

# Media Release

General News National Commercial Property Release (targeted print only)

## Industrial property leads, office and retail cautious: valuers map the drivers shaping commercial property in 2026

The Australian Property Institute (API) has released first-of-its-kind quarterly research capturing the views of expert property valuers on the near-term outlook for Australian property prices. This release focuses on the non-residential sectors: office, retail, industrial and agricultural property.

“Nationally, the API Property Market Outlook Index is 7.1 out of 10, showing solid momentum overall. But when you look purely at non-residential markets, the picture is more uneven - with industrial clearly upbeat while office and retail remain more cautious,” said the author of the report Dr Sherman Chan (Chief Economist at the API).

“Valuers’ national three-month sentiment scores are: Industrial (7.1), Agricultural (5.9), Retail (5.4) and Office (5.0). In other words: logistics is running hot, rural is steady, and the traditional CBD and discretionary spend story is more guarded,” said Dr Chan.

“In the office sector, valuers point to business confidence (70.9%) and the broader economic outlook (68.0%) as the biggest near-term drivers, alongside corporate return-to-office policies (56.3%) and how work itself is changing (54.4%),” he said.

“For retail, consumer confidence is the standout (83.2%), followed by interest rates (69.2%) and changing shopping preferences (64.5%), with job market conditions rising in importance (57.9%),” said Dr Chan.

“Industrial remains one of the brightest spots, with e-commerce demand for warehouses the dominant driver (72.7%), backed by interest rates (62.8%) and manufacturing performance (54.5%),” he said.

“In agriculture, commodity prices are the clearest signal (84.9%) alongside land quality and interest rates (both 65.8%), climate conditions (56.2%) and the export outlook (49.3%),” said Dr Chan.

“One of the strongest themes running through every asset class is interest rates - and beyond that, it is the interaction between global economic conditions, work-from-home patterns and e-commerce that is reshaping demand. At the same time, energy efficiency measures are not yet being seen as a major price driver across the market,” said Dr Chan.

“The report also highlights the pressure points facing property businesses in 2026, with cost of doing business (60.1%) and finding the right talent (46.0%) topping the list, followed by domestic economic uncertainties such as the interest rate outlook (43.5%),” he said.

The Australian Property Market Outlook is the first report in a quarterly research series administered by the API. The inaugural survey drew 363 responses from across all states and territories, collected between 9 December 2025 and 4 January 2026.

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