

State of the Nation

The latest insights across the Nations' changing real estate landscape, to help guide your decision-making.

November 2026

THE AGENCY

Australia's real estate.

Property market

The market softening has broadened, with Brisbane and Perth now leading the decline, yet there are still opportunities for both vendors and buyers.

Home values continue to fall across most of the country, with the capital cities again weaker than the regional markets. Over October, the combined capitals fell 1.4% and the combined regionals fell 0.7%. Every capital city except Hobart and Darwin recorded a decline, as did every rest of state market. National dwelling values have now fallen for seven consecutive months and sit 6.7% below their March peak. That is a loss of around $63,400 for the median Australian dwelling.

Over the past three months, the highest value segments have fallen furthest in Sydney, Melbourne and Canberra. In the mid-sized capitals, the differences between segments have narrowed. In Perth, the lower and middle segments have fallen slightly more than the top end.



The pace of decline is the fastest seen in at least forty years. Capital city values have dropped 8.1% in just seven months, compared with 7.0% at the same stage of the 2022-23 downturn. Sydney and Melbourne led the early phase of the downturn, but Brisbane and Perth have since taken over. Their values fell 2.0 and 1.7% in October and 6.1 and 5.7% over the quarter. Sydney values are 10.1% below their February peak and Perth values are 8.9% below their April peak.

The context remains important. Nationally, values are still 15.9% higher than five years ago and 58.1% higher than ten years ago. Brisbane, Adelaide and Perth are up 46.1, 54.2 and 68.3% over five years, so many owners there hold a sizeable equity buffer. Sydney values are 1.5% lower than five years ago and Melbourne values are 7.3% lower.

Buyer activity remains subdued. Annual sales volumes have fallen for ten consecutive months and are down 13.7% across the capitals and 6.7% across the regions. Perth (-21.4%) and Brisbane (-17.8%) are weakest, while Canberra and Hobart are the only capitals recording growth. The national median time on market is 41 days, up from 24 a year ago. The national median vendor discount has widened to 4.5%, its largest since mid-2019. Total listings are 18.6% higher than a year ago even though new listings are down 13.9%.

Regional markets are still up 3.4% over the year, while the capitals are down 4.8%.

Rental market

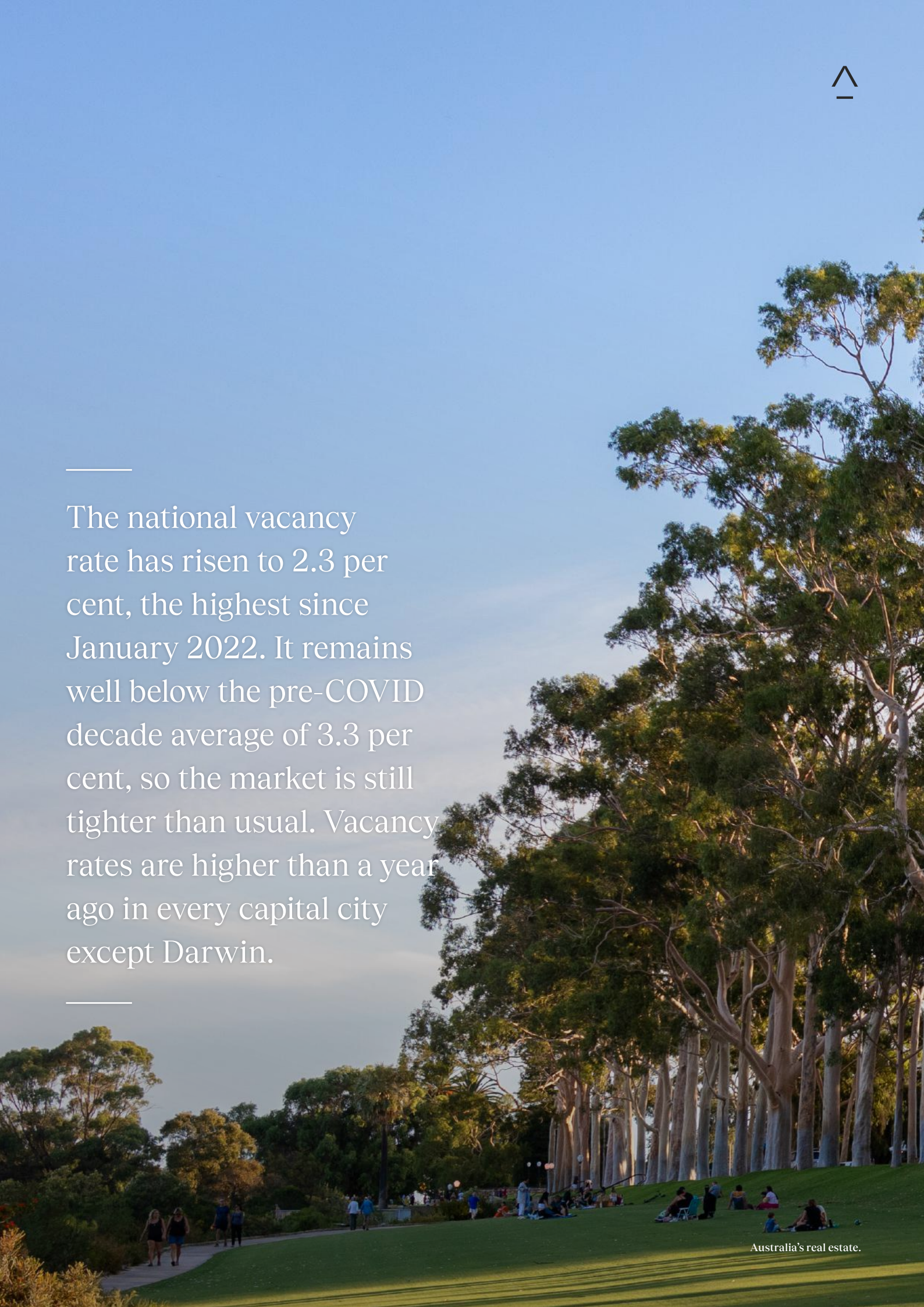
Rental growth is still moderating as vacancy rates rise.

Spring is usually a quieter time for rental growth, but the slowdown this year is clear. Rents rose just 0.4% over the three months to October, the smallest quarterly rise since late 2024. Annual rental growth eased to 5.3%, the slowest annual pace since December 2025 and down from 6.0% between May and July. Rents are still rising faster than their long-run average, and faster than headline inflation of 4.3% in most markets.

Rental growth is weakest in Canberra (3.2%), regional Victoria (3.4%), Sydney (4.0%) and Melbourne (4.5%). It is strongest in Darwin (11.4%), regional Tasmania (8.7%), Hobart (8.4%) and regional NT (8.1%). Canberra, regional Victoria and Sydney are the only markets where annual rental growth is now below inflation.

The slowdown reflects renters reaching the limit of what they can afford. Rents have risen 52% over the past six years, adding around $245 a week to the median rental rate. Slower overseas migration has also taken some heatout of demand. Landlords should be realistic about how much they try to increase rents in the current conditions.

Gross rental yields continue to rise as rents edge higher and values fall. The national yield reached 3.92% in October, the highest in more than seven years and up from 3.38% a year ago. Capital city yields are now 3.8% and regional yields are 4.4%. Darwin has the strongest yield at 6.4%, followed by regional WA (5.3%). Sydney has the lowest at 3.5%, ahead of Brisbane and Adelaide at 3.7% each. Even so, yields remain too low to deliver a neutral cash flow for most investors.



The national vacancy rate has risen to 2.3 per cent, the highest since January 2022. It remains well below the pre-COVID decade average of 3.3 per cent, so the market is still tighter than usual. Vacancy rates are higher than a year ago in every capital city except Darwin.

Outlook

We expect conditions to stay soft while rates and inflation remain the main drivers, though there are still opportunities.

The Reserve Bank lifted the cash rate to 4.85% in November, the fifth hike this year, and inflation remains sticky. Higher rates reduce borrowing capacity and tighten serviceability.

If you are upgrading, your property may sell for less, but the one you are buying has likely fallen further. Values are falling fastest in Sydney, Brisbane and Perth, so the gap between what you sell for and what you pay may be wider there.

If you are considering moving interstate or shifting your investment focus, markets such as Hobart, Darwin and the regions have held up better. Falls in Brisbane, Perth and Adelaide, after years of strong growth, may also create entry points for buyers with a long-term view.

Sellers who approach the market with realistic expectations are continuing to achieve successful results. Understanding current buyer demand and being open to market feedback can help position your property for a strong outcome. If your expectations are still anchored to past market conditions, it may be worth taking the time to reassess your goals before making a move.

If you are a first home buyer, competition is much lower, so opportunities certainly exist in this section of the market. Remember to allow for higher interest rates when you assess what you can afford.

With more properties available, buyers have greater choice and more opportunity to negotiate than they have in recent years. While it can be tempting to wait for the perfect market conditions, timing the bottom of the market is never easy. Rather than trying to pick the ideal moment, focus on finding the right property and making a decision that aligns with your circumstances and long-term goals.

National statistics

State	Median vendor discounting* (3 months to Oct. 2026)	Change in sales volumes* (12 months to Oct. 2026)	Median days on market* (3 months to Oct. 2026)	Annual change in rental rates* (Oct. 2026)	Gross rental yields* (Oct. 2026)
Western Australia	-5.3%	-21.4%	28 days	7.5%	4.2%
Northern Territory	-3.8%	-7.3%	45 days	11.4%	6.4%
Queensland	-5.6%	-17.8%	41 days	6.5%	3.7%
New South Wales	-5.1%	-15.5%	46 days	4.0%	3.5%
Australian Capital Territory	-4.0%	8.9%	47 days	3.2%	4.4%
Victoria	-3.8%	-10.1%	39 days	4.5%	4.1%
South Australia	-4.4%	-8.0%	37 days	6.3%	3.7%
Tasmania	-4.0%	0.8%	28 days	8.4%	4.4%

*Cotality Indicies Research Pack November 2026. Metropolitan statistics only.

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