



# SMASH PROPERTY

INVESTOR REPORT

# june property market update.



## THE BIG PICTURE

# national market snapshot.

Australia's national Home Value Index was flat in May (0.0%) — the first time in this cycle that growth has stalled at the headline level, with upper-tier Sydney and Melbourne pulling the index down, meanwhile lower-tier markets in most Capitals are still growing.

- **National home value growth: +0.0%**
- **Annual Change: +8.8% (down from 9.8%)**
- **National median value: \$941,864**
- **Combined capitals: -0.2% (first negative in this cycle)**
- **Combined regionals: +0.6% (down from 0.9%)**

**THE TAKEAWAY**

This isn't a soft patch - it's a turning point. Sydney and Melbourne are now formally below their cyclical peaks, sales volumes are declining in both cities (down 17% and 14% on last year). But this is exactly the kind of environment that creates the next round of opportunity.



MAY 2026 // CITY-BY-CITY

# capital city performance.

How the eight capital markets stacked up over the past month and year.  
Median values rounded.

	MONTHLY %	ANNUAL %	MEDIAN	MONTHLY \$
Perth	+1.5%	+25.8%	\$1,050,354	+\$16k
Darwin	+1.5%	+20.3%	\$634,368	+\$9k
Brisbane	+0.9%	+19.1%	\$1,126,149	+\$10k
Hobart	+0.9%	+9.3%	\$752,398	+\$7k
Adelaide	+0.5%	+12.3%	\$950,703	+\$5k
Canberra	-0.2%	+4.3%	\$890,555	-\$2k
Melbourne	-0.8%	+0.5%	\$812,621	-\$7k
Sydney	-0.9%	+2.3%	\$1,282,020	-\$12k

**Biggest mover: Perth & Darwin (+1.5%)**

**Weakest performer: Sydney (-0.9%)**

**These numbers only tell half the story.** Perth values are up 91.4% over 5 years. Melbourne is only +3.3% over the same time period. Same country, completely different cycles. The capitals are losing momentum at the headline level - but underneath, the lower-priced markets are still running hard. This is a borrowing capacity story playing out in the data.



MAY 2026 // CITY-BY-CITY

# rental market overview

Gross rental yields, annual rent growth (houses & units) and yield direction by capital city. Sorted high-to-low yield.

	GROSS YIELD	HOUSE RENT YoY	UNIT RENT YoY	MOVEMENT
Darwin	6.0%	10.5%	9.1%	↓
Hobart	4.3%	8.5%	5.9%	→
Canberra	4.1%	3.9%	1.9%	↑
Melbourne	3.9%	4.7%	4.9%	↑
Perth	3.6%	7.4%	7.8%	↓
Adelaide	3.4%	4.5%	4.6%	→
Brisbane	3.3%	6.7%	6.2%	↓
Sydney	3.2%	6.3%	5.1%	↑

Highest yield: **Darwin (6.0%)**

Lowest yield: **Sydney (3.2%)**

**The yield equation is working again.** Vacancy at 1.5% + annual rent growth at +5.9% = real rental pressure. Yields are rising in cities where values are falling (Sydney, Melbourne, Canberra), and still compressing where the growth cycle runs hot (Perth, Brisbane, Darwin). Combined capital yields 3.5% — highest since June '25.



## WHAT'S ACTUALLY CHANGING

# the borrowing capacity squeeze.

This is the most important shift for investors right now — and it's not one thing, it's three forces stacking on top of each other to compress borrowing capacity:

## 1. RBA hiked to 4.35% in May (+25bp).

The "rate cuts are coming" narrative is dead. Trimmed-mean inflation ticked back up to 3.4% in April. Higher for longer — right when investors least need it.

## 2. Federal Budget: neg gearing + CGT changes.

From 1 July 2027, negative gearing will be limited to new builds only. 50% CGT discount replaced by an indexed cost base + minimum tax rate on capital gains. The law doesn't kick in for 12 months — but the market is already responding.

## 3. Banks + APRA are tightening NOW (not waiting for 2027).

Lenders are already walking back rental income shading and how neg gearing benefits flow through serviceability calcs. Combined with recent APRA buffer adjustments, investor borrowing capacity is being cut materially right now — well before the law actually changes.

**RBA + APRA + banks moving ahead of policy = three forces compressing borrowing capacity at once.** Investors who could borrow \$X six months ago can now borrow meaningfully less. This is exactly why lower-quartile markets are outperforming everywhere except the ACT — money is being forced down-market into whatever's still affordable.



## BUYING BY PRICE POINT

# budget bands.

**If your budget is under \$600K...**

**Regional Victoria - Warrnambool, Geelong, Wangaratta, Shepparton, Yarrawonga.** Established regional centres with diverse economies.

**Melbourne townhouse/unit market.** Inner North corridor or Dandenong region

**If your budget is over \$600K...**

**Melbourne Hume & Frankston LGA's for houses.** Two of the few outer-Melbourne LGAs where you can still buy a house under \$700K, both sitting on major rail infrastructure (Frankston Line upgrade, Melbourne Airport Rail).



## BRINGING IT TOGETHER

# final take.

I can see why new investors could be panicked by the situation. This month, the cycle officially turned. Sydney and Melbourne are now formally below their cyclical peaks. Combined capitals went negative for the first time. The RBA hiked again. The Federal Budget put a clock on negative gearing. And banks aren't waiting for 2027 — they're tightening serviceability right now. Yes, I'm sitting on more debt than most Australian households, so I'm feeling every basis point of this alongside you.

But here's what the news won't tell you. Rents are up +5.9% annually. Vacancy is at 1.5% — record-low territory. Yields are repairing for the first time in years. The Sydney and Melbourne corrections are creating entry points that didn't exist 12 months ago. Lower-quartile markets are outperforming everywhere except the ACT — because borrowing capacity is being forced down-market, and there's a long runway left in that trade.

The playbook is sharper now, not different. Stay anchored in numbers. Think counter-cyclical. Buy where fundamentals stack up AND credit can still reach — those are two filters now, not one.

Think cheaper, think cashflow, think where the money is being pushed. But don't skip the fundamentals — affordability without demand is just a cheap house in the wrong suburb.

This is the kind of market where good buyers do their best work.

## READY TO TALK?

Book a clarity call — we'll map your next deal against the data above.

[www.smashpropertyinvesting.com.au](http://www.smashpropertyinvesting.com.au)





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