

Media Release

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Western Australia's property outlook stays positive in every sector

The Australian Property Institute's latest outlook shows Western Australia with the second highest score of the six states and the strongest industrial outlook of any state, after a substantial change in housing sentiment during 2026.

The Australian Property Institute (API), the professional body for valuers in Australia, has released its Australian Property Market Outlook for Q4 2026, a survey of 384 property professionals across the country, 73 per cent of them valuers.

Western Australia's outlook index is 5.5 out of 10 for Q4 2026, the second highest of the six states. Its Q3 reading was revised up from 6.4 to 6.6.

All five sectors are above neutral. Western Australia has the highest industrial score of any state at 7.2, and office sentiment improved from 5.4 to 5.5. Residential sentiment has fallen from 9.2 in Q1 2026 to 5.5, which is still equal first among the states.

Lack of confidence in Federal Government policy direction was selected as a risk to housing recovery by 62.5 per cent of Western Australian respondents, the highest share of any state. At 29.4 per cent, Western Australia also has the highest share of respondents reporting higher investor demand for retail property since the tax announcement.

Sector	Q4 2026	Q3 2026
Residential	5.5	6.7
Office	5.5	5.4
Retail	5.3	5.8
Industrial	7.2	7.8
Agricultural	6.2	6.5

API Chief Economist Dr Sherman Chan said:

"Western Australia has seen a substantial change in housing sentiment this year, yet every sector remains in positive territory. Its industrial outlook is the strongest of any state and its office market continues to recover."

Housing: how far and how long

Western Australian respondents expect home values to fall 11 per cent from peak to trough, with recovery from July to September 2027. Cotality's Home Value Index shows Perth values were 6.0 per



cent below their April 2026 peak at 30 September and 10.1 per cent higher than a year earlier. Regional Western Australia was 1.2 per cent below its peak.

The median expectation for recovery is the same in every state. The Federal Government's changes to negative gearing and capital gains tax take effect on 1 July 2027.

"Our members value property every day, and in every state they are pointing to the same window for a housing recovery, the second half of next year. That timing is tied to policy clarity once the new tax rules are in place."

The national picture

Nationally, the API Property Market Outlook Index eased to 4.3 out of 10, from a revised 4.9 in Q3. South Australia (5.6), Western Australia (5.5) and Tasmania (5.1) are above neutral, while Queensland (4.5), New South Wales (4.1) and Victoria (3.7) are below it. Industrial is the strongest asset class at 6.5 and is above neutral in every state.

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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.

About the 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. The Q3 index is respondents' assessment of the quarter after it occurred. The Q3 outlook published in July 2026 was an expectation. Percentages for sector questions are the proportion of respondents who answered that question and selected yes, and the number answering in smaller states is limited.

About the Cotality figures. Figures 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.

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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