INVESTOR REPORT

october property market update.

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A YEAR OF GAINS, GONE… AND A BUYER'S MARKET IS BACK.

national market snapshot.

A full year of price growth has been wiped out. National values fell 1.1% in September, the sixth straight fall, and are now 5.2% below March's peak.

Brisbane took the sharpest drop (-1.5%), just ahead of Sydney. The regions are holding up far better: +5.6% over the year, against -1.8% for the capitals.

And with inflation at 4% (August CPI), a flat year means homes are about 4% cheaper in real terms (after inflation) than a year ago.

- **National home value growth: -1.1% (largest fall this cycle)**
- **Annual change: 0.0% (down from +2.7% last month)**
- **National median value: $899,236 (down from $912,885 last month)**
- **Combined capitals: -1.2% (quarter -4.3%)**
- **Combined regionals: -0.7% (quarter -1.9%)**

RATE WATCH: The RBA lifted the cash rate to 4.60% on 29 September, its fourth hike this year. Across the year that's about +$390 a month on a $600k loan*, and roughly 8% less borrowing power (more for interest-only investors), a key driver of falling prices. Headline inflation is 4.0% (mostly fuel), but underlying inflation eased last month. Markets see about a 1-in-4 chance of another hike in November; Westpac expects one.
***$600k, 30-year principal-and-interest loan.**

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capital city performance.

Past month and year by capital. Median value = Cotality's estimated value of all homes, not sale prices.

	MONTHLY %	ANNUAL %	MEDIAN	$ CHANGE
Darwin	+0.4%	+11.9%	$633,431	+$3k
Hobart	-0.5%	+7.0%	$741,496	-$4k
Melbourne	-0.7%	-6.2%	$780,550	-$6k
Canberra	-1.1%	-1.6%	$861,744	-$10k
Perth	-1.2%	+10.1%	$975,022	-$12k
Adelaide	-1.3%	+6.5%	$928,560	-$12k
Sydney	-1.4%	-7.0%	$1,198,596	-$17k
Brisbane	-1.5%	+5.9%	$1,048,880	-$16k

Biggest mover: Darwin (+0.4% - still the only capital rising)

Weakest performer: Brisbane (-1.5%), which has overtaken Sydney

Brisbane has gone from market darling to steepest monthly fall, and its sales volumes are down 27% on a year ago. Melbourne is now falling more gently than Brisbane, Perth or Adelaide. Zoom out and it's a different picture: over ten years, Brisbane, Adelaide, Perth and Hobart are up 90-105%; Melbourne is up just 24%.

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the breakdown.

We split each city into three price bands — the cheapest quarter of homes, the middle half, and the priciest quarter — and track them separately, because a city's one headline number hides what's really going on underneath.

	LOWEST 25%	MIDDLE 50%	TOP 25%	SPREAD
Sydney	-2.1%	-4.2%	-5.7%	3.6%
Melbourne	-1.3%	-3.3%	-5.3%	4.0%
Brisbane	-2.0%	-2.9%	-2.8%	0.8%
Adelaide	-0.9%	-1.6%	-1.8%	0.9%
Perth	-3.0%	-3.4%	-2.9%	-0.1%
Hobart	+1.2%	-0.2%	-1.0%	2.2%
Darwin	+3.1%	+0.7%	+0.3%	2.8%
Canberra	-2.0%	-2.3%	-3.7%	1.7%

Quarterly change in Cotality's price index by price band, 3 months to August 2026 - October pack pending. Spread = cheapest quarter's change minus the top quarter's.

The cheapest end is still holding up better, but only just. It's now rising only in Hobart and Darwin. In Perth it fell more than the top, the first time in our tracking - likely rate hikes and investors pulling back hitting the entry level hardest. The top end is still falling hardest in Sydney and Melbourne.

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rental market overview

Gross rental yields (yearly rent as a % of value), annual rent growth and yield direction. Sorted high-to-low yield.

	GROSS YIELD	HOUSE RENT YoY	UNIT RENT YoY	MOVEMENT
Darwin	6.5%	+11.4%	+12.0%	↑
Hobart	4.4%	+8.7%	+5.0%	→
Canberra	4.4%	+3.8%	+1.5%	↑
Melbourne	4.1%	+4.9%	+4.8%	↑
Perth	4.0%	+8.0%	+7.5%	↑
Adelaide	3.6%	+6.3%	+6.1%	→
Brisbane	3.5%	+6.7%	+5.9%	↑
Sydney	3.4%	+4.9%	+3.7%	↑

Highest yield: Darwin (6.5%) - up from last month

Lowest yield: Sydney (3.4%) - up from 3.3%

The national yield is up to 3.85%, its best since August 2019 - values falling, not a rent boom. Vacancy has risen to 2.0% (from 1.5% in February), still well below the 3.3% pre-COVID average. Hobart is loosest (3.0%), Adelaide tightest (1.4%). Most markets still cost you money each week at today's rates.

THE QUESTION EVERYONE'S ASKING

how low can it go?

We're 5.2% off the peak, and Sydney is already 8.6% down. Cotality's research director puts a total fall of 10-15% as "a fairly reasonable estimate". AMP's Shane Oliver says it's "already shaping up as the biggest downturn in property prices that we've seen in the last 40 years", and warns a 20% fall could tip us into recession.

The gentler path: unemployment stays under 5% and new housing supply stays tight. Cotality's own report expects "a gradual drift lower".

The harsher path: unemployment breaks 5%, the oil shock keeps inflation high, and more hikes follow.

What's pushing it down: four rate hikes, weak confidence, and investors pulling back after the Budget's negative gearing and CGT changes. Sales are down 19% on a year ago. Capital city homes now take 39 days to sell, up from 23.

THE TAKEAWAY

Across the capitals, stock on the market is up 23% even though new listings are down. Sellers aren't dumping; buyers just aren't there. For a prepared buyer that means more choice and less competition. For a stretched one, it means prices can keep sliding.

BUYING BY PRICE POINT

budget bands.

If your budget is under $500K…

Melbourne Units: Buying into a market that's lagged for a decade. Melbourne values are below where they were five years ago, and units yield 5.2% before owners corporation fees. Established, low-rise, owner-occupier-style units with a higher share of land (boutique blocks, villas, townhouses), not towers. Check the Section 32 and owners corporation records for levies and cladding.

Why not Darwin? It's the only capital still rising and has the best yields, but in my view that growth is mostly interstate investor money, not people moving there for jobs. Over ten years Darwin is up just 34%. Strong yields, but not a growth market we'd buy into.

General information only, not personal advice.

BRINGING IT TOGETHER

final take.

Last month I flagged a possible rate rise. It arrived: 4.60%, the fourth hike this year, and another in November can't be ruled out. Values are still sliding, now 5.2% below the peak.

I carry more debt than most households, so I feel every one of these hikes too. The number I said I'd watch has moved as well. Unemployment has hit 4.6%, its highest in the post-COVID era, although jobs are still being added (+39,500 in August). Low unemployment is what keeps this downturn orderly, and it's starting to slip. If it keeps rising, people who don't want to sell become people who have to.

Here's the other side. Buyers haven't had this much choice or negotiating power in years. Buy with conditions where you can (finance including the bank's valuation, building and pest, owners corporation checks; auctions give you none), and price off the last three months of sales, not asking prices.

Prepared means: a current pre-approval, room in your budget for another hike, a secure job, and twelve months of repayments in the bank. If that's not you yet, sitting this one out is a strategy, not a failure. And don't wait for the exact bottom. Nobody rings a bell there. Your edge is buying well, not buying at the low. But there's no rush either. Past downturns have run from under a year (2022) to around two (2017-19), and the best buys often come late.

- Nick, Smash Property Investing. Licensed real estate agent, 15 years in banking (NAB, CommBank, ING), 11 investment properties held. We find, assess and negotiate investment property for our clients.

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Sources: Cotality, RBA, ABS, AMP, ABC, Hotspotting, PropTrack.

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