



Sean McGargill | Mortgage Broker
M: 0417 881 109
E: sean@privateclients.com.au

Market Essentials – 2026 Year ahead

NATIONAL OVERVIEW – 2026

- 2026 is expected to be a growth-and-normalisation year, not a speculative boom.
- Houses remain the primary driver of capital growth, but apartments improve materially as affordability pressures redirect demand.
- Rental markets stay structurally tight, supporting yields despite rising values.
- Western Australia, Queensland and Victoria are forecast to outperform.
- Interest rates, housing supply constraints and population growth are the dominant forces shaping outcomes.

NEW SOUTH WALES

- Outlook: Moderate growth, affordability constrained
- Houses: Modest growth, strongest in outer Sydney and major regional centres (Newcastle, Central Coast).
- Apartments: Improved performance as buyers trade down from houses.
- Rentals: Vacancy rates remain tight; rent growth continues but slows.
- Highs: Regional lifestyle markets; transport-linked suburbs.
- Lows: Premium Sydney housing faces affordability ceilings.

VICTORIA

- Outlook: Re-emergence year
- Houses: Solid recovery driven by affordability relative to NSW and renewed migration.
- Apartments: One of the strongest turnaround stories of 2026, especially inner and middle-ring Melbourne.
- Rentals: Strong rental yields in inner-city unit markets; student and migrant demand critical.
- Highs: Melbourne growth corridors; Geelong, Ballarat, Bendigo.
- Lows: New high-density developments without demand drivers.

QUEENSLAND

- Outlook: Continued outperformance
 - Houses: Strong capital growth expected in Brisbane and SEQ.
 - Apartments: Rising appeal due to affordability; good investor demand.
 - Rentals: Persistent rental pressure, particularly in SEQ and coastal regions.
 - Highs: Sunshine Coast, Gold Coast, Brisbane middle-ring.
 - Lows: Smaller regional markets sensitive to supply increases.
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WESTERN AUSTRALIA

- Outlook: National growth leader
 - Houses: Among the strongest capital growth forecasts nationally.
 - Apartments: Attractive yields and improving demand.
 - Rentals: Some of the tightest rental conditions in Australia.
 - Highs: Perth metro; select regional centres.
 - Lows: Resource-dependent towns vulnerable to commodity cycles.
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SOUTH AUSTRALIA

- Outlook: Stable and defensive
 - Houses: Steady growth supported by affordability and population retention.
 - Apartments: Moderate gains, strongest near Adelaide CBD and transport.
 - Rentals: Firm rental demand; yields hold up well.
 - Highs: Adelaide metro and lifestyle regions.
 - Lows: Lower growth ceiling compared to east coast markets.
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TASMANIA

- Outlook: Steady, selective
 - Houses: Moderate growth in regional centres with employment drivers.
 - Apartments: Limited supply supports values.
 - Rentals: Tight conditions in Hobart, Launceston and Burnie.
 - Highs: Northern and North-West regions.
 - Lows: Slower population growth limits upside.
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NORTHERN TERRITORY

- Outlook: High risk, high variance
- Houses & Units: Potential upside if infrastructure and defence spending continue.
- Rentals: Strong yields but cyclical.
- Highs: Darwin houses.
- Lows: Market volatility due to small size.

AUSTRALIAN CAPITAL TERRITORY

- Outlook: Consistent, low volatility
 - Houses: Steady growth supported by government employment.
 - Apartments: Gradual improvement with affordability-driven demand.
 - Rentals: Reliable rental demand.
 - Highs: Inner Canberra.
 - Lows: Limited growth upside compared to larger capitals.
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2026 HIGHS

- Western Australia leading growth and yields
- Melbourne apartment recovery
- Continued rental undersupply supporting investors
- Regional Queensland resilience

2026 LOWS / RISKS

- Affordability ceilings in Sydney
 - Oversupply risk in select apartment corridors
 - Policy and interest rate uncertainty
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Summary

2026 is shaping up as a disciplined growth year, favouring:
Houses in affordable, supply-constrained locations.
Apartments where affordability and rental demand intersect.
Markets with population inflows and employment stability.
It is less about speculation and more about selectivity, yield support and medium-term fundamentals.
