, the discipline of conservative modelling is non-negotiable in the current environment. Acquisition decisions predicated on continued rental growth, immediate capital appreciation, or near-term rate cuts should be stress-tested against a flat-to-declining scenario across all three variables simultaneously.

FORWARD VIEW

What Comes Next

The most likely near-term outcome is further weakness in national dwelling values. The conditions underpinning the current correction — affordability pressure, reduced borrowing capacity, low consumer confidence, an uncertain interest-rate outlook and elevated investor caution — are not resolving quickly. The July data suggests the correction is broadening geographically and deepening at the premium end, with no clear catalysts for reversal in the immediate term.

Risk Factors

- Affordability pressure limiting buyer pool depth
- Reduced borrowing capacity under current serviceability
- Low consumer confidence weighing on discretionary decisions
- Uncertain interest-rate outlook delaying purchases
- Elevated investor caution around cash-flow viability

Support Factors

- Low unemployment providing household income resilience
- Continued population growth driving underlying demand
- Limited new housing construction restraining supply
- High replacement costs putting a floor under land values
- Tight rental vacancies supporting investor hold decisions
- Vendors withdrawing stock rather than heavily discounting

The interplay between these forces suggests a controlled correction rather than a systemic collapse. Australia's housing market is not facing the conditions that preceded the US or Irish property crises of 2008 — there is no oversupply of housing, unemployment remains low, population growth continues, and the banking system's exposure to impaired loans is contained. What the market is facing is a confidence and affordability adjustment that may take 12 to 18 months to fully work through.

> **Futureland Insight:** The market does not need immediate rate cuts to stabilise. It needs confidence that borrowing conditions are no longer deteriorating. Once that signal is credible — whether from rate decisions, inflation data or APRA guidance — buyer confidence will recover. The investors best placed to benefit will be those who acquired during the correction, not those who waited for confirmation that the market had already turned.

BOTTOM LINE

The Bottom Line

Australia's housing downturn is becoming deeper and more widespread. The data is clear, the geographic spread is broadening, and the premium segment is under the most acute pressure. For many market observers, this is a moment of caution — a reason to wait, watch and preserve capital. That instinct is understandable. But it is not always correct.

Opportunity is broadening with the downturn. Markets that were inaccessible or overpriced twelve months ago are now offering genuine entry points. Vendors who were immovable are becoming motivated. Campaign lengths that compressed buying decisions to 48-hour windows have extended to weeks. These are the conditions under which quality assets are acquired at fair prices — and sometimes below them.

Understand Value

Know what comparable assets have transacted for in the past 90 days, not 12 months. Current data is the only relevant benchmark in a declining market.

Negotiate From Evidence

Use campaign history, days on market, previous asking-price reductions and vendor circumstances to construct offers grounded in market reality, not sentiment.

Buy Quality Assets

Scarcity, location fundamentals and structural demand endure across cycles. Quality assets purchased during corrections consistently outperform over 7–10 year horizons.

Model Cash Flow Conservatively

Assume flat rents, rising holding costs and a longer path to capital growth. Any asset that performs under conservative assumptions will excel when conditions improve.

Avoid Relying on Immediate Capital Growth

Acquisitions that require near-term appreciation to be viable are not acquisitions — they are speculations. Structure every purchase to hold comfortably without uplift.

PRECISION, NOT PANIC.

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