National Residential Property Market Analysis — Calendar Year 2026

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1. Executive Summary

This report provides a comprehensive overview of residential property market conditions across Australia for the 2026 calendar year, incorporating dwelling value data, capital growth forecasts by jurisdiction, rental market dynamics, and relevant policy developments. The analysis draws on data from Cotality (formerly CoreLogic), KPMG Economics, Domain Group, HtAG Analytics, and major trading bank research divisions, current as of the third quarter of 2026.

2. National Dwelling Value Overview

As at February 2026, the national median dwelling value stood at approximately $922,838, representing year-on-year growth of 9.9 percent. Combined capital city dwelling values reached a median of $1,014,401, reflecting annual growth of 9.6 percent, while combined regional markets recorded a median dwelling value of $751,327, an annual increase of 11.1 percent, continuing to outperform the capital city aggregate. Separately, HtAG Analytics recorded a national typical three-bedroom house price of approximately $835,000 as of the same period, with trailing twelve-month growth rates ranging from 4.5 percent in Victoria to 14.1 percent in Western Australia, indicative of pronounced divergence in state-level performance.

3. State and Territory Forecasts

KPMG's Residential Property Outlook, published in January 2026, forecast national house price growth of 7.7 percent for the 2026 calendar year, with unit and apartment values forecast to rise by 7.1 percent. Perth was identified as the strongest-performing capital, with projected house price growth of approximately 12.8 percent, followed by Brisbane at 10.9 percent and Darwin at 10.5 percent. Adelaide was forecast to record growth in excess of 8 percent. Melbourne, Sydney, and Canberra were forecast to record comparatively moderate gains of 6.8 percent, 5.8 percent, and 4.7 percent respectively. Domain's separate forecast projected the Sydney median house price reaching approximately $1.92 million and the Melbourne median reaching approximately $1.17 million by the end of the 2026 calendar year, representing a full recovery to pre-pandemic price levels in the latter case.

Perth	12.8%
Brisbane	10.9%
Darwin	10.5%
Adelaide	8.0%
Melbourne	6.8%
Sydney	5.8%
Canberra	4.7%

Fig. 1 — KPMG forecast house price growth by capital city, calendar year 2026.

4. Mid-Year Correction and Divergence in Forecaster Views

Market conditions moderated materially in the second quarter of 2026. Cotality's national Home Value Index recorded a monthly decline of 0.4 percent in June 2026, the largest monthly fall since December 2022, with combined capital city values down 1.3 percent over the June quarter. Sydney and Melbourne led the downturn, recording quarterly declines of 3.2 percent and 2.6 percent respectively, while Perth, Adelaide, and Brisbane continued to record gains, albeit at a materially reduced pace relative to the prior twelve months. Forecaster views for the remainder of 2026 diverge considerably. ANZ Research downgraded its calendar year capital city price growth forecast to 2.8 percent, from a prior forecast of 4.8 percent, citing higher interest rates and softening consumer confidence. Westpac IQ's revised position anticipates dwelling prices will remain approximately flat at the national level for the 2026 calendar year. Domain's forecast, by contrast, characterises 2026 as a two-phase cycle, with strong first-half momentum driven by interest rate cuts, rising incomes, and policy support, followed by a natural second-half slowdown concentrated in Brisbane, Adelaide, and Perth as affordability constraints re-emerge.

Forecaster	2026 National Growth Forecast	Basis
KPMG	+7.7% (houses), +7.1% (units)	Published January 2026
ANZ Research	+2.8% (capital cities)	Downgraded from +4.8%, mid-2026
Westpac IQ	Approx. 0% (flat)	Revised mid-2026 outlook
HtAG Analytics (composite model)	+4.3% to +10.6% (state range)	February 2026 composite model

5. Rental Market and Supply Conditions

KPMG's January 2026 outlook projected annual rent growth of approximately 3.5 percent through 2026 and 2027, and estimated that new dwelling completions would need to increase by approximately 17 percent relative to current forecasts in order to return above-trend rental growth to historically normal levels, while continuing to accommodate expected population growth. A national housing shortfall, driven by an extended period of construction underperformance relative to population growth, continues to be cited by multiple forecasters as a structural driver of both dwelling values and rental growth, independent of near-term cyclical conditions.

6. Policy Developments

Changes to negative gearing and capital gains tax treatment were announced in the Federal Budget handed down on 12 May 2026. Under the terms of these changes, properties purchased prior to 7:30pm on Budget night are grandfathered under existing negative gearing and capital gains tax discount provisions. Newly constructed properties, including off-the-plan apartments and house-and-land packages, remain fully exempt from the announced changes on a prospective basis. Separately, the expansion of the First Home Guarantee Scheme has been identified by multiple forecasters as a material driver of first-home buyer demand through 2026, particularly at the more affordable end of the market, where competition among owner-occupier buyers has intensified.

7. Outlook

Taken together, available forecasts indicate a national market in a broad deceleration phase following a period of above-trend growth in the first half of 2026, with continued but uneven state-level performance. Western Australia, Queensland, and the Northern Territory are forecast to retain relatively stronger momentum through the remainder of the year, while New South Wales and Victoria are subject to a wider range of forecaster views, reflecting both affordability constraints and a more pronounced correction in the June 2026 quarter. Structural undersupply, population growth, and policy settings continue to be cited as medium-term supports for the market, notwithstanding near-term cyclical softening.

Sources: Cotality Home Value Index (February and June 2026 releases); KPMG Australia Residential Property Outlook (January 2026); Domain Group Forecast Report 2026 and FY27 Outlook; HtAG Analytics Australian Property Market Forecast (February 2026); ANZ Research (April 2026); Westpac IQ. Figures are illustrative of publicly reported forecaster data as of Q3 2026 and are compiled here for demonstration purposes by the fictional entity All Homes Australia.