FUTURELAND PROPERTY GROUP



Australian Property Market Report

October 2026 — Edition 11

THE MARKET HAS CHANGED

Australia has entered a broad-based housing correction.

Prices are falling.

Buyer leverage is increasing.

Rental yields are improving.

New housing supply remains constrained.

Prepared 6 October 2026

Data current to 30 September / early October 2026

Australia Moves Deeper Into Correction

National dwelling values fell **1.1% in September**, marking the sixth consecutive monthly decline.

Key numbers

-1.1% National monthly movement	**-3.7%** National quarterly movement	**-5.2%** National decline from March 2026 peak
$899,236 National median dwelling value	**97%** Capital-city suburbs recording declines over the September quarter	

FUTURELAND VIEW

Australia has transitioned from a momentum-driven property market into a **buyer-led acquisition market**.

The opportunity is no longer simply buying where prices are rising.

The advantage now comes from **price discipline, negotiation, yield, scarcity and asset selection**.

Source: Cotality Home Value Index, October 2026.

National Market Dashboard

MARKET	MONTH	QUARTER	ANNUAL	MEDIAN
Australia	-1.1%	-3.7%	0.0%	$899,236
Combined Capitals	-1.2%	-4.3%	-1.8%	$973,525
Combined Regionals	-0.7%	-1.9%	+5.6%	$758,931

+5.6%

Regional dwelling values, annual

-1.8%

Combined capital-city values, annual

What stands out?

Regional markets remain considerably more resilient.

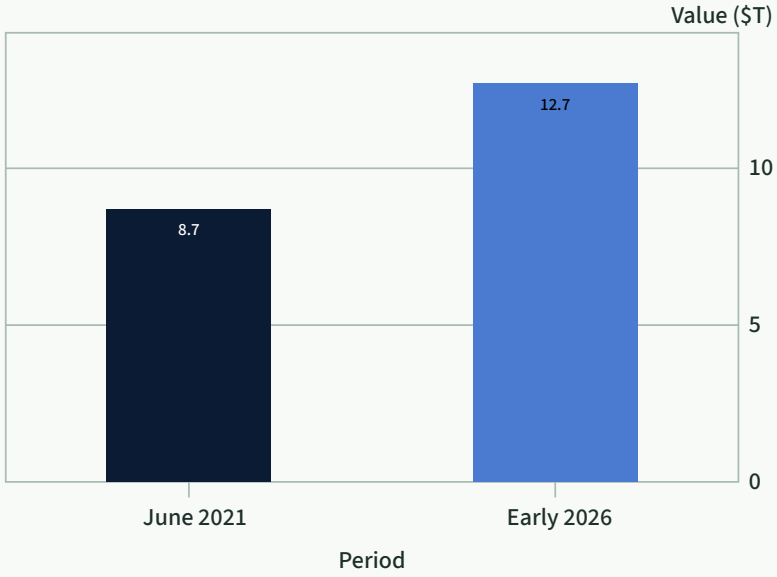
Regional dwelling values are still **5.6% higher than a year ago**, while combined capital-city values are now **1.8% lower**.

The correction is therefore broad — but not uniform.

Source: Cotality.

Almost $4 Trillion Added — Then Growth Stalled

Australia's residential housing stock increased from approximately:



- **$8.7T** June 2021
- to approximately **$12.7T** Early 2026

But June 2026 marked a quarterly decline of approximately:

-0.3%

The significance is not that Australia's housing wealth has collapsed.

It hasn't.

The important shift is that the extraordinary expansion in residential property wealth has **stalled and begun to reverse**.

Source note: Australian Bureau of Statistics — Total Value of Dwelling Stock.

The Capital City Reset

CITY	MONTH	QUARTER	ANNUAL	FROM PEAK
Sydney	-1.4%	-4.9%	-7.0%	-8.6%
Melbourne	-0.7%	-3.4%	-6.2%	-7.5%
Brisbane	-1.5%	-4.7%	+5.9%	-5.4%
Adelaide	-1.3%	-2.7%	+6.5%	-2.9%
Perth	-1.2%	-4.7%	+10.1%	-6.0%
Hobart	-0.5%	-1.2%	+7.0%	-2.0%
Darwin	+0.4%	+0.5%	+11.9%	-0.2%
Canberra	-1.1%	-3.2%	-1.6%	-6.2%

Source: Cotality.

CRITICAL INSIGHT

Annual growth figures are increasingly misleading.

Brisbane remains **+5.9% annually** but fell **4.7% in three months**.

Perth remains **+10.1% annually** but also fell **4.7% during the quarter**.

Past growth does not equal current momentum.

Brisbane: The Cycle Has Turned

Brisbane recorded the largest monthly fall of any capital in September.

-1.5%	-4.7%	+5.9%	$1.049M
September	September quarter	12 months	Median dwelling value

Sales volumes are also approximately **27.2% lower than a year ago**.



Source: Cotality.

Brisbane remains supported by:

- population growth
- low vacancy
- land scarcity
- infrastructure investment
- long-term South-East Queensland growth

But affordability has become the immediate constraint.

FUTURELAND VIEW

Brisbane remains attractive structurally.

But investors can no longer rely on market momentum to compensate for an aggressive purchase price.

Buying well matters again.

South-East Queensland: Land Is Reaching an Affordability Ceiling

HTW reports median land pricing across South-East Queensland now exceeds approximately:

$500,000

Average construction costs can exceed that again. That places many new house-and-land packages above:

$1 MILLION

The result:

First-home buyers are becoming increasingly price sensitive.

Buyers are moving toward:

- smaller lots
- simpler builds
- outer growth corridors
- completed or near-completed stock
- locations where replacement cost still stacks up



Despite softer demand, structural land shortages continue to protect quality sites.

HTW notes demand remains resilient because of supply bottlenecks, population growth and infrastructure investment.

Australia's Two Largest Markets Are Deep Into Correction



SYDNEY

-8.6% from February 2026 peak

Median dwelling value: **$1.199M**

Annual change: **-7.0%**

Sydney remains Australia's most expensive housing market and continues to face acute borrowing-capacity constraints.



MELBOURNE

-7.5% below record high

Median dwelling value: **$780,550**

Annual change: **-6.2%**

Melbourne's relative affordability compared with Sydney, Brisbane, Adelaide and Perth is becoming increasingly notable.

FUTURELAND VIEW

Sydney is becoming a **negotiation market**.

Melbourne is becoming a potential **contrarian value market**.

But neither should be approached using broad city-level averages alone.

Source: Cotality.

The Strongest Annual Markets Are Beginning To Diverge

PERTH

Annual growth

+10.1%

Quarter

-4.7%

Land remains structurally undersupplied in many metropolitan corridors.

ADELAIDE

Annual growth

+6.5%

Quarter

-2.7%

Low vacancy and supply constraints continue to provide support.

DARWIN

Annual growth

+11.9%

September

+0.4%

Gross yield: approximately **6.5%**

Darwin remains the only capital to avoid the September decline.

KEY MESSAGE

There is no single Australian property market.

Every city is moving through a different stage of the cycle.

The Negotiating Position Has Shifted

Australia has moved from scarcity-driven urgency toward buyer choice.

-19.1% Housing sales compared with one year ago	**+23.1%** Capital-city total advertised inventory
39 DAYS Median time to sell	versus **23 DAYS** one year earlier

New listings are actually lower than last year.

Stock is accumulating because **properties are taking longer to sell**.

FUTURELAND VIEW

This is the environment professional buyers want:

More time.

More evidence.

More stock.

More negotiation.

Less FOMO.

Source: Cotality.

Property Prices Are Falling — Rents Are Still Rising

The rental market continues to provide a major counterweight to falling values.

+5.5%	2.0%	3.85%
National annual rental growth	National vacancy rate	National gross dwelling yield

Highest national yield since 2019.

Vacancy remains well below the long-term pre-COVID average of approximately 3.3%.

Capital-city gross yields

- Sydney — **3.4%**
- Melbourne — **4.1%**
- Brisbane — **3.5%**
- Adelaide — **3.6%**
- Perth — **4.0%**
- Hobart — **4.4%**
- Darwin — **6.5%**
- Canberra — **4.4%**

Source: Cotality.

Better Entry Prices. Better Yields. Fewer Investors.

Normally, this combination attracts investors:

- Falling prices
- Rising rents
- More stock
- Greater negotiation

But investor participation has weakened.

Investor share of new lending has fallen to approximately:

38%

Why?

Because financing costs remain significantly above residential property yields.

Higher interest expense, insurance, maintenance, management fees and holding costs continue to pressure cash flow.

FUTURELAND VIEW

For cash-backed and equity-rich investors, reduced competition may create a significant acquisition advantage.

Source: WBP Group.

Today's Approvals May Hide Tomorrow's Supply Problem

August detached-house approvals reached:

11,040

Highest level in approximately five years.



House approvals over the previous three months were:

+14.6% YoY

But forward indicators tell a different story. New-home sales fell for a fourth consecutive month and were almost:

-20% QoQ

Higher finance costs, construction costs, land prices, taxes and regulation are reducing project feasibility.

HIA expects the impact to become more visible in commencements and construction activity during 2027 and beyond.

FUTURELAND VIEW

Weak demand today could compound Australia's structural housing shortage tomorrow.

Source: HIA.

Interest Rates Remain The Immediate Constraint

The RBA cash rate has reached:

4.60%

A 15-year high.

The September housing data does not yet fully reflect the most recent increase.

The average Australian couple is estimated to have around:

$94,700 LESS

borrowing capacity than at the beginning of 2026

Approximately:

-9%

First-home buyer applications have reportedly fallen around:

-20% YoY

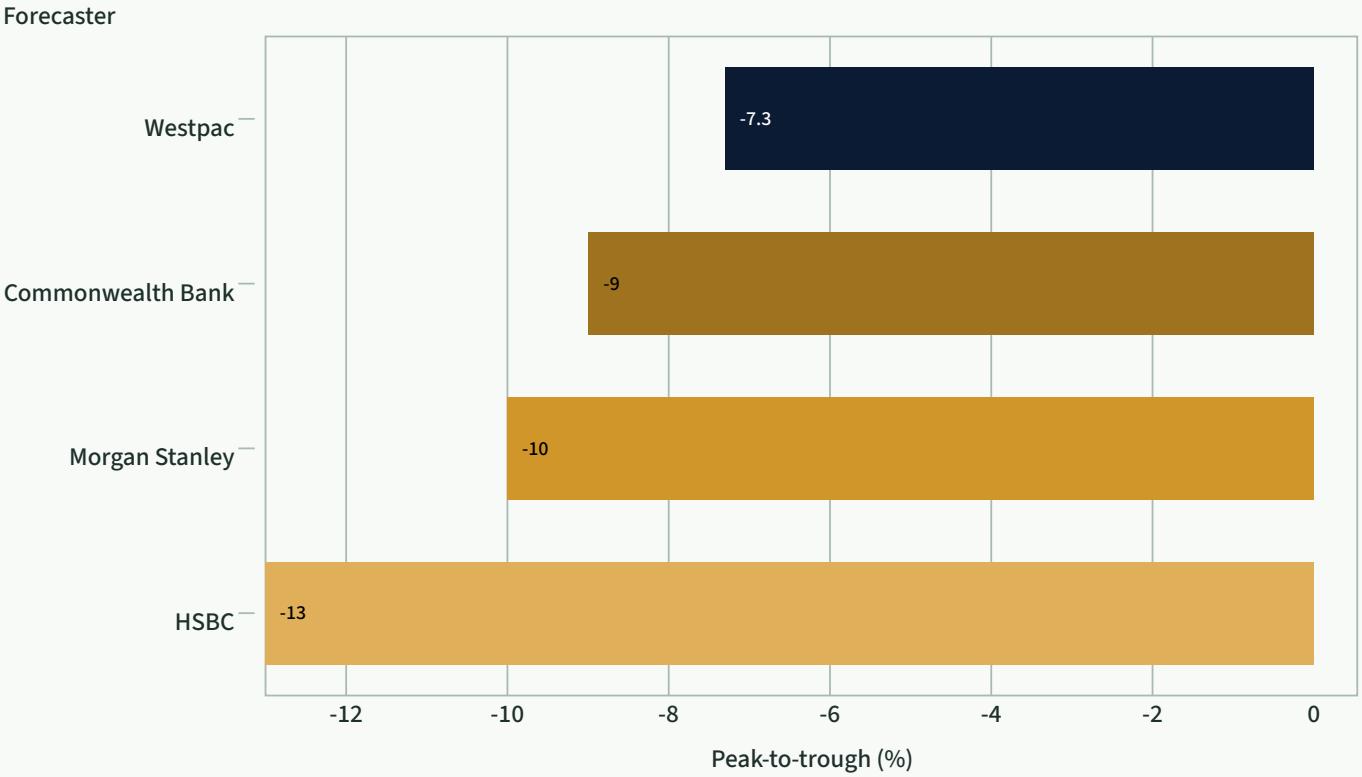
THE PARADOX

House prices are falling.

But borrowing capacity is falling faster for many households.

Source: AFR analysis.

Forecasts Are Becoming More Bearish



- **Westpac** -7.3% peak-to-trough
- **Commonwealth Bank** ~ -9%
- **Morgan Stanley** ~ -10%
- **HSBC** ~ -13%

Combined capital-city values have already declined approximately:

-6.4%

in just six months.

The 2017–2019 downturn reached approximately:

-8.2%

but took around: **19 months**

The current correction is occurring significantly faster.

Source: AFR and Australian Broker.

Correction Does Not Automatically Mean Crisis

Several structural factors continue to limit downside risk.

1 Limited forced selling

Most long-term owners retain substantial equity.

2 Employment remains relatively resilient

Mortgage distress remains contained.

3 New supply remains constrained

Construction capacity and feasibility continue to restrict delivery.

4 Rental markets remain tight

Housing demand has not disappeared.

5 Population and household formation continue

Long-term housing demand remains structural.

Cotality's central scenario remains a **gradual drift lower rather than a material housing collapse**.

What This Means For Property Decisions

FOR BUYERS

You now have more negotiating leverage than at any point in several years.

Focus on: recent comparable evidence, motivated vendors, quality assets and conservative valuations.

FOR INVESTORS

Avoid buying purely because something is cheaper.

Focus on: rental depth, yield, replacement cost, infrastructure, scarcity and long-term demand.

FOR DEVELOPERS & LAND BUYERS

Construction cost and end-value feasibility are critical.

Do not assume land appreciation will compensate for an uneconomic project.

FOR SELLERS

Historic prices are no longer today's market.

Realistic pricing is increasingly important as inventory builds and selling periods increase.

Selectivity Will Define The Next Cycle

Futureland currently favours:

Scarce land

where future supply is difficult to replicate.

Well-bought established property

where vendor motivation creates below-market entry.

Strong rental markets

where income growth can offset weaker capital growth.

Infrastructure-led locations

supported by genuine employment and population demand.

New housing where feasibility works

rather than generic house-and-land stock priced above established alternatives.

Assets with multiple exit strategies

rather than investments dependent solely on capital growth.

The Indicators That Matter Now



RBA CASH RATE

Further tightening would increase downside pressure.



UNEMPLOYMENT

A meaningful labour-market deterioration would materially change the risk profile.



INVENTORY

Watch whether advertised supply continues accumulating.



FORCED SALES

This remains one of the clearest indicators distinguishing correction from crisis.



RENTAL VACANCY

Continued scarcity supports rental income.



BUYER ACTIVITY

An increase in transactions while inventory remains elevated could signal early stabilisation.

From Momentum Market To Acquisition Market

Australia's housing market is correcting.

Further weakness remains possible.

But corrections create opportunity when investors retain:

Liquidity	**Discipline**	**Patience**	**Research**	**Negotiating power**

The next phase of successful property investment is unlikely to come from simply owning property while the entire market rises.

It will come from:

BUYING THE RIGHT ASSET AT THE RIGHT PRICE FOR THE RIGHT REASONS



Futureland Property Group

October 2026 Positioning

We remain cautious on broad market momentum.

We remain constructive on long-term Australian housing demand.

And we believe the current correction will increasingly create **selective acquisition opportunities for disciplined investors and developers**.

- Property Acquisition
- Investment Strategy
- Development Advisory
- Capital & Project Opportunities

futurelandpropertygroup.com.au

Primary Research Sources

- Cotality — Home Value Index, October 2026
- Herron Todd White — Month in Review, September 2026
- Australian Bureau of Statistics — Total Value of Dwelling Stock
- Housing Industry Association — Building Approvals
- Westpac — September 2026 Housing Pulse
- WBP Group — Australian Property Market Update
- Australian Financial Review
- Australian Property Update / PropTrack / REA Group

Methodology Note

This report combines national housing indices, valuation-market commentary, building and supply indicators, rental data, lending conditions and third-party economic forecasts.

Different property indices use different methodologies and may therefore report different movements.

Disclaimer

This presentation contains general market information only. It does not constitute financial, taxation, legal, lending or investment advice. Property performance varies materially by location, asset type and individual property. Independent professional advice and appropriate due diligence should be obtained before making any property or investment decision.