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WA cedes the national lead but holds the strongest single reading in the survey

Western Australia scores 6.4 in Q3 2026 after the equal sharpest fall of any state, with industrial at 7.4 the highest rating of any state and sector in the country

July 2026

Western Australia's long run at the top of the national index has ended. The state scored 6.4 in Q3 2026, down 1.4 points from 7.8 in Q2, the equal sharpest fall of any state alongside South Australia, and enough for Queensland (6.6) to take the national lead for the first time.

The decline is concentrated in residential, which fell from 7.9 to 6.5 and surrendered its position as the nation's strongest residential market to Queensland by the narrowest of margins. The rest of the WA story remains formidable: industrial at 7.4 is the single strongest reading of any state and sector in this quarter's survey, agricultural at 6.6 leads the nation, and retail (5.4) remains above neutral. Office, at 4.9, sits just below the line.

API Chief Economist Dr Sherman Chan said WA's quarter showed the reach of the Budget reforms.

"Western Australia has been the standout residential market in the country, and even here sentiment has come off 1.4 points in a single quarter as the market prices the reforms.

When the strongest market in the nation recalibrates that quickly, it tells you the reforms are a national force, not a Sydney and Melbourne story."

What is driving WA's property market

Residential valuers cite the negative gearing and capital gains tax reforms alongside the interest rate outlook as the main pressures, against a backdrop of continued population growth and constrained housing and land supply.

Industrial strength rests on the scarcity of stock and zoned land, with the resources sector continuing to underpin confidence. Agricultural sentiment draws on genuine demand fundamentals for the state's commodities.



Dr Chan said WA remained a market of strength adjusting to a new setting.

“Losing the national lead by two tenths of a point after the run WA has had is not a story of weakness.

Residential and industrial are both well above neutral, agriculture leads the country, and the fundamentals underneath them are intact. What has changed is the tax environment, and WA’s valuers have repriced for it faster than almost anyone.”

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.