EDITION 10 · SEPTEMBER 2026

The Spring Test

September 2026 Australian Property Market Report

Australia's housing correction has broadened. Spring will test just how deep it becomes.

$912,885

National Median Dwelling Value

-0.9%

August Movement

+2.7%

Annual Change

-3.6%

From March 2026 Peak

Cotality Home Value Index — data to 31 August 2026. Cotality recorded a national median dwelling value of $912,885, a 0.9% August decline and annual growth of 2.7%.

Futureland Property Group · Prepared 1 September 2026 · futurelandpropertygroup.com.au

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EXECUTIVE SNAPSHOT

The Downturn Has Broadened

Australia has moved decisively away from the highly uneven market conditions seen earlier in 2026. What began primarily as weakness across Sydney, Melbourne and premium housing has now spread through almost every capital city market. The correction is no longer concentrated — it is increasingly national in character, though critically unequal in depth.

Understanding this distinction is the central investment challenge of the current cycle. Markets that appear resilient at the headline level may be masking growing stress at the suburb level, while markets registering sharp headline falls may contain pockets of genuine value for well-informed buyers.

93%

Capital-city suburbs recording falls

5

Consecutive months of national declines

-3.1%

National decline — latest quarter

-15.5%

Estimated home sales vs. prior year

+24%

Capital-city advertised listings vs. prior year

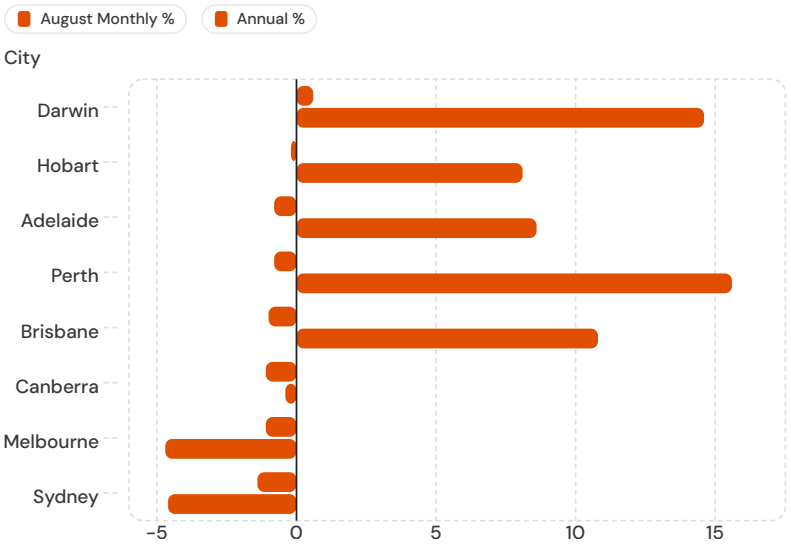
> **This is increasingly a buyer's market — but confidence remains low.** Homes are taking longer to sell, stock is accumulating, discounting is increasing and buyers have significantly more negotiating power than at any point since 2019.

Source: Cotality September 2026 HVI. Futureland Property Group | September 2026 Property Market Report | Edition 10

CAPITAL CITY SCOREBOARD

August 2026 Capital City Performance

The breadth of the August decline is striking. Seven of eight capital cities recorded monthly falls, with Sydney and Melbourne continuing to lead the correction. Darwin stands alone as the sole capital to record monthly growth, reflecting its markedly different demand and supply dynamics.



Key Observations

Darwin was the only capital to record monthly growth (+0.6%). Its relatively affordable median of $647,259 and robust annual gain of +14.6% reflect a structurally different demand profile.

Sydney remains the most advanced major-market correction — now **–7.1% from its February 2026 peak** — with a median value of $1,222,718 and annual declines of -4.6%.

Brisbane, Adelaide and Perth continue to retain strong annual gains despite now recording monthly declines, underscoring the importance of distinguishing between cyclical momentum and structural supply dynamics.

Melbourne median: $786,718 · **Canberra** median: $864,998 · **Hobart** median: $752,397

Sydney: **–7.1%** from February 2026 peak

Source: Cotality. Futureland Property Group | September 2026 Property Market Report | Edition 10

THE TWO-SPEED MARKET

Capitals vs. Regional Australia

One of the defining structural features of the current correction is the persistent outperformance of regional markets relative to the capital cities. While no market is entirely immune from the broader national slowdown, the divergence in magnitude and trajectory remains significant.

Capital Cities	Regional Australia
-1.1% August	**-0.4%** August
-3.7% Quarter	**-1.2%** Quarter
+1.1% Annual	**+7.7%** Annual
$990,394 Median	**$764,020** Median

Why Regionals Remain Resilient

Relative affordability continues to attract owner-occupier demand from capital city migrants and first-home buyers who have been progressively priced out of metropolitan markets. Tighter housing availability across key regional centres — particularly coastal lifestyle markets and inland economic hubs — provides additional supply-side support.

Selected regional economies underpinned by resources, agriculture or government employment are generating genuinely independent demand that is largely insulated from the interest-rate sensitivity affecting capital city investor markets. These are not simply capital city overflow markets — they have their own demand fundamentals.

Five-Year Performance

The structural outperformance of regional markets over the past five years is one of the most significant — and frequently underappreciated — features of the post-COVID cycle.

Combined Capitals: +19.5%

Combined Regionals: +38.6%

Regional markets have delivered nearly double the capital growth of combined capital cities over the past five years.

Source: Cotality. Futureland Property Group | September 2026 Property Market Report | Edition 10

QUEENSLAND OPPORTUNITY WATCH

Queensland Still Contains Some of Australia's Strongest Growth Pockets

While Brisbane has begun correcting at the headline level, the state-wide picture is considerably more nuanced. Several Queensland SA3 markets continue to post double-digit annual growth, reinforcing the critical importance of sub-market analysis over reliance on capital city aggregates.

Greater Brisbane Leaders — Annual Growth

- Sherwood–Indooroopilly +17.3%
- Beenleigh +14.9%
- Loganlea–Carbrook +14.7%
- Sandgate +14.6%
- Forest Lake–Oxley +14.0%
- Caboolture +13.9%
- Redcliffe +13.5%

Regional Queensland Leaders — Annual Growth

- Darling Downs – East +20.8%
- Central Highlands +19.6%
- Darling Downs West–Maranoa +19.6%
- Burnett +19.5%
- Granite Belt +16.1%

> The headline Brisbane number increasingly hides significant variation underneath. **Market selection now matters considerably more than simply selecting a state or capital city.**

Source: Cotality SA3 data, August 2026. Futureland Property Group | September 2026 Property Market Report | Edition 10

TRANSACTION CONDITIONS

Buyers Have Regained Negotiating Power

Three structural forces are simultaneously reshaping transaction conditions across Australia's property markets. Together they represent the most significant shift in buyer-seller bargaining dynamics since the pre-pandemic era.

1 Sales Volumes Are Falling

Home sales are running approximately **15.5% below last year** and **11.5% below the five-year average**. Reduced transaction activity reduces price discovery, creates longer holding periods and increases the proportion of genuinely motivated vendors — all of which favour patient, well-prepared buyers.

2 Stock Is Building

Capital-city advertised listings are now **+24% versus last year** and +8% versus the five-year average. Accumulated stock expands buyer choice, reduces urgency and enables more thorough due diligence — conditions that were largely absent during the 2021–2024 growth cycle.

3 Buyer Urgency Is Disappearing

Longer selling periods, increasing vendor discounting and weak auction clearance rates are giving buyers more time and more choice. The fear of missing out that characterised the peak cycle has been replaced by a more deliberate, analytical approach to purchasing decisions.

LESS COMPETITION. MORE CHOICE. GREATER NEGOTIATING POWER.

Secure Finance First

Pre-approved buyers can negotiate with certainty and speed.

Identify Motivated Vendors

Days on market and price history reveal genuine motivation.

Distinguish Quality Assets

Not every discounted property is a quality asset at a lower price.

Negotiate on Evidence

Comparable sales data, not asking price, should anchor offers.

Source: Cotality September 2026. Futureland Property Group | September 2026 Property Market Report | Edition 10

CREDIT CONDITIONS

The Mortgage Market Has Hit the Brakes

APRA data confirm that credit growth has slowed materially. Residential mortgages grew just **+0.2% during July** — the slowest monthly increase recorded in three years — signalling that the combination of higher interest rates, reduced borrowing capacity and weakened market confidence is meaningfully suppressing new mortgage demand.

Outstanding Mortgage Book

Owner Occupiers

$1.69 trillion outstanding

+0.3% monthly · +6% annually

Investors

$821.4 billion outstanding

+0.1% monthly · +9% annually

Major Bank Application Slowdown

CBA

-15% applications

Westpac

-20% applications

NAB

-15% applications

ANZ

Approximately -12% (ex Home Guarantee Scheme effects)

Lender Competition Intensifying

The slowdown in application volumes is producing an unintended consequence for investors and owner-occupiers with strong credit profiles: intensified competition between lenders for high-quality borrowers. Thirty-five lenders had cut at least one new-customer variable rate since 1 June 2026.

Higher rates, reduced borrowing power, investor tax uncertainty and weaker market confidence are suppressing new mortgage demand. However, creditworthy buyers who engage with the market now have access to lender incentives that were largely unavailable during the peak cycle.

35 lenders had cut at least one new-customer variable rate since 1 June 2026 — competition for quality borrowers is intensifying.

Source: APRA / Canstar. Futureland Property Group | September 2026 Property Market Report | Edition 10

RENTAL MARKET

Rents Remain One of the Market's Strongest Supports

Despite falling dwelling values across most capital cities, Australia's rental market remains exceptionally tight by any historical measure. The national vacancy rate of 1.9% — while marginally above the February 2026 cycle low of 1.5% — remains deeply below the pre-COVID decade average of approximately 3.3%. This structural undersupply of rental housing is providing a critical floor under investment property economics.

1.9%

National Vacancy Rate

Up from 1.5% low; decade avg ~3.3%

+0.4%

August Rental Growth

+5.7%

Annual Rental Growth

+39%

Five-Year Rental Growth

≈ +$200/week nationally

+56%

Perth 5-Year Rental Growth

≈ +$283/week

The Investment Implication

The simultaneous occurrence of falling property values and rising rents is creating a genuinely unusual investment environment. Gross rental yields are improving from both ends of the equation — assets are becoming less expensive to acquire at the same time that the income they generate is increasing. For investors who can service current financing costs, this represents a structural improvement in investment economics that has not been present at any point during the previous growth cycle.

Perth: A Case Study in Rental Scarcity

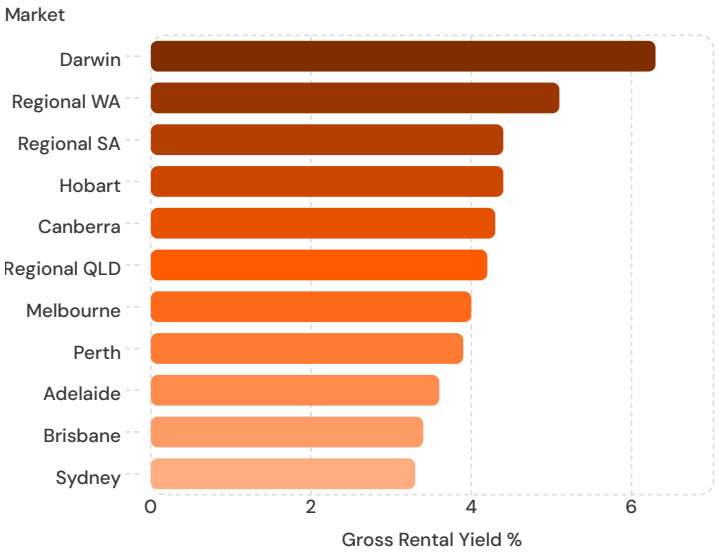
Perth's rental market exemplifies the extreme scarcity conditions prevailing across Australia's fastest-growing capital. A 56% increase in rental values over five years — equivalent to approximately $283 per week — reflects an almost complete absence of rental vacancy in key suburbs. The city's underlying population growth, driven by interstate migration and international arrivals, continues to significantly outpace the delivery of new rental stock.

Source: Cotality. Futureland Property Group | September 2026 Property Market Report | Edition 10

YIELD ANALYSIS

National Rental Yields Reach a Seven-Year High

The national gross rental yield has reached **3.79%** — the highest level recorded since September 2019. This marks a meaningful shift in investment fundamentals. For the first time since the post-COVID growth surge, yield metrics are moving in favour of investors across most markets.



An Important Distinction

Higher yields are improving investment economics, but financing costs remain elevated. In most major capital cities, gross rents are still insufficient to fully offset mortgage and holding costs at current interest rate settings. The positive yield direction does not yet translate to cashflow neutrality for most leveraged investors.

Darwin leads all markets at 6.3%, driven by its elevated rental demand and relatively low purchase prices. Regional Western Australia at 5.1% reflects the extraordinary rental scarcity conditions prevailing across the state's resource economy hubs.

> **Yield matters more in the current cycle — but yield without asset quality is not an investment strategy.**
> — Futureland Property Group

Markets with improving yields should be assessed alongside tenant demand quality, vacancy risk, infrastructure access and long-term supply pipeline before investment decisions are made.

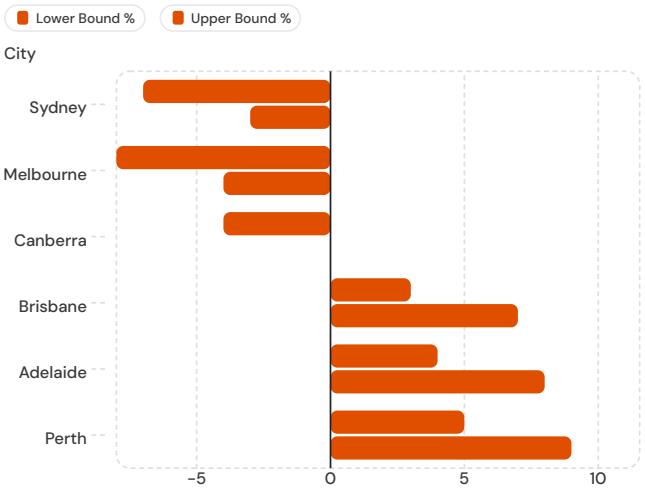
Source: Cotality. National gross yield at seven-year high. Futureland Property Group | September 2026 Property Market Report | Edition 10

FORECAST RESET

Expectations for FY2027 Have Changed

Earlier 2026 forecasts were calibrated on an assumption of a more supportive interest-rate environment. Instead, the market has absorbed three additional RBA rate increases, weaker mortgage demand, materially reduced borrowing capacity, investor tax uncertainty and the collapse in auction conditions seen through the winter months. These headwinds have rendered earlier optimistic forecasts obsolete.

Updated FY27 House Price Forecast Ranges



A Market of Diverging Trajectories

Sydney and Melbourne are expected to remain under significant pressure through FY27. Both cities carry structural challenges — affordability constraints, elevated investor exposures, concentrated price falls in premium segments — that will limit any near-term recovery. Canberra occupies an uncertain middle ground, with a forecast range straddling flat to moderately negative outcomes.

Brisbane, Adelaide and Perth tell a materially different story. Each is forecast to post continued growth through FY27, supported by relative affordability, population inflows, persistent housing undersupply and more diversified economic foundations. The divergence between eastern seaboard weakness and Western Australian and South Australian strength represents a structural, not cyclical, condition.

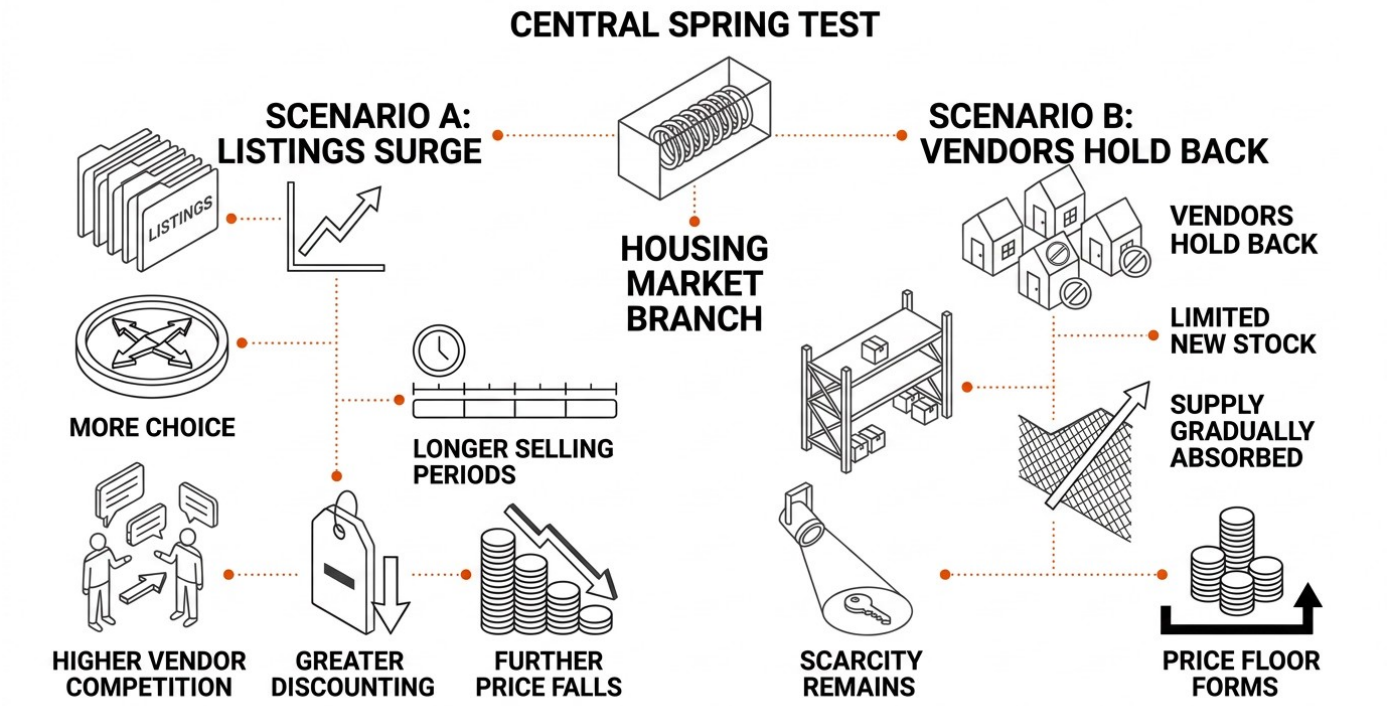
Australia is entering a much more selective cycle. The right city, suburb and asset type will matter more than at any point in the last decade.

Source: FY27 forecasts reproduced in market outlook material. Futureland Property Group | September 2026 Property Market Report | Edition 10

SPRING 2026

Spring Will Be the Next Major Market Test

The most important variable heading into spring 2026 may not be demand — it may be supply. Spring normally produces a seasonal increase in new property listings as vendors who held back through winter bring their properties to market. The scale and timing of this listing surge will be the single most consequential factor in determining whether the correction stabilises or accelerates through the final quarter of 2026.



Market Risks

Another RBA rate increase remains a tail risk that would further reduce borrowing capacity, consumer confidence, investor appetite and transaction volumes. The persistence of elevated mortgage rates is also preventing many potential vendors from listing — creating a lock-in effect that paradoxically limits both supply and demand simultaneously.

Market Supports

Several structural factors should prevent a disorderly correction: persistent housing undersupply across all capital cities, relatively low unemployment, first-home buyer assistance programmes, tight rental markets providing yield support, and strong long-term population demand driven by continued net overseas migration. Cotality expects demand to remain subdued through spring but notes these structural supports should limit the scale of declines.

Cotality expects demand to remain subdued through spring but notes undersupply, employment and first-home buyer support should help limit the scale of declines. Futureland Property Group | September 2026 Property Market Report | Edition 10

FUTURELAND STRATEGY

What Should Property Buyers Do Now?

The next phase of the Australian property cycle is unlikely to reward broad market exposure equally. The era of undiscriminating price appreciation — where almost any property in any capital city produced strong returns — is over. In its place is an environment that rewards research, selectivity, financial preparation and disciplined execution.



Buyers

Use increased stock and lower competition to negotiate aggressively. Prioritise quality assets where vendor motivation creates a genuine pricing opportunity. Secure finance approval before engaging — unconditional buyers hold meaningful negotiating leverage in the current environment.



Investors

Focus on rental demand, sustainable yield, scarcity, infrastructure access, employment drivers and owner-occupier appeal. Assess medium-term supply constraints carefully. Avoid chasing historical growth alone — past performance in a city does not predict near-term performance in a specific suburb.



Developers

Feasibility assumptions require substantially greater discipline. Stress-test end values, construction cost escalation, funding costs, presales requirements, settlement risk and absorption periods. Conservative assumptions are not pessimism — they are professional practice in the current cycle.



Sellers

Pricing strategy matters enormously in a market with rising stock. Aspirational pricing in markets with growing supply can significantly increase days on market, compound holding costs and ultimately result in a lower sale price than a well-considered initial pricing strategy would have achieved.

THIS IS NOT ONE PROPERTY MARKET.

It is increasingly a collection of highly localised markets moving at different speeds. The opportunity is no longer simply being in property. The opportunity is selecting the right property, in the right market, at the right price.

FUTURELAND PROPERTY GROUP

Property Decisions Backed by Research, Feasibility and Strategy.

We work with investors, developers and serious property operators across Australia's most active markets. Our advisory practice is built on primary research, rigorous feasibility analysis and independent market intelligence — not commissions, not volume, not vendor relationships.

Development Advisory

Site assessment, highest and best use analysis, development strategy and go-to-market planning.

Property Acquisition

Buyer's advocacy and acquisition strategy for investment-grade residential and commercial assets.

Feasibility & Market Analysis

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Investment Property Strategy

Portfolio strategy, market selection and asset acquisition for private and institutional investors.

Project & Site Assessment

Pre-purchase due diligence, planning assessment and development potential evaluation.

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Primary Sources: Cotality Home Value Index — September 2026 · Domain Forecast Report 2026 · APRA lending statistics via Canstar · SQM Research · realestate.com.au / PropTrack · Australian Broker Property Update market outlook

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