

Media Release

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Valuers name the quarter: housing recovery tipped for July to September 2027 in every state, with rates the risk

Property professionals in all six states have named the same window for a housing recovery: July to September 2027, the quarter in which the changes to negative gearing and capital gains tax take effect.

The Australian Property Institute (API), the professional body for valuers in Australia, has released its Australian Property Market Outlook for Q4 2026. The survey of 384 property professionals, 73 per cent of them valuers, asked when the housing market is expected to recover and how far home values are expected to fall before it does.

The median expectation for recovery is July to September 2027 in New South Wales, Victoria, Queensland, Western Australia, South Australia and Tasmania. The Federal Government's changes to negative gearing and capital gains tax take effect on 1 July 2027.

API Chief Economist Dr Sherman Chan said the finding answered the question the market had been asking, which is when conditions are likely to improve.

"There has been plenty of commentary about how far prices might fall, and more recently about when the market might turn. Our members value property every day, and six states with six different markets have given us the same answer, the second half of next year."

"That timing is tied to policy clarity. Once the new tax rules are in place and people can see how they work, our members expect the market to start recovering. This is a market waiting for certainty, not one facing a prolonged slump."

Some further decline before the turn

Respondents expect home values to fall 11 per cent from peak to trough in New South Wales, Victoria, Queensland and Western Australia, 9 per cent in South Australia and 8 per cent in Tasmania. Cotality's Home Value Index, released on 1 October, shows national dwelling values were 5.2 per cent below their March 2026 peak at the end of September.

"The latest Cotality figures are consistent with what our members expect. Values have fallen, the survey points to some further decline in every state, and it also tells us where our members expect that decline to stop."



Confidence, not capacity

Fear of further interest rate rises is the most cited risk to recovery, selected by 80 per cent of respondents. It is followed by inflation and cost of living concerns (65.1 per cent), the changes to negative gearing (61.2 per cent), the changes to capital gains tax (59.6 per cent) and the uncertain economic outlook (50.3 per cent).

“The property professionals I speak with are less downbeat than the public mood. They tell me there is still capital out there. What is primarily holding activity back is confidence, not capacity.”

“The tax date gives the market a point of certainty. Interest rates are the risk our members are watching most closely on the way there.”

Queensland’s reality check

Queensland recorded the largest shift in expectations of any state. Its Q3 index reading was revised from 6.6 to 5.2, and its Q4 outlook of 4.5 is below neutral. Residential is the only Queensland sector with a below neutral score.

“Queensland began the year with a great deal of optimism and may have expected to sit outside the broader downturn. This quarter is a reality check. Expectations there have moved a long way in a short time, and sentiment that falls this quickly can also recover quickly.”

Where the opportunities are

The API Property Market Outlook Index eased to 4.3 out of 10, from a revised 4.9 in Q3, with residential the weakest of the five asset classes at 4.2. Industrial is the strongest at 6.5 and is above neutral in every state. A majority of respondents in every state expect demand for data centres to keep supporting the sector in 2027.

South Australia (5.6), Western Australia (5.5) and Tasmania (5.1) retain an overall outlook above neutral. Office sentiment improved in Western Australia (5.5) and Victoria (3.7), and agricultural sentiment improved in Tasmania (7.1) and Victoria (5.6).

“Housing is where the pressure is, but it is not the whole property market. Industrial is positive in every state, Western Australia’s office market continues to recover and Tasmania’s agricultural outlook has strengthened again. There are opportunities in this market for those who look for them.”

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Notes to editors

About the survey. The API surveyed 384 property professionals between 10 and 28 September 2026, covering every state and territory. Of these, 73 per cent are property valuers, with developers, agents, analysts, fund managers, investors and town planners also represented. Respondents answered for the region in which they primarily work. The home values question referenced Cotality’s Home Value Index, which showed a 3.6 per cent national fall from the March 2026 peak to the end of August.



About the Australian Property Institute's index. Scores run from 0 (extremely weak) to 10 (extremely strong), with 5 as neutral. Q3 readings reflect conditions as they occurred, while Q4 readings are expectations. The two territories had too few responses for individual scores.

State results.

State	Outlook index Q4 (Q3)	Residential Q4 (Q3)	Expected peak to trough fall (API survey)	Fall from peak at 30 Sept: capital city / rest of state (Cotality)
Australia	4.3 (4.9)	4.2 (4.8)		5.2% (national)
South Australia	5.6 (6.1)	5.5 (6.1)	9%	2.9% / 0.1%
Western Australia	5.5 (6.6)	5.5 (6.7)	11%	6.0% / 1.2%
Tasmania	5.1 (5.6)	5.1 (5.6)	8%	2.0% / 0.1%
Queensland	4.5 (5.2)	4.4 (5.1)	11%	5.4% / 2.8%
New South Wales	4.1 (4.8)	4.0 (4.7)	11%	8.6% / 2.8%
Victoria	3.7 (4.0)	3.6 (3.8)	11%	7.5% / 1.6%

About the Cotality figures. Falls from peak are from Cotality's Home Value Index as at 30 September 2026, released on 1 October 2026. Cotality reports capital cities and regional areas separately, while API survey figures are state-wide. Peak dates differ by market. Melbourne and Hobart are measured from record highs in March 2022; Melbourne is 7.2 per cent below its more recent high in November 2025.

About the tax changes. The Federal Government's changes to negative gearing and capital gains tax were announced in the May 2026 Budget and take effect on 1 July 2027.

About the Australian Property Institute. The Australian Property Institute is the peak body for property professionals in Australia, representing more than 7,000 members, including approximately 5,000 Certified Practising Valuers and Residential Property Valuers. The API celebrates its centenary in 2026.

Interviews. Dr Sherman Chan, API Chief Economist, is available for interview. State and sector breakdowns are available on request.

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