

Sector Summary

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Australian Property Market Outlook Q4 2026: the outlook sector by sector

A companion to the national release, summarising how 384 property professionals rate the outlook for residential, office, retail, industrial and agricultural property.

The Australian Property Institute's (API) Property Market Outlook Index eased to 4.3 out of 10 for Q4 2026, from a revised 4.9 in Q3. Sentiment softened in all five asset classes. Residential recorded the largest fall, while the four commercial sectors recorded declines of 0.3 points or less.

Sector	Q4 2026	Q3 2026	Highest state	Lowest state
Industrial	6.5	6.7	Western Australia (7.2)	Victoria (6.0)
Agricultural	5.7	5.8	Tasmania (7.1)	New South Wales (5.5)
Retail	4.9	5.2	Queensland, South Australia, Western Australia (5.3)	New South Wales, Tasmania (4.4)
Office	4.5	4.6	Tasmania (5.6)	Victoria (3.7)
Residential	4.2	4.8	South Australia, Western Australia (5.5)	Victoria (3.6)

"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."

Residential: 4.2 (Q3: 4.8)

Residential is the weakest of the five asset classes and fell in every state. South Australia and Western Australia (both 5.5) and Tasmania (5.1) remain above neutral. Respondents expect home values to fall between 8 and 11 per cent from peak to trough depending on the state, and in every state the median expectation for recovery is July to September 2027. Fear of further interest rate rises is the most cited risk to recovery, at 80 per cent.

Office: 4.5 (Q3: 4.6)

Office sentiment was close to steady. Western Australia (5.5, from 5.4) and Victoria (3.7, from 3.6) improved, and Tasmania recorded the highest score at 5.6. A majority of respondents in every state report a flight to quality, from 66.7 per cent in Tasmania to 100 per cent in South Australia.



Retail: 4.9 (Q3: 5.2)

Retail sits just below neutral. Queensland, South Australia and Western Australia share the highest score at 5.3. Asked whether investor demand for retail property had increased since the Federal Government announced changes to tax concessions for residential investment, fewer than one in three respondents said yes in every state. Western Australia (29.4 per cent) and Victoria (23.4 per cent) recorded the highest shares.

Industrial: 6.5 (Q3: 6.7)

Industrial is the strongest asset class and is above neutral in every state, led by Western Australia at 7.2. New South Wales held steady at 6.5. More than three in four respondents in every state expect demand for data centres to keep supporting the sector in 2027, from 76.9 per cent in Queensland to 100 per cent in Western Australia.

Agricultural: 5.7 (Q3: 5.8)

Agricultural sentiment is above neutral in every state. Tasmania recorded the highest score at 7.1, up from 7.0, Victoria improved to 5.6 and South Australia held at 6.7. Respondents rated the risk El Nino poses to the agricultural property outlook over the next six months at 6.3 out of 10, where 5 is moderate risk and 10 is extreme risk.

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Notes to editors

About the survey and index. The API surveyed 384 property professionals between 10 and 28 September 2026, 73 per cent of them property valuers. 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. Percentages for the office, retail and industrial questions are the proportion of respondents who answered that question and selected yes, and the number answering in smaller states is limited.

Interviews. Dr Sherman Chan, API Chief Economist, is available for interview. State and sector breakdowns are available on request. State by state scores for each sector are in the full report.

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