

Futureland Property Group

May 2026 Property Market Report — Edition 06

The Market Has Shifted: Precision, Not Panic

Australia's housing market is moving from broad-based growth to selective opportunity.

Prepared 1 May 2026 | Sources include PropTrack, CBA, ABS, SQM Research, HTAG, Metropole, Domain, Market Index, REA and Savings.com.au

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PROPERTY GROUP

Australia's Property Market Is Now Selective Opportunity

EXECUTIVE SUMMARY

Australia's property market has entered a more cautious and fragmented phase. National prices are no longer rising uniformly. Sydney and Melbourne are showing early signs of weakness, affordability is stretched, borrowing capacity is under pressure, and investor sentiment is being tested by higher rates, possible tax changes and economic uncertainty.

> The market is not dead. The easy market is dead.

But this is not a market crash story. It is a market selection story. The winners will be the buyers, investors and developers who understand where demand remains deep, where supply is genuinely constrained, and where price growth is supported by fundamentals rather than hype.

Demand Depth

Selective markets reward those who know where genuine buyer and renter demand is concentrated.

Supply Constraint

Chronic undersupply remains the long-term floor beneath Australian property values.

Fundamentals First

Price growth must now be supported by yield, wages, and replacement cost — not sentiment alone.

Precision Required

Local knowledge, capital discipline and rigorous due diligence will define the next cycle's winners.

May 2026 Market Snapshot

KEY NUMBERS

The headline data shows a market losing momentum — not collapsing. National values remain elevated, regional markets are outpacing capitals, and the medium-term growth story remains intact for the right locations.

$910K

National Median Home Value

-0.1%

National Monthly Movement

+8.5%

National Annual Growth

$1.017M

Capital City Median Value

+7.7%

Capital City Annual Growth

+10.7%

Regional Annual Growth

CBA 2026 Forecast

+5%

Slower growth, not collapse — the base case holds for a controlled deceleration across most markets.

CBA 2027 Forecast

+3%

Further moderation expected as rate settings, affordability constraints and macro uncertainty work through the system. Selection becomes paramount.

The First Monthly Decline of 2026

THE TURNING POINT

National home prices fell slightly in April, marking the first monthly decline of 2026. The fall was small but meaningful — a clear signal that the market is transitioning from broad-based momentum into a more uneven, location-dependent phase.

> Momentum has slowed. Selection now matters.

National

Prices fell **0.1%** in April — the first monthly decline recorded in 2026, confirming a shift in market character.

Capital Cities

Capital city prices fell **0.2%** for the month, with the largest urban markets bearing the brunt of the correction.

Sydney

Fell **0.5%** in April — the steepest monthly decline of any major capital, reflecting acute affordability pressure and rate sensitivity.

Melbourne

Fell **0.3%** for the month, continuing a trend of underperformance driven by stretched household finances and weaker investor confidence.

The downturn is not yet deep, but the market is clearly no longer moving as one. Broad-based growth has given way to a landscape where geography, price point, asset quality and fundamentals determine outcomes.

The Market Is Splitting

CAPITAL CITY PERFORMANCE

The data reveals a significant divergence across Australia's capital cities. Resource-driven and affordability-led markets continue to outperform, whilst the two largest cities face headwinds from price fatigue, debt levels and rate sensitivity.

Market	Monthly Growth	Annual Growth	Median Value	Outlook
Sydney	-0.5%	+3.8%	$1.247m	Weakening
Melbourne	-0.3%	+1.9%	$853k	Weakening
Brisbane	+0.2%	+17.5%	$1.078m	Strong
Adelaide	+0.2%	+13.9%	$947k	Strong
Perth	+0.2%	+21.5%	$1.024m	Very Strong
Hobart	+0.3%	+10.5%	$728k	Steady
Darwin	+0.1%	+16.9%	$615k	Strong
ACT	0.0%	+4.0%	$878k	Neutral

Perth, Brisbane, Adelaide and Darwin remain the strongest performers. Sydney and Melbourne show the clearest weakness due to affordability pressure, larger mortgages and weaker buyer confidence.

The Market Is Not Falling Apart

It Is Becoming More Selective

The next phase will not reward buyers who follow headlines. It will reward buyers, investors and developers who have done the work — who understand where genuine demand exists, where supply cannot respond quickly, and where asset quality will hold its ground when conditions tighten further.



Demand Depth

Markets with structural population pressure and rental absorption will outperform sentiment-driven markets.



Supply Constraint

Planning delays, construction costs and labour shortages continue to limit new supply in the most desirable corridors.



Local Affordability

Markets where median incomes support median prices will demonstrate greater resilience through the cycle.



True Asset Quality

Poor assets will be exposed in this market. Strong assets with genuine utility and scarcity will continue to attract capital.

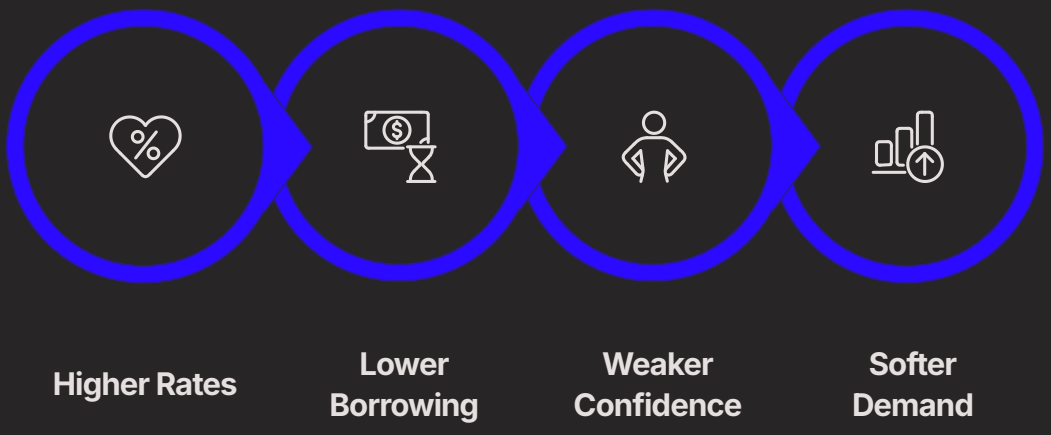
> The next stage will reward precision, local knowledge, capital discipline and proper due diligence.

Interest Rates Are Back in Control

WHY RATES MATTER AGAIN

The most important macro driver in May 2026 is the shift in interest rate expectations. Property markets do not move on population growth alone — they depend on what buyers can actually afford to pay. When rates rise, the buyer pool shrinks, and price sensitivity increases across every segment.

Higher rates reduce borrowing capacity, increase repayments, weaken consumer confidence and force investors to reassess cash flow viability. The effect is not uniform — it is amplified in markets with larger mortgages, thinner yields and more leveraged investor bases.



This flowchart captures the transmission mechanism that is now reshaping buyer behaviour across Australia's capital cities. Markets that built valuations on low-rate assumptions are most exposed to the reversal.

⚠ Higher rates do not kill every market. They expose weak ones. Assets with strong income, low vacancy and genuine scarcity will weather the cycle. Assets that relied on growth assumptions alone will not.

Buyers Are Moving Down the Price Ladder

AFFORDABILITY IS THE PRESSURE POINT

Affordability is now the major constraint shaping demand across every capital city and regional market. Price falls are being driven predominantly by houses, whilst units are showing greater resilience — a clear signal that demand is shifting toward more affordable stock and that buyers are recalibrating their expectations to match their borrowing capacity.

Most Resilient Segments

- Well-located units in undersupplied suburbs
- Townhouses with land component and rental depth
- Dual-income properties with positive cash flow
- Smaller dwellings in high-demand corridors
- Affordable regional and outer-metro markets
- Properties with yield or value-add upside

What the Data Is Telling Us

The affordability constraint is not a temporary disruption — it is a structural reset. Buyers have not disappeared from the market. They are operating with less borrowing capacity, greater caution and a stronger emphasis on value, income and defensibility.

This shift is creating a bifurcated market: premium and aspirational stock faces headwinds, whilst affordable, income-generating and well-located stock continues to attract genuine competition. Developers, investors and buyers who align their strategy with this reality will be best positioned.

Buyers are not disappearing. They are becoming more price sensitive. This is the defining characteristic of the May 2026 market.

Premium Markets Are Not Immune

SYDNEY & MELBOURNE MOST EXPOSED

Sydney and Melbourne are showing the clearest signs of weakness in the current cycle. These markets are not simply experiencing a pause — they are facing a more fundamental reassessment driven by the intersection of high absolute prices, large household debt, compressed yields and rate sensitivity. Falls have been most visible in premium and inner-city areas where the gap between income and price is most pronounced.

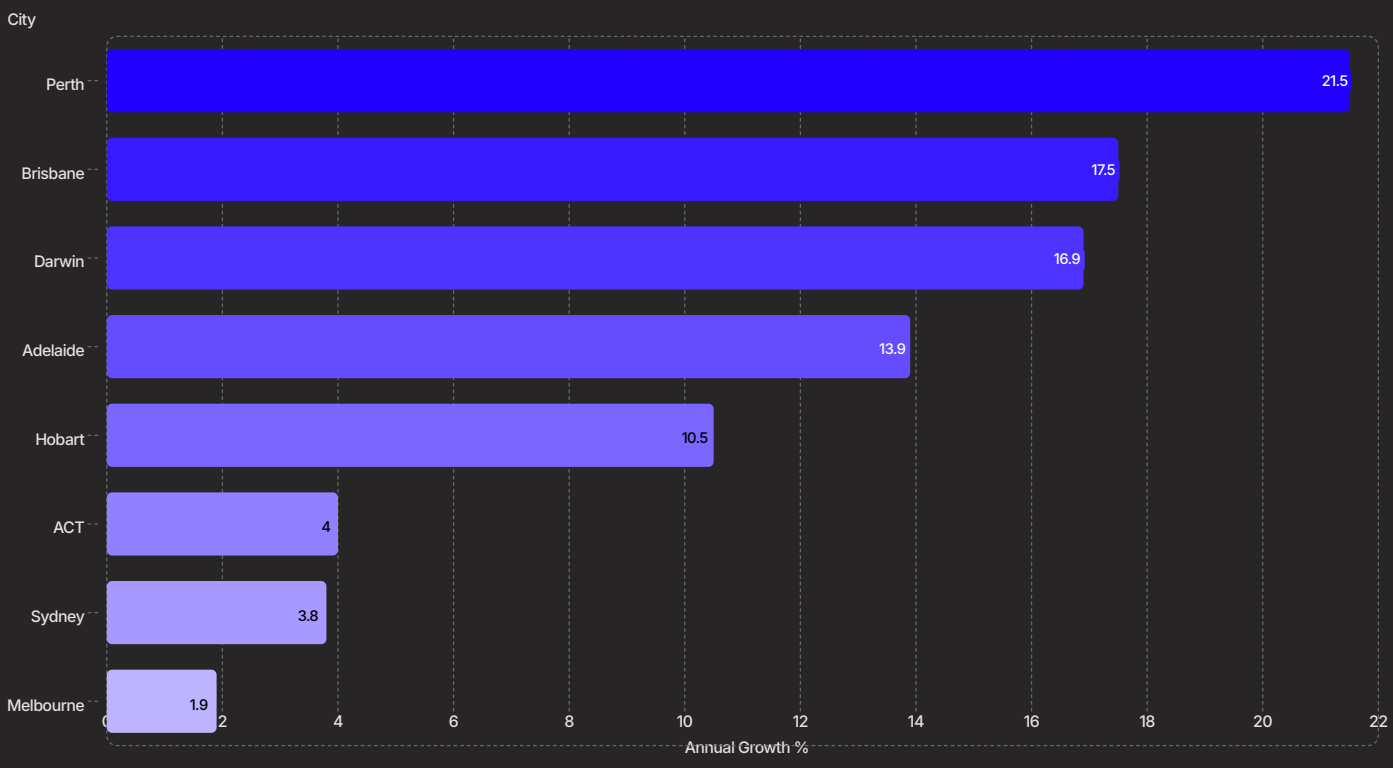
Sydney & Melbourne — Risk Factors

- Higher absolute prices and larger mortgage sizes
- Greater household debt levels relative to income
- Lower rental yields insufficient to offset borrowing costs
- Greater affordability constraints across all buyer segments
- More rate-sensitive buyer and investor base
- Stretched investor economics under current rate settings

Brisbane, Perth & Adelaide — Relative Strengths

- Lower entry prices relative to income and wages
- Stronger population growth and net interstate migration
- Tighter rental markets with lower vacancy rates
- Better yield profile supporting investor cash flow
- Less household debt concentration relative to values
- Continued infrastructure investment driving demand

> In this cycle, the most expensive markets can also be the most fragile. Absolute price is not the same as quality. Size of mortgage is not the same as strength of investment.



12-Month Forecasts Show Continued Divergence

HTAG & CBA FORECASTS

State-level forecasts confirm that the divergence between markets is expected to persist across the next 12 months. WA and Queensland are projected to remain among the stronger performers, whilst Victoria is expected to record the weakest outcome of any state. However, forecasts are not guarantees — local market selection within each state remains the critical variable.

HTAG 12-Month State Forecasts

State	Forecast Growth
WA	**+10.6%**
QLD	**+10.2%**
NT	+9.2%
NSW	+8.5%
SA	+8.4%
TAS	+7.3%
ACT	+6.9%
VIC	+4.3%

CBA National Forecasts

CBA expects dwelling price growth to slow rather than reverse sharply, with Brisbane and Perth continuing to outperform whilst Sydney and Melbourne show weaker outcomes.

2026

+5% national forecast

2027

+3% national forecast

The base case is slower growth and market divergence. The downside case is a cyclical correction if rates, unemployment and confidence deteriorate together.

Strong momentum in WA and QLD does not remove risk. The more prices rise, the more important it becomes to check rental yield, local wages, borrowing capacity, vacancy risk and replacement cost before committing capital.

What Could Go Wrong?

THE BEARISH SCENARIO

Some modelling suggests property prices could move backwards materially by 2030 if several negative conditions converge simultaneously. This is not the base case — but it is a risk scenario that disciplined investors and developers must monitor and stress-test against.

Higher Unemployment

A weakening labour market would reduce income security and purchasing confidence across all buyer segments.

Further Rate Rises

Additional tightening would compress borrowing capacity further and widen the gap between income and serviceability.

Higher Housing Supply

A sudden surge in completions — particularly in over-supplied corridors — could undermine price floors in vulnerable markets.

Investor Tax Changes

Reforms to negative gearing or capital gains tax discounts could materially alter investor demand and holding economics.

Weaker Confidence

Consumer sentiment and buyer confidence are self-reinforcing. Prolonged weakness can become a market force in its own right.

Reduced Borrowing Capacity

Lender conservatism, APRA buffer requirements and higher assessment rates continue to shrink the effective buyer pool.

> The market does not need panic. It needs disciplined risk management. Every acquisition should be stress-tested against conditions materially worse than today.

Australia Still Has a Housing Shortage

SUPPLY IS THE LONG-TERM FLOOR

The strongest long-term structural support for Australian property values remains the chronic and worsening shortage of housing supply. Even as demand softens at the margin, Australia continues to face population growth rates, net overseas migration levels and household formation dynamics that outpace the construction sector's ability to respond.

> Australia does not have too many homes. It has too few homes at prices people can afford.

Population Growth

Net overseas migration continues to add significant demand to rental and purchase markets, particularly in capital cities.

Tight Rental Markets

Vacancy rates in most major markets remain historically low, sustaining rental price growth and investor yield support.

Limited New Supply

Planning delays, builder failures, labour shortages and high construction costs continue to suppress completions below demand levels.

Infrastructure Constraints

Without serviced land and infrastructure investment, dwelling completions cannot scale to meet the housing task, even if approvals improve.

This supply-demand imbalance is the key difference between a market correction and a structural collapse. It provides a fundamental floor — but it does not protect every asset in every location.

Approvals Are Improving, But Not Fast Enough

ABS BUILDING APPROVALS — FEBRUARY 2026

The latest ABS building approvals data shows that the housing pipeline is beginning to respond, but the improvement must be read carefully. The headline monthly jump is significantly larger than the underlying trend — and it is the trend that matters for understanding genuine supply capacity.

Headline February 2026

- Total dwelling approvals: **19,022**
- Monthly change: **+29.7%**
- Annual change: **+14.0%**

The headline figure reflects significant monthly volatility and should not be interpreted as a sudden surge in genuine supply capacity.

Underlying Trend — The Cleaner Picture

- Total trend approvals: **17,566**
- Monthly trend change: **+1.2%**
- Annual trend change: **+13.2%**

The trend series tells a more measured story: incremental improvement, not a supply boom. Approvals remain well below the levels required to close Australia's housing gap in any meaningful timeframe.

State	Trend Approvals	Monthly Trend	Annual Trend
NSW	4,122	-1.0%	—
VIC	5,114	+2.5%	—
QLD	3,803	-0.2%	—
SA	1,265	+1.3%	—
WA	2,449	+3.4%	—
TAS	218	-0.9%	—
NT	47	-14.5%	—
ACT	422	+0.2%	—

⚠ Victoria is carrying the largest approval volume. WA is showing the strongest trend growth. Victoria's high volume reflects density product — not necessarily projects that will convert to completions without construction cost and presale risk.

A DA Does Not House Anyone

APPROVAL DOES NOT EQUAL SUPPLY

An approval is not the same as a completed dwelling. The pathway from planning consent to occupied housing is long, expensive, uncertain and increasingly difficult to navigate in the current environment. Many approved projects may still face significant barriers to delivery — and some will never proceed at all.

Funding

Construction finance is harder to secure and more expensive. Lender risk appetite has tightened significantly.

Presales

Many projects require presale thresholds before construction can begin. Weaker buyer confidence slows absorption.

Build Costs

Construction pricing remains elevated. Labour shortages and material costs continue to pressure development margins.

Developer Margin

Thinner margins reduce the number of projects that can proceed viably, even with planning approval in hand.

> Australia does not need approvals on paper. It needs completed dwellings in the right locations at prices households can afford.

The Shift Toward Density Is Clear

HOUSES VS HIGHER DENSITY

Affordability is pushing both demand and supply toward more efficient housing forms. Higher-density approvals are growing faster than house approvals — a structural shift driven by land cost, borrowing capacity and planning policy. This trend is likely to accelerate as affordability constraints persist.

Private Sector Houses

9,840
Trend approvals per month

+0.9%
Monthly trend change

+7.5%
Annual trend change

Steady but moderate growth. Houses remain constrained by land availability, servicing costs and affordability ceilings in major markets.

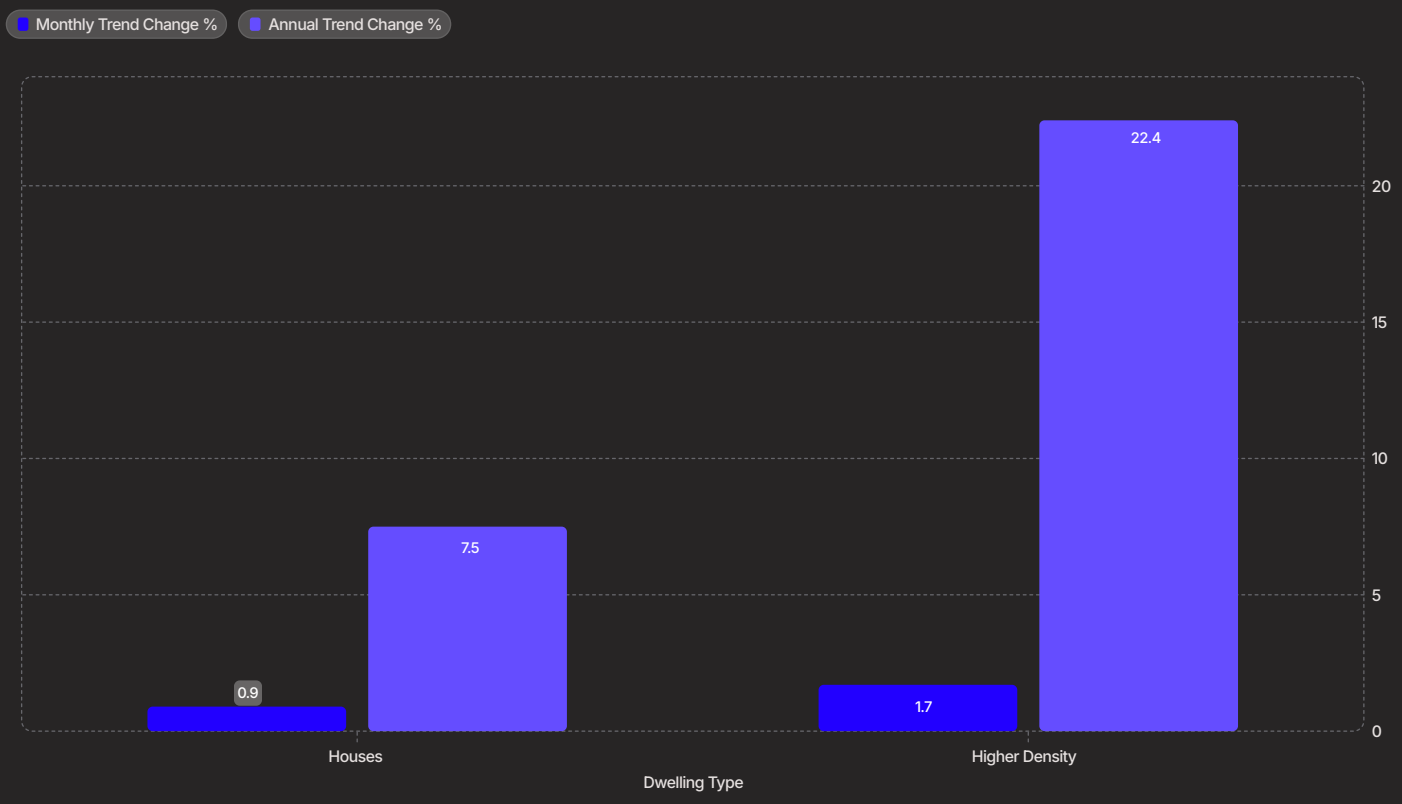
Higher Density (Excl. Houses)

7,422
Trend approvals per month

+1.7%
Monthly trend change

+22.4%
Annual trend change

Growing rapidly. Apartments, townhouses and attached dwellings are absorbing a greater share of demand as buyers and renters adapt to affordability realities.



Yield Is No Longer Optional

RENTAL MARKET & YIELD PRESSURE

The rental market remains tight, but investors are facing a more complicated equation than at any point in the past decade. Rents remain supported by low vacancy rates and limited supply, but higher purchase prices and elevated borrowing costs have compressed net yields to levels where cash flow discipline is no longer optional — it is existential.

A property can be located in a strong growth market and still represent a poor acquisition if the income numbers do not stack up. Investors who relied on growth assumptions to justify yield compression are now exposed to the arithmetic reality of the current rate environment.

01

Gross Yield

Annual rent as a percentage of purchase price — the starting point, not the end point, of any yield analysis.

02

Net Yield

Gross yield net of all holding costs: rates, insurance, property management, maintenance, body corporate and vacancy allowance.

03

Debt Servicing

Net yield must be assessed against actual loan repayments at current and stressed rates to determine true cash flow position.

04

Exit Liquidity

How readily can the asset be sold if conditions change? Liquidity is a risk factor that is undervalued in rising markets.

Cash flow discipline is back. In 2026, the investors who win will be those who bought income with upside — not those who accepted negative carry in the hope of capital growth rescuing the numbers.

CGT, Negative Gearing and First-Home Buyer Demand

POLICY RISK

Policy risk has re-emerged as a major market variable in 2026. Potential changes to capital gains tax discounts or negative gearing arrangements could meaningfully soften investor demand in the medium term — particularly for higher-value investment stock in the major capitals. At the same time, first-home buyer incentives and low-deposit schemes may provide partial offset in affordable market segments.

Investor Demand May Soften

CGT and negative gearing reforms would alter the after-tax economics of property investment, reducing investor participation in markets where yields are already marginal.

First-Home Buyers Supported

Government schemes supporting first-home buyers with low deposits may partially offset investor withdrawal in affordable price segments.

Affordability Tiers Win

Lower-priced stock may benefit from first-home buyer demand whilst higher-value investor stock faces multiple headwinds simultaneously.

Feasibility Risk Rises

If presale markets weaken as investor demand softens, development feasibility deteriorates — reducing the pipeline of new supply at exactly the wrong time.

> Policy does not affect every property equally. It shifts demand between buyer groups and price points. Understanding where policy creates headwinds — and where it creates tailwinds — is a competitive advantage.

Where the Opportunity Sits

STRATEGY LENS BY BUYER TYPE

The May 2026 market is not uniformly challenging — it is specifically challenging for those with the wrong strategy. For each buyer type, there are clearly defined markets and asset profiles where conditions remain genuinely favourable, and where capital deployed with discipline can generate strong risk-adjusted outcomes.

Buyer Profile	Best-Fit Markets	Why It Works Now
Growth Investor	Brisbane, Perth, Adelaide, select regional hubs	Strong population growth, tight supply and continued momentum support capital appreciation with income backing.
Value / Recovery Buyer	Sydney and Melbourne select suburbs	Softening prices may create genuine negotiation opportunities for buyers with finance ready and conviction in the asset.
Yield / Cash-Flow Investor	Regional QLD, WA, dual-income assets	Rental demand and affordability fundamentals support stronger income relative to purchase price.
Owner-Occupier Upgrader	Quality suburbs with motivated vendors	Reduced competition and more realistic vendors may improve buying conditions for prepared purchasers.
Developer	Infill, townhouse, low-rise, affordable coastal	Supply shortage remains structural, but product must match borrowing capacity and buyer affordability.

ⓘ The opportunity in every segment requires the same foundation: the right asset, in the right location, at the right price. No buyer type is immune from poor selection — but every buyer type has a genuinely viable path in this market.

Buyers Have More Leverage

WHAT THIS MEANS FOR BUYERS

What Buyers May See Now

- Less competition from other buyers
- More realistic and motivated vendors
- Better conditional offer acceptance
- Longer due diligence windows
- Improved negotiation leverage on price and terms
- More mispriced opportunities emerging

Buyer Strategy for May 2026

For buyers, this is the best market in years to stop chasing headlines and start negotiating properly. As sentiment weakens and vendor urgency increases, prepared buyers with finance in place and clear acquisition criteria gain a material structural advantage.

But buyers must avoid assuming every fall is an opportunity. Some properties are falling because they are poor-quality assets in structurally weak positions — not because sentiment has temporarily pushed them below fair value. The discipline required is not just financial — it is analytical.

⚠ Do not confuse "cheaper than last month" with "good value". Price is what you pay. Value is what you get.

1 Prioritise income and genuine affordability over speculative growth

Stress-test repayments at rates 2–3% above current levels before committing.

2 Focus on land value, scarcity and rental depth

Assets with genuine utility and multiple buyer pools are defensible through the cycle.

3 Use due diligence properly — not as a formality

Building inspections, title searches, rental appraisals and comparable sales analysis are not optional steps.

Investors Are Entering a More Serious Phase

WHAT THIS MEANS FOR INVESTORS & DEVELOPERS

The old strategy of buying anything in a rising market is becoming genuinely dangerous. Higher rates, yield compression and tax uncertainty mean investors must operate with far greater discipline than the previous cycle required. The best opportunities will go to those who have done the analysis — not those who are following momentum.

Best Investment Opportunities

High-Yield Regional

Assets with strong rental income relative to purchase price in markets with low vacancy and population growth.

Dual-Income

Properties generating two rent streams from a single title — improving yield and reducing vacancy risk.

Value-Add Units

Well-located units with improvement upside, strong rental demand and limited competing new supply.

Investor Red Flags

Low-Yield Premium

Premium houses with yields that cannot service debt at current rates — dependent entirely on capital growth.

Oversupplied Corridors

Markets where rising listings and falling clearance rates signal excess supply and weakening buyer depth.

Growth-Only Logic

Assets where the investment case relies solely on capital appreciation with no income support or scarcity logic.

For Developers

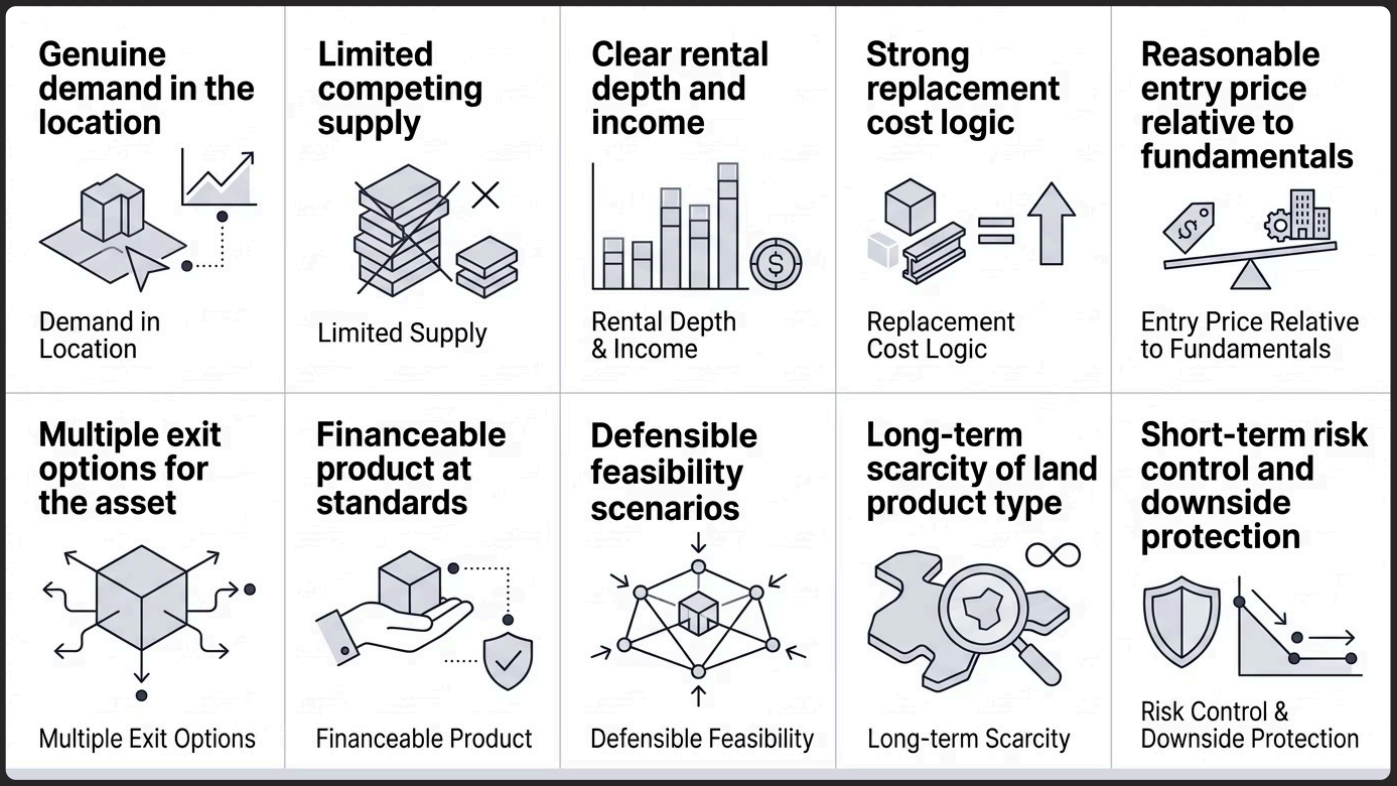
Feasibility is under pressure. Higher finance costs, construction cost inflation, slower presales and lower buyer borrowing capacity have narrowed the viable development envelope significantly. The opportunity is not in building more stock — it is in building the right stock: boutique infill, townhouses, affordable coastal and downsizer-friendly product aligned with actual borrowing capacity.

⊗ A feasibility that only works in a perfect market is not a feasibility. It is a bedtime story with spreadsheets. Every development must be stress-tested against materially worse assumptions before capital is committed.

What We Are Looking For

FUTURELAND INVESTMENT FRAMEWORK

Futureland's preferred acquisition framework in the current market is built around assets that can perform across a range of economic conditions — not just in optimistic scenarios. Every acquisition must demonstrate genuine demand, structural supply constraint, defensible cash flow and multiple exit pathways before capital is committed.



> Do not buy the market. Buy the right asset. In a selective market, the quality of the decision matters more than the courage of the commitment.

The Intelligent Market Has Begun

FUTURELAND INSIGHT

For the past few years, rising prices covered a lot of mistakes. Buyers could overpay and rely on appreciation to correct the error. Investors could accept weak yields and trust that growth would solve the cash flow problem. Developers could build on aggressive resale assumptions and expect the market to validate the numbers at settlement.

That phase is ending. Higher rates, stretched affordability and weaker sentiment mean the market is now testing every assumption — and it is finding the weak ones. Properties bought at the wrong price, in the wrong location, with the wrong numbers are beginning to show the strain.

> The easy market is over. The intelligent market has begun.



Opportunity Is Still There

A more selective market is not a dead market. It is a market where better decisions produce meaningfully better outcomes.



Preparation Is the Edge

Buyers, investors and developers who have done the analytical work will have access to opportunities that unprepared participants cannot see.



Discipline Creates Returns

Capital discipline, proper due diligence and local market knowledge are not just risk management tools — they are the source of outperformance in this environment.

Precision, Not Panic

BOTTOM LINE — MAY 2026

The market is defined by contradiction.

Prices Are Softening — but supply remains chronically tight.	**Rates Are Rising** — but demand has not disappeared.
Sydney & Melbourne Weakening — but Brisbane and Perth remain strong.	**Approvals Improving** — but completions remain well below demand.

> This is not a market to fear. It is a market to understand.

The next stage will reward disciplined buyers who stop chasing headlines and start negotiating with conviction. It will reward selective investors who buy risk-adjusted income with genuine upside. It will reward developers who deliver the right stock in the right location at the right price for the buyers who actually exist in this market.

The May 2026 property market is not the end of opportunity in Australian real estate. It is the beginning of a more demanding, more intelligent and ultimately more rewarding chapter for those who approach it with precision.

The winners in this market will be defined not by how much they buy, but by how well they buy. Precision is the competitive advantage of 2026.

Futureland Property Group

GET IN TOUCH

For suburb-level insights, feasibility assessments, buyer strategy, development advisory or acquisition support, contact Futureland Property Group. Our team works with investors, buyers, developers, brokers, accountants and property professionals across Australia.

Website

www.futurelandpropertygroup.com.au

Email

ryan@futurelandpropertygroup.com.au

Phone

0466 571 118

Futureland Property Group

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