NAB Residential Property Survey
Q2 2026

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Housing market sentiment, which had eased in the March quarter, fell markedly in the June quarter. Current sentiment is now back below the long run average, ending a 5-quarter period of above average outcomes. Property professionals, surveyed *after* the federal budget, revised up their expectations for rental price growth, led by VIC and QLD. After being revised down in the March survey, expectations for house price growth over both 12 months and 2 years were further revised to negative in June, especially in the ACT, VIC, and NSW. In terms of market share, professionals observed a fall in local investor activity in both established housing and new developments. The key constraint for new developments remains the cost of construction, increasing on the previous quarter, as a likely result of materials costs.

Key Findings:

After market sentiment eased slightly in the prior quarter, the **NAB Residential Property Index** dropped **in June (+14 down from +58),** and is now back below its long-run average (+22), following a period of above average sentiment for the past 5 quarters.

Sentiment was weakest in the two most populous states, with VIC back to negative territory (-3, down from +37 in Q1), and NSW barely positive (+3 down from +57 in Q1.

When property professionals were asked to best describe the state of the housing market in areas where they operate, compared to the previous quarter, the largest share suggested the market was declining (33% up from 8% Q1), along with those that suggested the market was *starting* to decline (25% up from 15%). The number that suggested a rising market, which led in Q1, fell (7% vs 30%).

Confidence levels are now back below the long run average, after 3 years of elevated sentiment. Over the next 12 months confidence levels are +15 (vs +55 in Q1) and +27 over the next 2 years (vs +54 Q1). Short-term confidence is highest in WA (+40, albeit falling from +71 in Q1), and lowest in NSW (+4 down from +57 Q1).

The survey was taken between 26th May and 23rd June, and thus reflects the impact of changes to the taxation arrangements for investor housing announced in the Federal Budget. Broadly speaking, survey respondents see higher rents, lower house prices and reduced investor activity as the main consequences of the changes. Construction costs are a significant hurdle for developers, reflecting the rise in material costs due to the Middle East energy price shock.

On average, property professionals are forecasting a fall in price growth in the next 12 months (-2.5% from 2.1% in Q1) and in 2 years' time (-0.9% from 2.9%). TAS was the only market where expectations were positive and higher over the next 12 months (4.6% up from 3.1% Q1). In contrast, the largest house price falls are expected in VIC (-4.5%), ACT (-4.0) and NSW (-3.2). Longer term projections were also pared back, especially ACT (-8.0%), with TAS (3.8) recording the most optimistic expectations.

According to Cotality data, the 8-Capital City dwelling price index fell by 0.4% mom in June, led by falls in Sydney (-1.2% mom) and Melbourne (-1.0% mom), along with Canberra (-0.6%). There were stronger gains in Darwin (1.4% mom), Perth (0.7% mom), and Hobart (0.6% mom), with Brisbane milder (0.3% mom), and Adelaide flat (0% mom). Looking ahead, we expect the national capital city dwelling price to fall around 2% in 2026.

Overall, surveyed property professionals are more bullish about growth in rents, with expectations for the next year now 3.9% (3.1% in Q1) and 3.5% in 2 years' time (3.2% in Q4). Expectations for the next year were mostly positive across the country, with VIC leading, and WA, QLD, and ACT accelerating on the previous quarter, while TAS, NT, SA, and NSW slowing. Rental returns in two years' time were also mixed, with QLD and VIC leading, and ACT, SA, and NSW trailing.

The market share of First Home Buyers (FHBs) in *new* housing markets in the June quarter eased to 38.6% (40.7% in Q1) while sales to owner occupiers (net of FHBs) increased (37.8%, from 34.1% in Q1) to slightly above long-term average trends. **The share of local investors was lower again in the June quarter**, (14.8% down from 19.9% Q1), but the share of sales to foreign investors, which had been falling over recent years, increased in the June quarter (7.7% vs 4.4% Q1), especially in VIC (14.2%).

Construction costs continue as the main hurdle to starting new housing developments according to 77% of property professionals, up from 65% in the previous quarter. While delays getting planning permits (45%) is still the second greatest concern, this is down from 53% in Q1. Concern over interest rates continues to grow (39.6%) and now ranks above labour availability (30.2%). By state, construction costs were the main barrier in all states, with rates second for VIC and permit delays for all others.

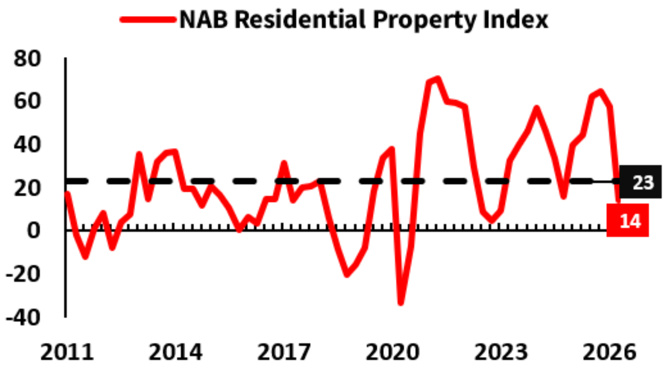
Buying activity in *established* housing markets continued to be dominated by owner occupiers (net of FHBs), with their overall market share increasing again (43.2% from 41.2% in Q1). FHBs overall share also increased (39.0% vs 34.3%). **On the flip side the share of sales to local investors fell** (13.7% vs 19.8% in Q1), along with foreign buyer's share (2.2% vs 3.4% Q1).

Interest rates are now the biggest constraint for established home buyers, pipping the level of prices this quarter. This was the case for VIC, NSW, and SA. Prices still ranked as a higher constraint in QLD, with lack of stock still the key concern for WA.

The number of property professionals expecting that a rate change would boost demand remained in the 'not very' range, easing slightly across all cohorts and still well down from the high in Q3 2025. Also in this quarter, while most property professionals expect the government 5% deposit scheme to have 'somewhat' of an effect on house prices, this continues to ease. **Finally, this quarter we asked property professionals about the likely impact of capital gains tax and negative gearing changes. Generally, rents were expected to rise, but any improvement in terms of access to housing for more young people was expected to be more limited**. Property professionals felt that their businesses would be negatively impacted in all regions except NT, where it was expected to have a slightly positive impact.

NAB Residential Property Index

Chart 1: NAB Residential Property Index



* Dotted line is long-run average from Q1 2011

Table 1: NAB Residential Property Index: States

	Mar-26	Jun-26	Next 12 months	Next 2 years
NAB Residential Property Index	**58**	**14**	**15**	**27**
Victoria	37	-3	8	24
New South Wales	57	3	4	17
Queensland	68	24	22	40
South Australia	90	43	29	36
Western Australia	82	38	40	45
Australian Capital Territoty	-25	75	25	-13
Northern Territory	90	0	17	17
Tasmania	50	50	33	50

Chart 2: NAB Residential Property Index: States

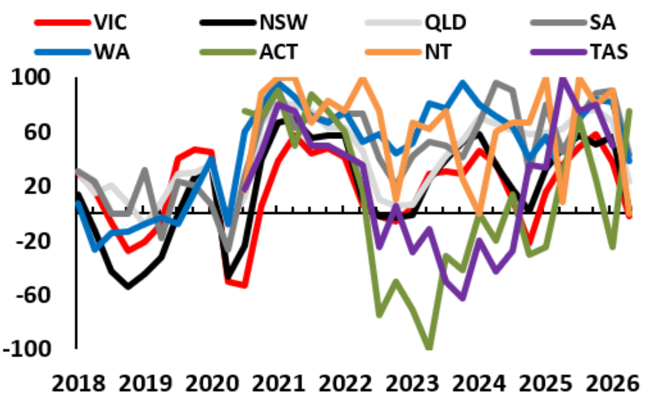


Chart 3: NAB Residential Property Index: Next 1-2 years

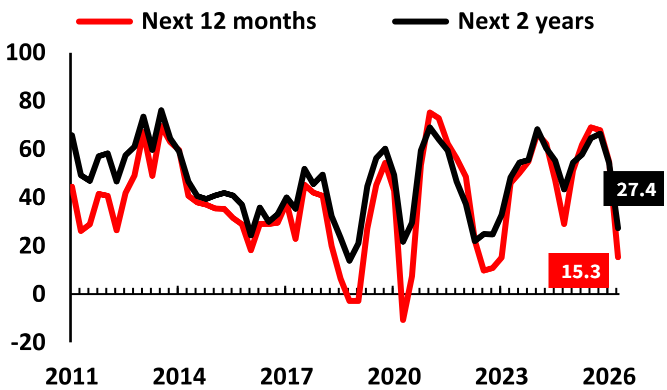


Chart 4: Residential Property Index: States - Next 12 months

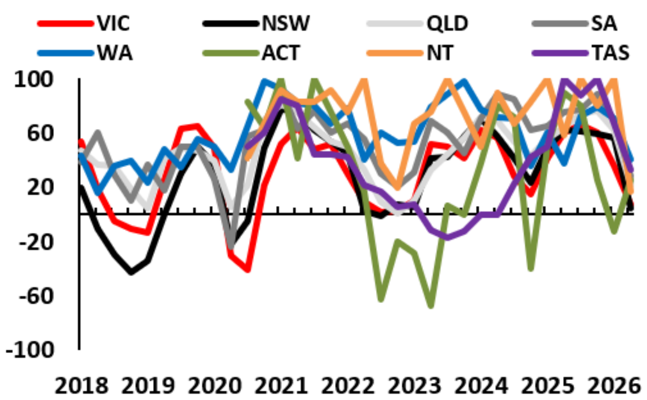
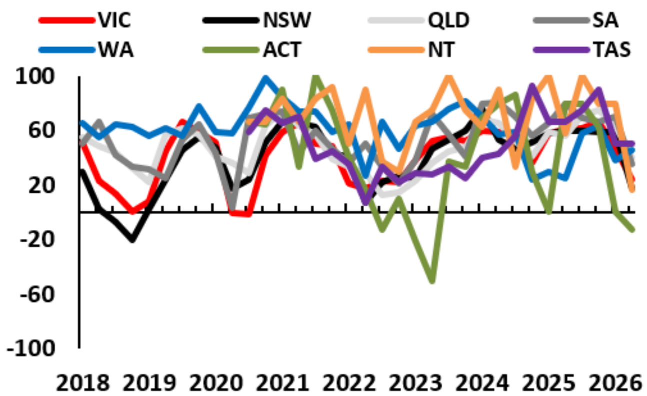


Chart 5: Residential Property Index: States - Next 2 years



Survey House Price Expectations

Table 2: Avg Survey House Price Forecasts (%)

	Next 12 months		In 2 years	
	Mar-26	Jun-26	Mar-26	Jun-26
Australia	**2.1**	**-2.5**	2.9	-0.9
Victoria	-0.3	-4.5	1.1	-2.6
New South Wales	1.3	-3.2	2.6	-1.5
Queensland	3.8	-1.5	4.6	0.7
South Australia	4.1	-1.1	3.6	0.0
Western Australia	5.5	-0.4	5.1	1.1
Australian Capital Territoty	-3.8	-4.0	-4.7	-8.0
Northern Territory	7.9	-1.7	7.3	-1.6
Tasmania	3.4	4.6	3.1	3.8

Chart 6: Avg Survey House Price Forecasts: States - Next 12 months (%)

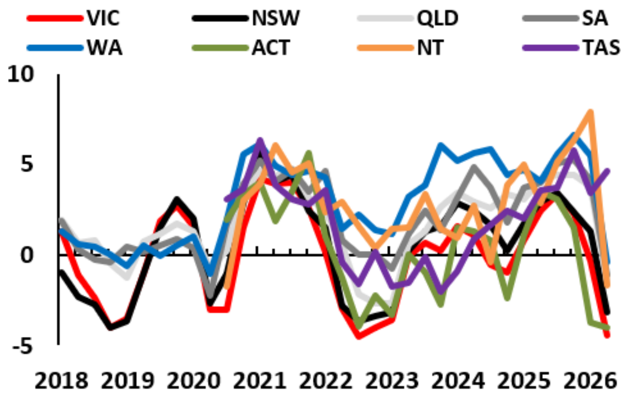
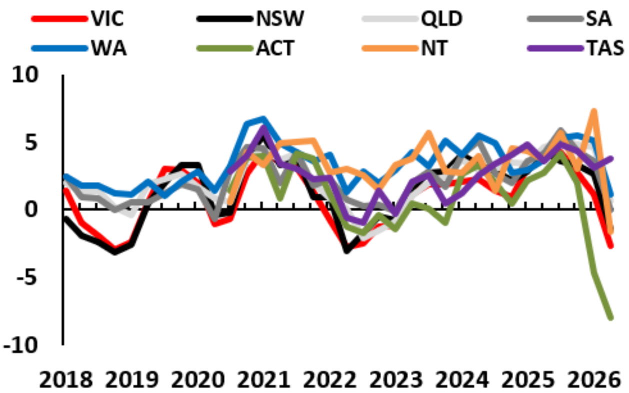


Chart 7: Avg Survey House Price Forecasts: States - Next 2 years (%)



Survey Rent Expectations

Table 3: Avg Survey Rent Forecasts (%)

	Next 12 months		In 2 years	
	Mar-26	Jun-26	Mar-26	Jun-26
Australia	**3.1**	**3.9**	**3.5**	**4.3**
Victoria	2.5	5.0	2.6	5.2
New South Wales	3.8	3.0	4.7	3.7
Queensland	3.0	4.6	3.7	5.4
South Australia	4.1	2.6	5.0	3.2
Western Australia	2.4	4.7	1.8	4.5
Australian Capital Territoty	0.9	3.4	1.4	-1.5
Northern Territory	4.4	1.8	4.5	4.6
Tasmania	4.6	0.0	2.6	1.3

Chart 8: Avg Survey Rent Forecasts: States - Next 12 months (%)

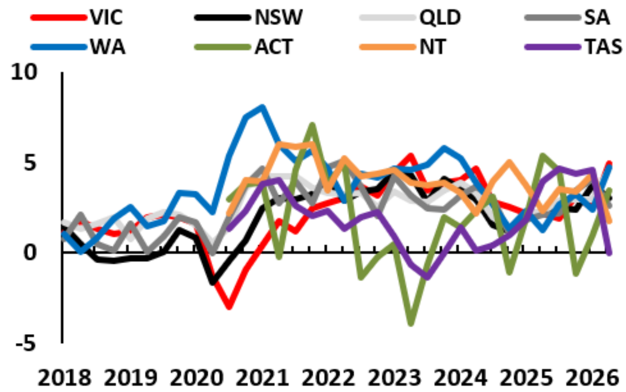


Chart 9: Avg Survey Rent Forecasts: States - Next 2 years (%)

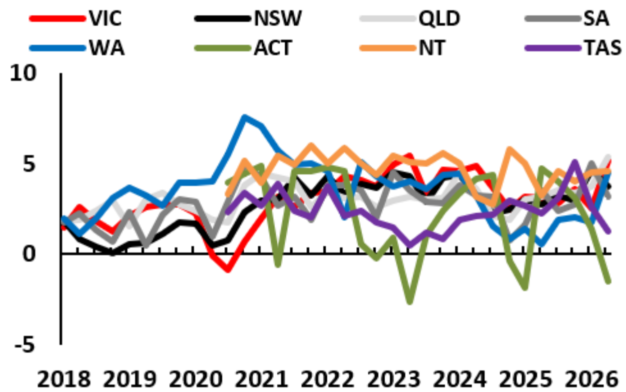


Chart 10: Housing Demand/Supply Balance for Rental Properties (net balance) - Main States

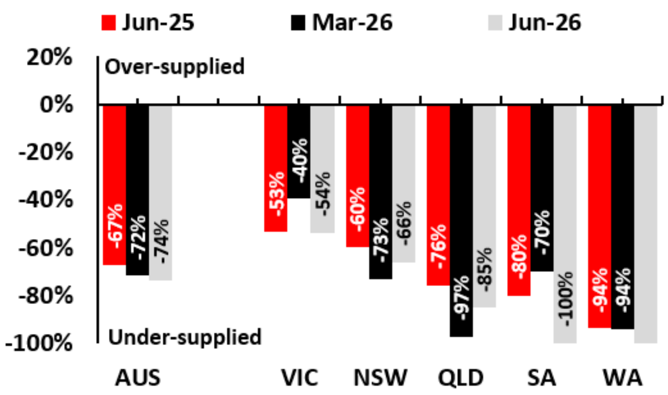
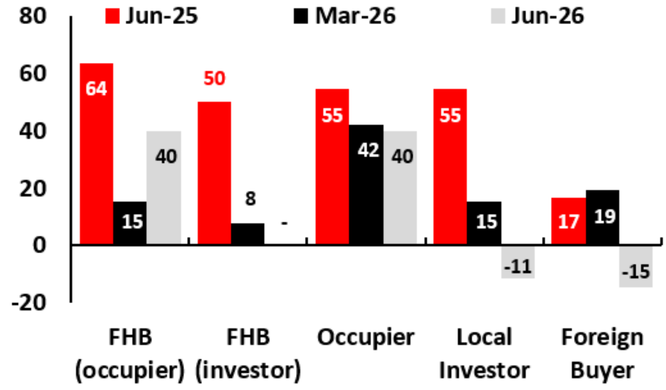


Chart 12: Expected Change in Share of New Property Buyers in Next 12m (net balance)



New Housing Markets

Chart 11: Buyers: New Developments (% share)

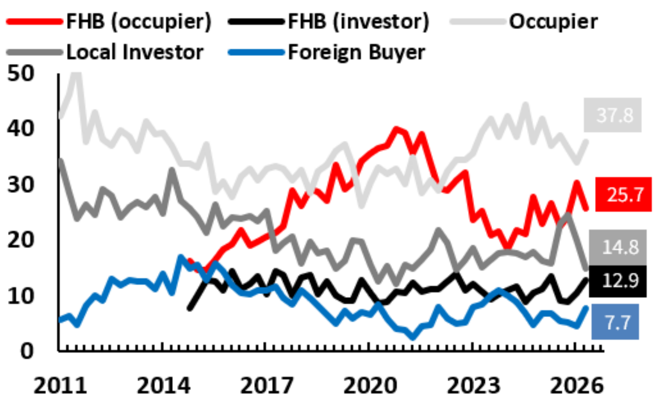


Table 4: Buyers: New Developments: Main States Q2 2026 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	18.3	17.5	23.3	.	44.0
FHB (investor)	13.3	5.5	11.3	.	20.0
Owner Occupier	35.8	57.5	39.2	.	22.6
Local Investor	17.5	9.5	22.2	.	7.0
Foreign Buyer	14.2	8.8	3.2	.	4.4

Barriers to Starting New Housing Projects

Chart 13: Main Barriers to Starting New Housing Developments (%)

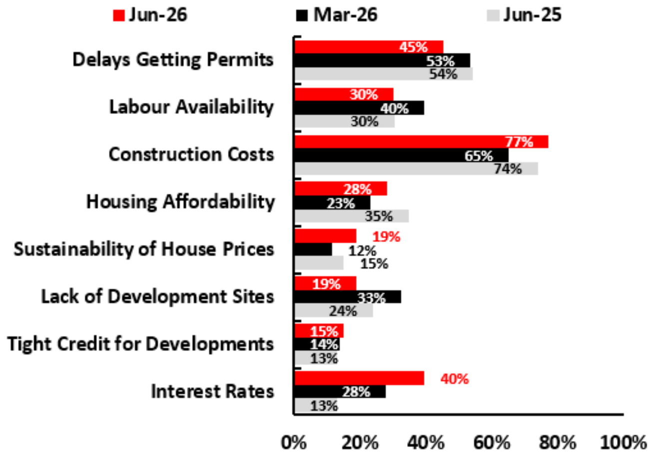


Table 5: Main Barriers to Starting New Developments: Main States Q2 2026 (%)

	VIC	NSW	QLD	WA
Interest Rates	64%	23%	33%	33%
Tight Credit for Developments	36%	8%	17%	0%
Lack of Development Sites	7%	15%	42%	22%
Sustainability of House Prices	29%	15%	25%	11%
Housing Affordability	50%	23%	25%	11%
Construction Costs	79%	92%	67%	78%
Labour Availability	21%	38%	17%	44%
Delays Getting Permits	36%	54%	50%	56%

Established Property

Chart 14: Buyers: Established Property (% share)

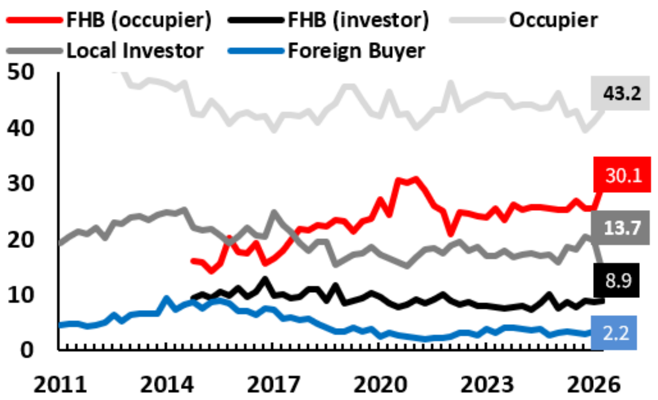
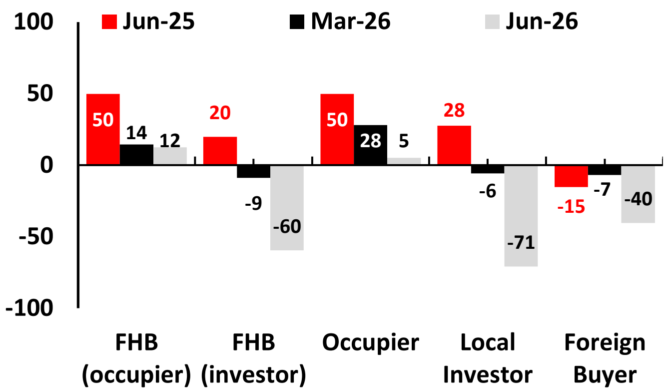


Table 6: Buyers: Established Housing: Main States Q2 2026 (%)

	VIC	NSW	QLD	SA	WA
FHB (occupier)	33.2	33.8	19.4	29.7	31.4
FHB (investor)	8.7	8.1	9.8	11.2	12.0
Owner Occupier	42.8	40.1	52.7	42.5	39.6
Local Investor	12.1	12.4	15.0	12.5	13.2
Foreign Buyer	2.8	2.4	1.9	0.8	2.3

Chart 15: Expected Change in Share of Established Property Buyers in Next 12m (net balance)



Established Housing Constraints

Chart 16: Constraints: Established Home Buyers

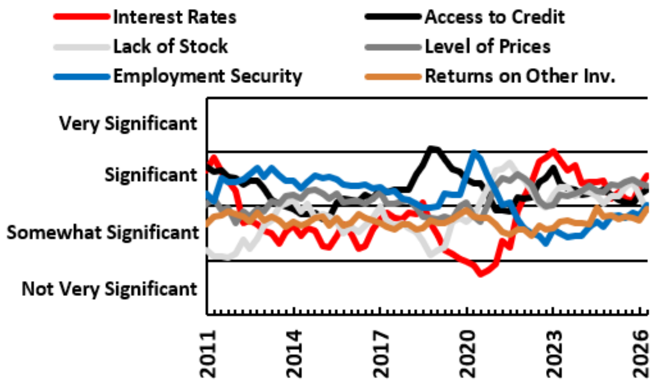
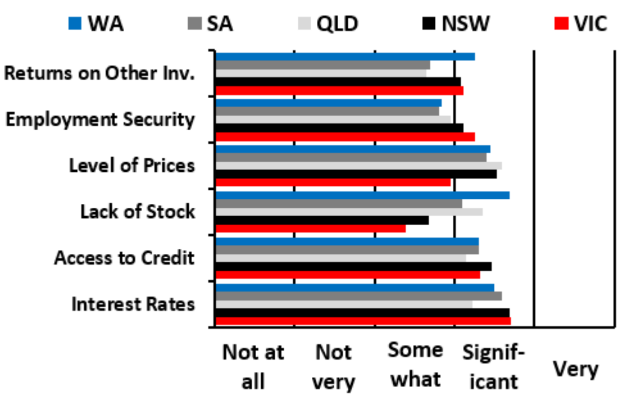


Chart 17: Constraints: Established Home Buyers – Main States Q2 2026



Foreign Buyers

Chart 18: Share of Total Demand for New & Established Housing: Foreign Buyers (%)

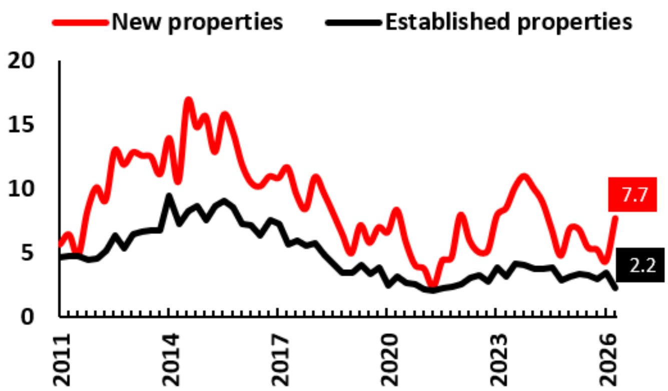


Chart 19: Share of Total Demand for New Property: Foreign buyers - Main States (%)

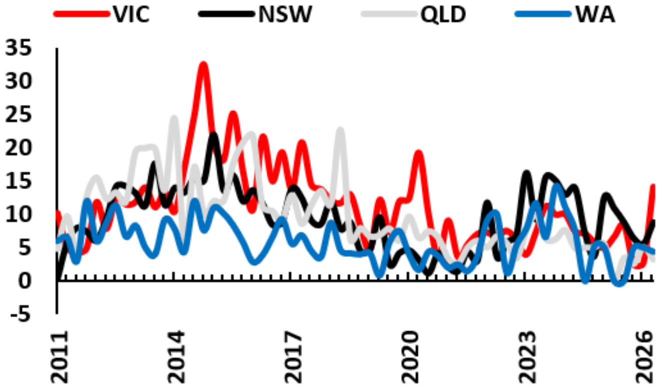


Chart 20: Share of Total Demand for Established Property: Foreign buyers - Main States (%)

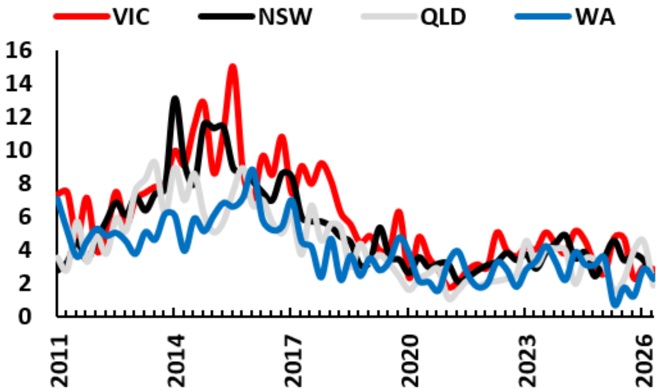
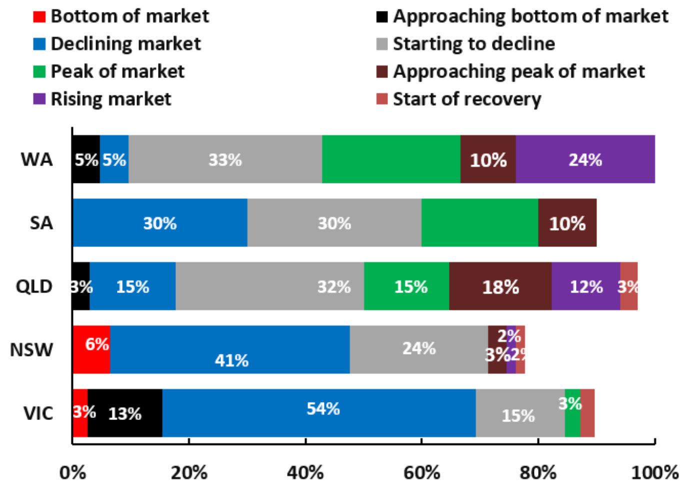


Chart 21: Degree to which rate change will boost demand



Special Questions:

Chart 22: Degree to which rate change will boost demand

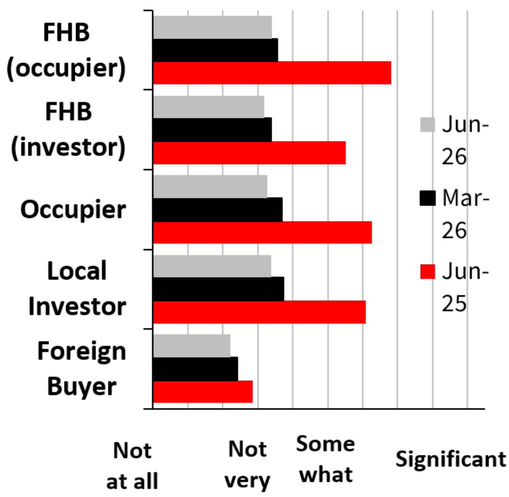


Chart 23: Degree to which the Federal Government 5% deposit will increase new home demand for First Home Buyers in the following property segments.

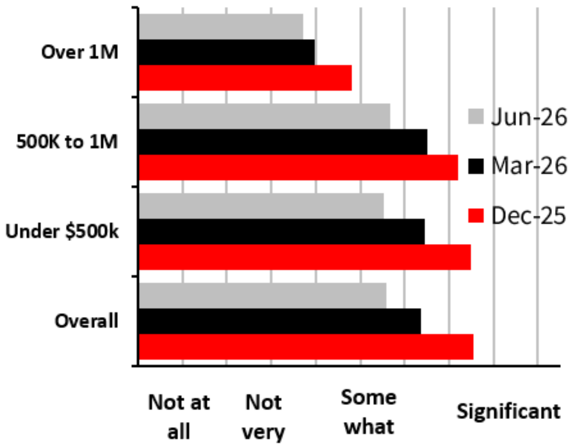


Chart 24: Impact of CGT and negative gearing changes likely to have on the following:

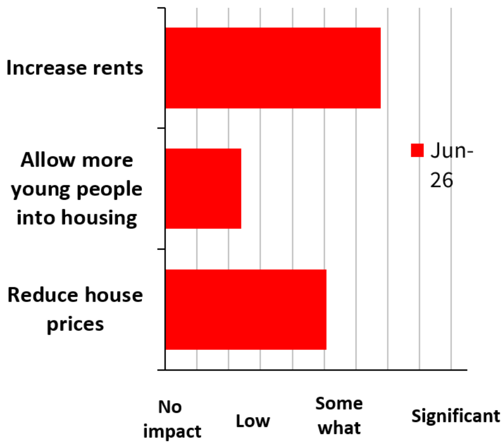
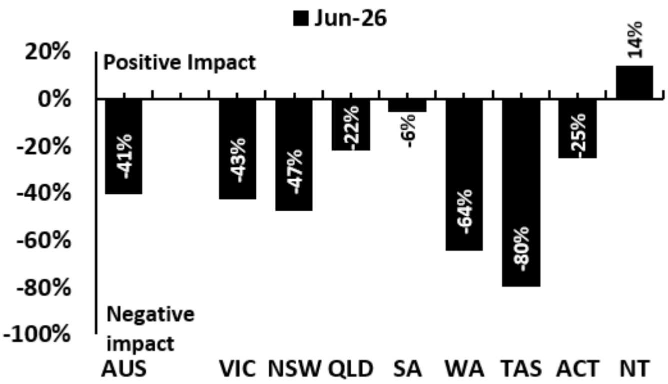


Chart 25: What impact will the changes to Capital Gains tax have on your business



About the survey

The NAB Quarterly Australian Residential Property survey was first launched in Q1 2011.

The survey was expanded from NAB's Quarterly Australian Commercial Property Survey, which was launched in April 2010.

Given the large number of respondents who are also directly exposed to the residential market, NAB expanded the survey questionnaire to focus more extensively on the Australian residential property market.

The large external panel of respondents consists of Real Estate Agents/Managers, Property Developers, Asset/Fund Managers and Owners/Investors.

Around 244 property professionals participated in the Q2 2026 survey.

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