

Media Release

General News National Release (radio/major print)

Western Australia and Residential Property hold the strongest outlook in first-of-its-kind report

The Australian Property Institute (API), the professional body for independent property experts in Australia has conducted first-of-its-kind research in seeking the views of expert property valuers on the outlook for all types of property prices in Australia and, most importantly, what the recent and coming actual drivers of those prices are.

“The key finding of our research is that Western Australia clearly leads the pack in the API Property Market Outlook Index with a rating of 8.7, far outstripping states like NSW (6.5) and Victoria (5.8)”, said the author of the report Dr Sherman Chan (Chief Economist at the API)

“In terms of property types, Residential continues to dominate with a rating of 7.3 compared to categories like Retail (5.4) and Office (5.0),” according to Dr Chan

“The ground-breaking aspect of the report uncovers that what is really driving residential property prices are 5 clear factors: construction costs (identified by 66.3% of residential valuers surveyed), interest rates (62.8%), population growth (60.5%), lack of existing housing supply (59.9%) and lack of new housing supply (58.7%)”

“In short it tells us categorically that population growth isn’t being matched by our housing stock and pipeline and that meeting that demand is costing too much. It’s the perfect storm,” said Dr Chan.

“Nationally, the API Property Market Outlook Index is 7.1 out of 10, showing solid momentum overall. Though the market is anything but uniform - with industrial property upbeat (7.1) and agriculture holding in positive territory (5.9), while retail (5.4) and office (5.0) are more cautious,” said Dr Chan.

“In the office sector, valuers point to business confidence (identified by 70.9% of office valuers surveyed) 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%),” she said.

“For retail, consumer confidence is the standout (identified by 83.2% of retail valuers surveyed), 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 (identified by 72.7% of industrial valuers surveyed), backed by interest rates (62.8%) and manufacturing performance (54.5%),” she said.

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

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



“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 Australian Property Market Outlook Q1 2026 is the first issue of a quarterly report 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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