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

Market Essentials – August 2026

National Overview

The Downturn Broadens... Perth Joins the Slowdown

Australia's housing correction picked up pace through July, with the pullback no longer confined to Sydney and Melbourne. Regional areas recorded their first decline since January 2023, and previously resilient mid-sized capitals were pulled into negative or flat territory for the first time this cycle. The RBA's next rate decision, due mid-August, is now the number to watch.

Australian Market Snapshot

- National home prices fell 0.7% in July from June — the largest monthly drop since December 2022
- Annual growth has slowed sharply to 5.3%, well below the double-digit pace seen earlier in the year
- Upper-quartile property values dropped 3.2% over the three months to July, showing the top end of the market is now being hit hardest
- Total dwelling approvals rose 7.2% to 18,328 in June, ending three months of decline, with unit approvals surging 17.8%
- The RBA meets 10–11 August, with markets and all four major banks now leaning toward a hold at 4.35% following softer-than-expected inflation

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New South Wales

- Sydney fell 1.4% in July, its steepest monthly fall this cycle, and is now more than 5% below its recent peak
- Regional NSW turned negative for the first time in over three years, down 0.4%
- Building approvals bucked the trend, up 13.2% in June — approvals rising while values fall, reflecting a lag between planning and market conditions
- **Outlook:** Further softening likely through August pending the RBA decision, though approved supply should support the market longer-term

Victoria

- Melbourne fell 1.2% in July, also now over 5% below its recent peak

- Building approvals fell 13.9% in June, the weakest of the major states
- Remains Australia's most affordable major capital relative to Sydney, a factor likely to support demand once conditions stabilise
- **Outlook:** Value-buyer opportunities are building, but a firm floor isn't yet visible

Queensland

- Brisbane and Queensland led the country on approvals, up 33.4% in June — the strongest of any state
- Growth has slowed from its exceptional pace but Brisbane has avoided the outright declines seen in Sydney and Melbourne
- Continues to benefit from interstate migration and comparatively strong affordability
- **Outlook:** Still one of the more resilient markets, supported by a genuine supply pipeline rather than just price momentum

Western Australia

- Perth's growth went flat in July — a meaningful shift after being the standout performer of this entire cycle
- Building approvals still rose 10.7% in June, one of the strongest results nationally
- The slowdown suggests Perth's exceptional run is finally converging with the rest of the market rather than being immune to it
- **Outlook:** Watch closely — if Perth follows Sydney and Melbourne into decline, the "two-speed market" narrative changes to a genuinely national slowdown

South Australia

- Building approvals fell 11.5% in June, despite Adelaide's housing market remaining comparatively stable
- Adelaide has not shown the sharp July declines seen in the larger capitals
- Affordability continues to support underlying demand
- **Outlook:** Likely to keep outperforming the larger capitals on a relative basis, even as approvals data turns more mixed

Tasmania

- Building approvals fell sharply, down 22.5% in June — the weakest of any state
- Hobart's market itself has remained comparatively steady despite the approvals slump
- **Outlook:** A thinner construction pipeline could tighten supply further over the medium term

Northern Territory

- No major shift in July; Darwin continues to sit apart from the softening seen in the larger capitals
- Remains attractive to yield-focused investors given comparatively strong rental returns
- **Outlook:** Still expected to outperform on income return, with the usual caveat around volatility in a smaller market

Australian Capital Territory

- No major change through July; Canberra continues to track as one of the more stable, lower-volatility markets
- Government employment continues to underpin demand
- **Outlook:** Steady rather than standout — unlikely to be materially affected either way by the August rate decision

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Australian Market Summary

Five Key Takeaways

1. **The correction has broadened.** July's declines were no longer contained to Sydney and Melbourne — regional Australia and, tentatively, Perth are now showing signs of the same pressure.
2. **The top of the market is leading the fall.** Upper-quartile values fell 3.2% over the quarter, faster than the market overall — this is not a first-home-buyer-driven downturn.
3. **Approvals and prices are moving in opposite directions.** Rising June approvals alongside falling July prices reflects the normal lag in the housing pipeline, not a contradiction — but it means today's approval strength won't show up as completed supply for some time.
4. **The RBA holds the near-term key.** With a hold widely expected on 11 August, rate relief isn't imminent — the market's next move will likely be shaped more by the tone of the Statement on Monetary Policy than the decision itself.
5. **Watch Perth closely.** Its flat July result is the single most important shift this month. If it persists, the defining "two-speed market" story of this cycle may be ending.