Market Update – September 2026

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State of the Australian Economy

- **Economic growth.** The Australian economy continued to grow at a moderate pace in the June quarter, with GDP up 0.4% on a quarterly basis compared with a similarly modest growth rate of 0.3% in the March quarter. Household consumption rose 0.4% while government expenditure climbed 0.6%. Public investment fell 1.3% and private investment was flat (i.e. 0% change). Exports and imports were up 0.8% and 0.5%, respectively.
- **Population.** Australia's population increased to 27.8 million (annual growth of 1.5%) as at 31 December 2025. In 2025, net overseas migration accounted for an increase of 301,000 people while natural increase (births minus deaths) added 111,500 people.
- **Labour market.** The unemployment rate is gradually trending upwards, with a July reading of 4.5% compared with 4.1% in January. Underemployment has also risen to 6.4% in July, from 5.9% in January. Further signs of a softening labour market include a 0.6% decline in monthly hours worked in all jobs.
- **Inflation and wages.** Following the temporary surge of fuel prices earlier this year which saw inflation accelerating to 4.6% in March, headline inflation has returned to 3.5% in July. However, with the Wage Price Index having an annual increase of 3.2% for the June quarter, cost-of-living pressures will remain a concern for many households.
- **Interest rates.** Following three interest rate hikes from February to May this year, the RBA put the cash rate target on hold at 4.35% at the June and August meetings. However, with inflation still well above the RBA's target band of 2% to 3%, the RBA is likely to maintain a tightening bias.
- **Housing finance.** The number of new loan commitments for dwellings fell 5.4% in the June quarter compared to the March quarter. Owner-occupier loan commitments fell 3.3% while investor loan commitments had a sharp decline of 8.6%, reflecting the immediate impact of the Federal Government's capital gains tax and negative gearing reforms.

Table: Economic performance by industry (gross value added)

Quarterly change (%)	March 2026 (Previous period)	June 2026 (Latest period)
Professional, Scientific and Technical Services	2.0	2.3
Mining	-2.0	1.3
Information Media and Telecommunications	1.7	1.3
Financial and Insurance Services	0.4	1.3
Transport, Postal and Warehousing	-1.3	0.9
Other Services	1.4	0.9
Accommodation and Food Services	-0.2	0.6
Wholesale Trade	1.0	0.5
Education and Training	0.5	0.5
Construction	1.5	0.4
Health Care and Social Assistance	0.1	0.3
Agriculture, Forestry and Fishing	0.6	0.2
Retail Trade	0.2	0.2
Public Administration and Safety	0.2	0.2
Electricity, Gas, Water and Waste Services	-0.8	-0.2
Arts and Recreation Services	-0.1	-0.2
Rental, Hiring and Real Estate Services	1.2	-0.5
Administrative and Support Services	1.3	-1.4
Manufacturing	1.4	-1.9
TOTAL	0.3	0.4

Source: ABS

Economic Performance by State & Territory

Economic indicators	ACT	NSW	NT	QLD	SA	TAS	VIC	WA
Economic drivers								
Household consumption – quarterly change (June 2026)	0.8%	0.3%	0.6%	0.5%	0.5%	0.6%	0.1%	1.0%
Government consumption – quarterly change (June 2026)	0.0%	-0.1%	1.4%	1.1%	-2.0%	0.0%	1.2%	1.6%
Public investment – quarterly change (June 2026)	5.8%	-0.9%	-20.6%	-3.0%	1.4%	-1.3%	-0.9%	-1.3%
Private investment – quarterly change (June 2026)	0.4%	-0.4%	14.5%	4.2%	0.7%	-1.3%	-3.0%	1.1%
The consumer sector								
Unemployment rate (trend, July 2026)	4.0%	4.2%	4.7%	4.2%	4.2%	5.1%	5.1%	4.3%
Consumer Price Index (capital cities) – annual growth (July 2026)	3.2%	3.2%	3.7%	3.7%	4.4%	4.5%	3.2%	3.8%
Wage Price Index – annual growth (June quarter 2026)	3.3%	3.1%	2.8%	3.4%	3.6%	2.9%	3.1%	3.3%
Population – annual growth (31 December 2025)	1.3%	1.2%	1.6%	1.6%	1.0%	0.5%	1.7%	2.2%
Housing								
No. of dwelling units approved (trend) – monthly change (July 2026)	7.4%	2.4%	3.4%	2.1%	0.4%	-0.4%	-1.2%	-0.9%
No. of dwellings approved but not yet commenced (March 2026)	723	12,745	102	4,809	3,308	516	3,797	3,936
No. of dwelling units commenced (March quarter 2026)	1,462	10,373	161	9,885	3,686	605	13,437	5,733
No. of dwelling units under construction (March quarter 2026)	6,330	80,522	677	50,100	15,605	2,248	61,641	26,741
No. of dwelling units completed (March quarter 2026)	1,003	8,883	154	8,035	3,102	494	12,220	4,441

Source: ABS

Sector Highlights

Residential

For the period of July 2024 to March 2026 (i.e. the first 1.75 years of the National Housing Accord's five-year target), all states and territories were behind their respective targets for housing completions. At a national level, only 73% of the proportional target for the period was met.

Table: Housing completions vs the National Housing Accord target

Jurisdiction	% of target achieved (Jul 2024 – Mar 2026)
Australian Capital Territory	99%
Victoria	92%
Western Australia	82%
South Australia	79%
Queensland	69%
New South Wales	59%
Tasmania	46%
Northern Territory	25%
National	**73%**

Source: ABS, API analysis

Every state and territory government included both demand-side and supply-side measures in their State/Territory Budget for 2026-27 to support the local housing market. The API's *State Budget Analysis 2026-27* includes a summary of the key measures, along with commentary on their implications.

Retail

Household spending has been resilient, rising 1.1% in July to be up 7.0% from a year ago. The categories with the strongest monthly growth were clothing and footwear (1.6%), recreation and culture (1.5%) and health (1.2%). Spending on hotels, cafes and restaurants also rose 1.1% in July, after a mild increase of just 0.1% in June.

For the month of July, household spending growth was strongest in the Northern Territory (2.2%) and Western Australia (1.5%), followed by Victoria (1.3%), Tasmania (1.2%), the Australian Capital Territory (1.2%), Queensland (1.1%), New South Wales (0.7%) and South Australia (0.7%).

Agricultural

The agricultural sector's overall performance in recent years has been somewhat volatile but the main reason has been weather disruptions rather than a lack of demand for agricultural products. Other ongoing challenges for the sector include rising operation costs and worker shortages. However, according to the agricultural valuers surveyed by the API for the *Australian Property Market Outlook Q3 2026*, the outlook for the agricultural property market remains solid.

Office

Although market sentiment for the office sector has been subdued overall, there are anecdotal signs of increasing demand for premium offices. The continued strong performance of the Professional, Scientific and Technical Services sector, the Information Media and Telecommunication sector, and to an extent, the Financial and Insurance sector is welcome news for the office property market.

Industrial

The Australian Bureau of Statistics noted in its June quarter GDP data release that "investment in data centres remains at elevated levels." According to Data Center Map, there were 296 data centres across Australia as at 1 September, with most located in NSW (109) and Victoria (64). Demand for data centres is growing in every state. Such demand bodes well for the industrial property market, with the *Australian Property Market Outlook Q3 2026* identifying the industrial sector as the most resilient.

Note: All data are sourced from the Australian Bureau of Statistics unless otherwise specified.