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South Australia cools sharply but keeps the strongest retail market in the country

South Australia scores 5.6 in Q3 2026 after the equal sharpest fall of any state, with retail at 6.2 the national standout for a second consecutive quarter

July 2026

South Australia's property sentiment fell from 7.0 in Q2 to 5.6 in Q3 2026, a decline of 1.4 points that, alongside Western Australia, is the sharpest of any state this quarter. The fall is driven predominantly by the residential outlook, which eased from 7.1 to 5.6 as the Budget's tax reforms reached the market.

The state's standout remains retail. At 6.2, South Australia has the strongest retail market in the country for the second consecutive quarter, and by a clear margin, in a sector that sits below neutral nationally. Industrial is strong at 7.0, agricultural sits at 6.0, and office at 4.6 matches the national reading.

API Chief Economist Dr Sherman Chan said South Australia's quarter was a story of speed rather than direction.

"South Australia is still clearly in positive territory, but the pace of the decline this quarter matches anything in the country. That is largely a residential story, and it mirrors what the tax reforms are doing to residential sentiment everywhere.

What sets SA apart is retail. While the sector struggles below neutral nationally, South Australian retail keeps producing the strongest result in the country."

What is driving South Australia's property market

Residential valuers point to the negative gearing and capital gains tax reforms alongside the interest rate outlook as the new pressures, with housing and land undersupply still supporting prices. Retail strength continues to draw on the appeal of the state's shopping precincts and suburban spending. Industrial confidence rests on the scarcity of stock and zoned land seen nationally.

Dr Chan said the state's diversification remained its advantage.

"South Australia has a spread across its sectors that most states cannot match: strong industrial, the nation's best retail, agriculture above neutral.



The residential recalibration is real, but a market with that kind of balance holds up better when conditions tighten, and SA enters the new quarter with more supports in place than the size of this quarter's fall might suggest."

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

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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.*

