

EMBARGOED UNTIL WD 22 JULY 2026, 12:01 AM AEST

Industrial holds the top spot as the sector the Budget cannot touch

Industrial scores 6.4 in Q3 2026, the strongest of any asset class, with land scarcity keeping every state above neutral and tax reform failing to register as a pressure

July 2026

Industrial property remains the strongest asset class in the country, scoring 6.4 in Q3 2026, down from 6.9 in Q2 but comfortably clear of every other sector. It is the only asset class this quarter facing just one consensus downward pressure on prices.

The sector's insulation from the Budget is striking. Neither the capital gains tax reform nor the negative gearing reform reached consensus as a pressure on industrial prices, and the only consensus drag is the interest rate outlook, at a comparatively modest 57 per cent. Supporting prices are the lack of supply of industrial properties (61 per cent) and the lack of zoned land (55 per cent).

Every state's industrial reading sits above neutral. Western Australia leads at 7.4, the single strongest reading of any state and sector in this quarter's survey, followed by Queensland and South Australia at 7.0, Tasmania at 6.9, New South Wales at 6.1 and Victoria at 5.8.

API Chief Economist Dr Sherman Chan said industrial's result came down to scarcity.

"Industrial is holding the top spot for a simple reason: there is not enough of it, and there is not enough land zoned to build more. Scarcity is a powerful support in any market, and it is proving more durable than sentiment in every other asset class. The tax reforms that have unsettled residential simply do not register here."

What is driving industrial property

Beyond the consensus factors, views were split on demand for warehouses, demand for data centres, the lack of enabling infrastructure, delays to development approvals and mining and manufacturing activity. The breadth of that list reflects a sector where the debate is about how strong the tailwinds are, rather than whether they exist.

Dr Chan said the watch point was the rate environment rather than anything structural.



“The only consensus pressure on industrial is interest rates, and at 57 per cent it is the lowest level of agreement on rates of any sector in the survey.

As long as the supply of zoned industrial land stays constrained, this sector has a floor under it that nothing else in the market can match.”

Read the full report here: <https://www.api.org.au/professional-development/knowledge-hub/mixed-expectations-for-the-months-ahead/>

ENDS

Released by:

Holly Reynolds | Left Field Communications | holly@leftfield.com.au | 0409 462 112

Interviews Dr Sherman Chan is available Monday 20 July, Tuesday 21 July, Wednesday 22 July and Thursday 23 July. Contact Holly Reynolds to arrange.

About the API Property Market Outlook Launched in 2025, the API Property Market Outlook is a quarterly survey of Australian property professionals administered by the Australian Property Institute. The survey captures sentiment and price outlook expectations across residential, office, retail, industrial and agricultural property sectors. The Q3 2026 survey received 265 responses, with 80 per cent of respondents being property valuers.

About the Australian Property Institute The Australian Property Institute is the professional body for independent property experts in Australia, representing more than 7,000 members including property valuers, advisors, analysts and consultants. In its centenary year, the API continues its commitment to professional standards, policy engagement and evidence-based reform across Australia's \$12 trillion residential property market and beyond.

Note to editors: *The API Property Market Outlook Index operates on a scale of 0 (extremely weak) to 10 (extremely strong), with 5 representing a neutral outlook. The Q3 2026 readings represent expectations for the coming quarter, while Q2 2026 readings reflect actual outcomes. The Q3 2026 edition is the first to capture professional sentiment following the capital gains tax and negative gearing reforms announced in the May 2026 Federal Budget.*