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Market Essentials – October 2026

National Overview

Australia's housing correction deepened in September, with the national index falling for a sixth consecutive month. The slowdown is now broad-based: capital-city values are weakening, transaction volumes have fallen sharply, and the time required to sell has increased. The market is moving from a low-stock seller environment toward a more negotiable buyer market, although the supply pipeline remains fragile and rental conditions remain tight.

Australian Market Snapshot

- National dwelling values fell 1.1% in September; values are now 5.2% below the March 2026 peak and flat year-on-year.
- Combined capital values fell 1.2% in September and 4.3% over the quarter; every capital fell except Darwin.
- Capital-city stock is 23.1% above a year ago, while fresh listings are 9.2% lower; absorption, rather than new supply, is driving inventory higher.
- National sales volumes are 19.1% below a year ago and 13.3% below the five-year average; median days on market has risen to 39 days from 23 days.
- Rental vacancy increased to 2.0% in September; rents are still 5.5% higher year-on-year and national gross yield has lifted to 3.85%.
- The key near-term risks are interest rates, affordability, weaker turnover and policy uncertainty; low completions and rental undersupply remain important offsets.

New South Wales

- Sydney: Down 7.0% y/y; median \$1,198,596; 8.6% below February peak.
- Regional NSW: Increase +3.4% y/y.
- Sydney vacancy 2.3%; gross yield 3.4%.
- Outlook: buyer leverage is strong, particularly at the upper end; price discovery and discounting remain central.

Victoria

- Melbourne: Down 6.2% y/y; median \$780,550; 7.5% below peak.
 - Regional Victoria: Increased 3.6% y/y.
 - Melbourne gross yield 4.1%; units continue to underperform houses.
 - Outlook: affordability is improving, but high stock and weak confidence mean a firm floor is not yet visible.
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Queensland

- Brisbane: Increase 5.9% y/y but down 4.7% q/q; median \$1,048,880; 5.4% below May peak.
 - Regional Queensland: Increased 6.3% y/y.
 - Brisbane sales volumes are down 27.2% y/y; vacancy 2.1%; gross yield 3.5%.
 - Outlook: migration and affordability remain supportive, but momentum and transaction activity have cooled materially.
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Western Australia

- Perth: Increase 10.1% y/y but down 4.7% q/q; median \$975,022; 6.0% below April peak.
 - Regional WA: Increase 14.1% y/y.
 - Perth vacancy 2.1%; gross yield 4.0%; sales down 24.2% y/y.
 - Outlook: annual growth remains strong, but Perth is now an important test of whether the correction is truly national.
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South Australia

- Adelaide: Increase 6.5% y/y but down 2.7% q/q; median \$928,560; 2.9% below May peak.
 - Regional SA: Increase 10.7% y/y.
 - Adelaide vacancy 1.4%; gross yield 3.6%.
 - Outlook: affordability and tight rentals remain supportive, but Adelaide is no longer insulated from repricing.
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Tasmania

- Hobart: Increase 7.0% y/y but down 1.2% q/q; median \$741,496; 2.0% below peak.
 - Regional Tasmania: Increase 11.6% y/y.
 - Hobart vacancy 3.0%; gross yield 4.4%.
 - Outlook: rental income and supply constraints help, but affordability and interstate demand remain critical.
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Northern Territory

- Darwin: Increase both 11.9% y/y and 0.5% q/q; median \$633,431; at peak.

- Units +17.0% y/y; gross yield 6.5%, the highest capital-city yield.
 - Vacancy remains below 1%; small-market and employment concentration risks remain.
 - Outlook: strongest income and momentum, but also the greatest sensitivity to local economic cycles.
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Australian Capital Territory

- Canberra: Down both 1.6% y/y and 3.2% q/q; median \$861,744; 6.2% below May 2022 peak.
 - Houses Down 1.5% y/y; units down 2.1% y/y.
 - Vacancy 2.1%; gross yield 4.4%.
 - Outlook: government employment remains a stabiliser, but the market is currently soft rather than outperforming.
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Australian Market Summary

Five Key Takeaways

1. The correction is becoming more liquid and negotiable: higher stock, fewer transactions and longer selling times favour disciplined buyers.
2. So three capitals (Sydney, Melbourne, Canberra) are in annual decline, while five are still posting annual gains, albeit with slowing momentum.
3. Rental income remains the main support for investors, but vacancy, insurance, maintenance and financing costs must be assessed against gross yield.
4. Policy and interest-rate uncertainty argue for conservative assumptions, especially for highly leveraged established-property investors.
5. The supply shortage has not disappeared: approvals are weak, completions lag and the rental market remains structurally undersupplied.