

EMBARGOED UNTIL THURSDAY 23 APRIL 2026, 12:01 AM AEST

Industrial property leads the market as broader sentiment softens

Industrial scores 6.8 in Q2 2026, overtaking residential as Australia's strongest-performing asset class

April 2026

Industrial property has taken the top spot among Australian asset classes for the first time. The sector scored 6.8 in the Australian Property Institute's (API) Property Market Outlook Index for Q2 2026, edging ahead of residential (6.2) even as the broader market slows under the weight of rising interest rates.

Every state's industrial score sits above the neutral threshold. Western Australia leads at 7.5, followed by South Australia at 7.3 and Queensland at 7.2. New South Wales (6.5) and Victoria (6.4) are both in positive territory.

API Chief Economist Dr Sherman Chan said the industrial sector's result reflected the strength of its structural tailwinds. "Industrial is proving to be the most resilient part of the market through this rate cycle. E-commerce is not slowing down. Data centre demand is growing. Mining activity is sustained. These are not short-term forces, and they are doing a lot of the heavy lifting for industrial sentiment even as confidence softens more broadly."

What is driving industrial property

E-commerce performance and demand for warehouses top the list of factors pushing industrial property prices higher, alongside roads and transportation development, technological development and ongoing mining activity. The interest rate outlook and the performance of the manufacturing sector are the main sources of downward pressure identified by industrial valuers.

Dr Chan said the key test for industrial would come in Q3. "The structural drivers are well established, but manufacturing performance and tighter financing conditions are the variables to watch. If those headwinds intensify, they will start to erode what has otherwise been a very strong base."

Access the full report [here](#).

