

PROPERTY  
SENTIMENT  
REPORT  
**Q1 2026**

## EDITOR'S SUMMARY



The Q1 2026 Property Sentiment Report reveals a market at an inflection point. After several quarters of strengthening confidence and accelerating activity, sentiment has shifted sharply, even as underlying behaviour remains relatively resilient.

The most striking feature of this quarter's data is the disconnect between how investors feel and what they are doing. Confidence in price growth has fallen materially, and broader market sentiment has softened in response to rising interest rates, geopolitical uncertainty and ongoing policy debate. Yet, intentions to buy remain largely intact, and many investors continue to position themselves for long-term outcomes.

This suggests the current environment is not one of retreat, but recalibration. Investors are becoming more selective, more cautious and more focused on risk aversion, rather than stepping away from the market altogether.

Geographically, Queensland continues to attract strong attention, although activity appears to be normalising after a period of heightened demand. At the same time, Victoria has lost some favour, reflecting shifting perceptions around value and government levies and taxes.

From a strategic perspective, the data highlights a clear pivot. Long-term positioning, particularly for retirement, is becoming more prominent, while shorter-term, growth-focused strategies are losing some momentum. At the same time, improving rental returns is emerging as a more active consideration, reflecting the importance of income in a higher-rate environment.

The re-emergence of interest rates as the dominant influence on decision-making is another key theme, alongside a rapid rise in concern around geopolitical instability. These factors, combined with ongoing supply constraints, are shaping a more complex investment landscape.

Overall, the market remains active, but no longer unquestioningly optimistic. For investors, the message is clear: opportunity still exists, but it requires a more disciplined and considered approach than in previous quarters.

## SURVEY RESPONDENT PROFILE

### CURRENT STATUS



**43%**  
Seasoned investor



**35%**  
Owner-occupier



**9%**  
First-time investor



**6%**  
Rentvestor



**4%**  
Renter

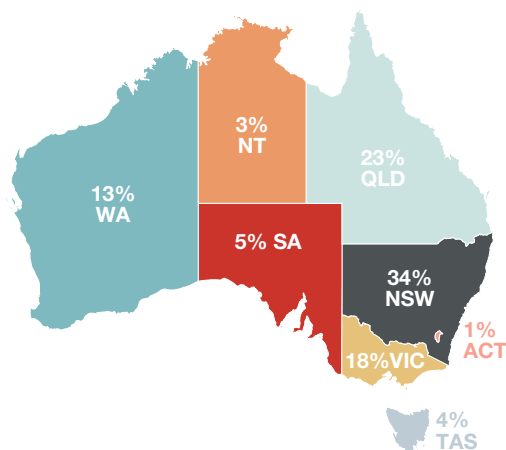


**1%**  
First home buyer

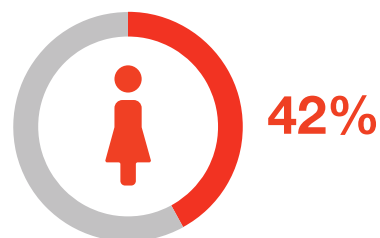
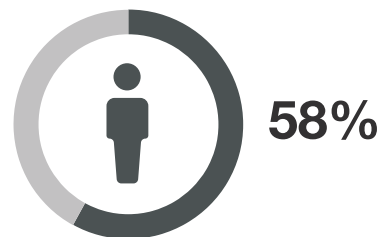


**3%**  
Other

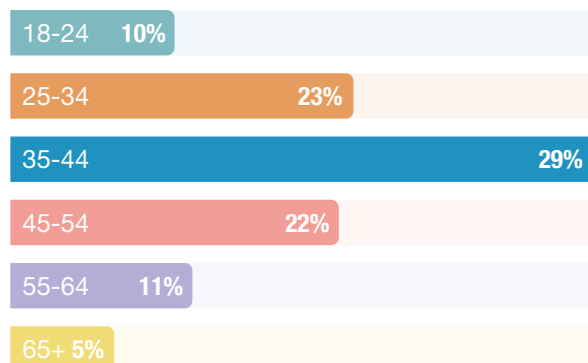
### LOCATION



### GENDER



### AGE



## KEY FINDINGS

### 1 Queensland holds firm as Victoria loses momentum

Investor preferences remained remarkably stable this quarter, with Queensland continuing to lead as the state with the best property investment prospects over the next 12 months.

The proportion of respondents favouring Queensland closely aligns with where investors already hold assets, reinforcing the idea that familiarity and existing exposure continue to guide decision-making. However, while Queensland remains dominant, activity has moderated from the peaks seen in late 2024.

Victoria, by contrast, has seen a noticeable decline in investor interest, signalling a shift in sentiment away from what was previously considered a value-driven opportunity.

Transaction data reflects a more nuanced picture. While Queensland continues to attract buyers, the proportion of sellers has increased significantly, suggesting some investors are taking profits after a strong growth cycle.

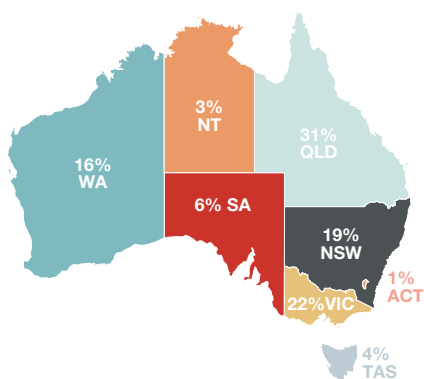
Among smaller markets, Tasmania has gained traction, while the ACT and Northern Territory have fallen further out of favour.

#### Further reading:

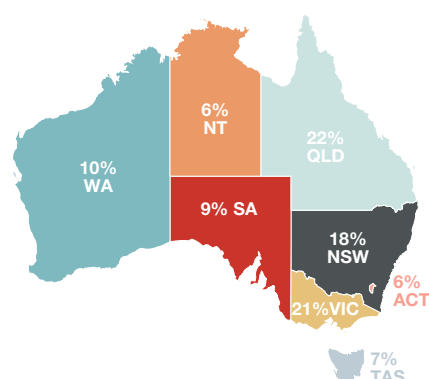
[Where smart investors are buying in 2026: the suburbs and states set to outperform](#)

[There's more to Queensland's red hot property market than Brisbane](#)

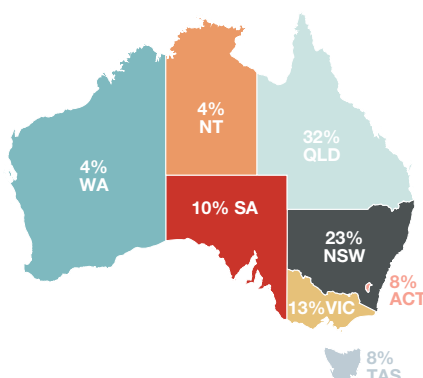
State with best property investment prospects for the next 12 months?



In which state(s) did you PURCHASE property(s) in the last 3 months?



In which state(s) did you SELL your property(s) in the last 3 months?



## 2 Profit-taking rises as policy concerns gain ground

Profit-taking has strengthened its position as the leading reason for selling property, widening its margin this quarter and reinforcing the impact of recent price growth across multiple markets.

More notably, rental reforms and legislative changes has surged into second place, more than doubling since mid-2025. This sharp rise highlights the growing influence of policy uncertainty on investor behaviour, particularly in a tightening regulatory environment.

Despite these selling motivations, forward intentions remain strikingly consistent. Buying residential property continues to dominate as the primary goal over the next 12 months, reflecting the enduring role of property as a core investment strategy.

The contrast between rising reasons to sell and stable intentions to buy underscores a market that is adjusting, rather than retreating.

### Further reading:

[Investor demand accelerates as the market enters 2026](#)

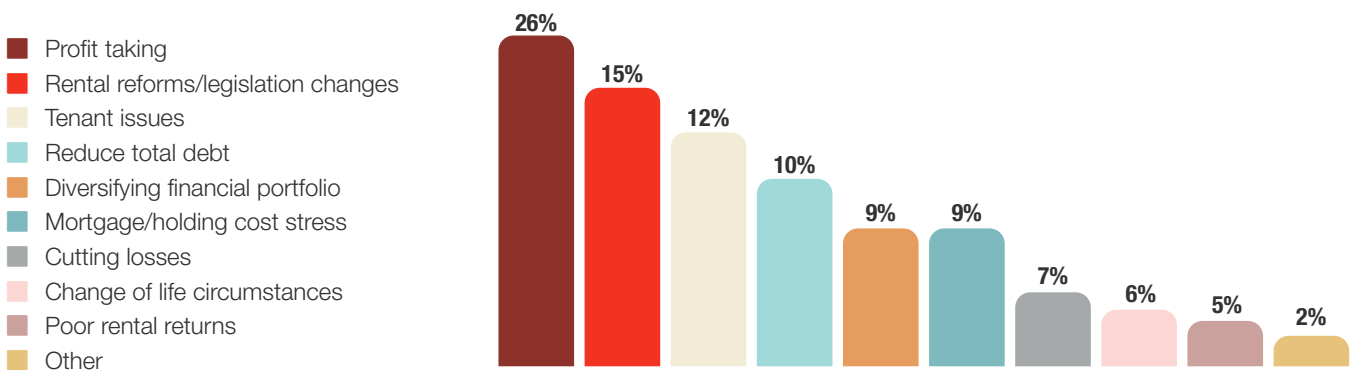
[The easy money era in property is over](#)



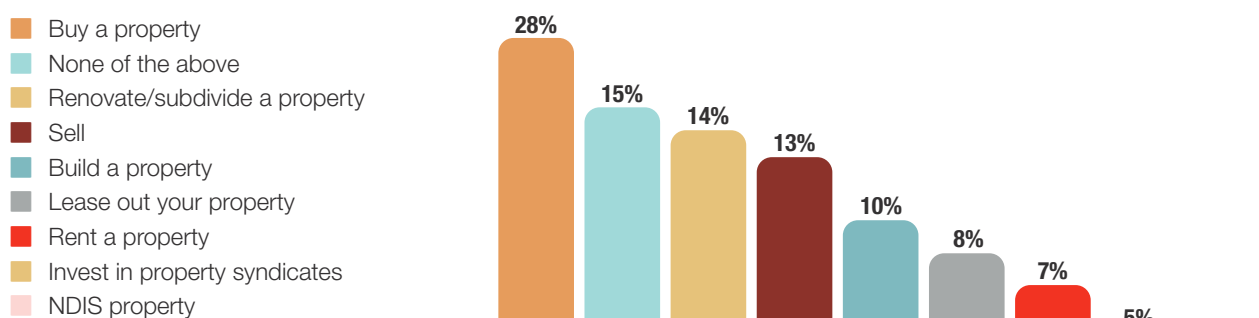
*With property prices increasing so fast, owner-occupiers, upgraders and downsizers are all reluctant to sell as there are limited rental options while searching for the next property."*

**Q1 2026 Survey respondent**

## What factors contributed to you selling your property(s)?



## In the next 12 months do you intend to:



## Buyers begin to look beyond detached houses

Investor purchasing intentions remain steady in terms of how buyers plan to enter the market, but the type of property being targeted is beginning to shift.

Detached houses, while still the dominant choice, have edged lower for a second consecutive survey. In contrast, most alternative property types have recorded modest gains, suggesting investors are becoming more flexible in response to affordability constraints.

This trend reflects a gradual broadening of focus, with buyers increasingly considering options that may offer better relative value, higher rental yields or lower entry costs (such as in the case of residential property funds).

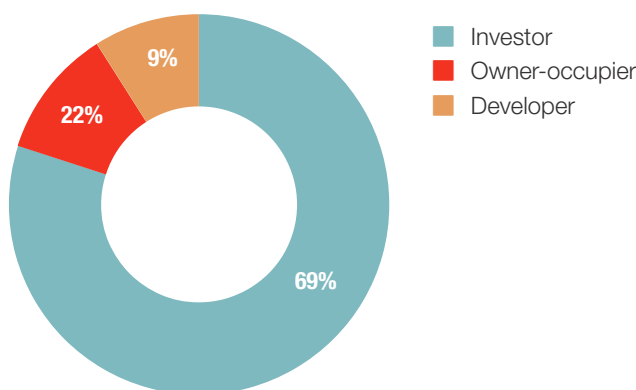
While not a dramatic shift, it signals an early move away from the traditional preference for standalone houses, as investors adapt to higher price points and changing market conditions.

### Further reading:

[Perth units outpacing houses, but which property types are delivering the best returns](#)

[Housing shortage drives SMSF shift as investors rethink property exposure](#)

## In what capacity do you plan to procure a property in the next 12 months?



## What sort of property are you considering to purchase in the next 12 months?



**36%**

Detached house



**20%**

Townhouse/Villa



**19%**

Unit/Apartment



**12%**

Commercial asset



**6%**

Vacant land



**4%**

Rural

**2%**

Other

## Landlords hold steady despite shifting conditions

Landlord attitudes remain largely unchanged this quarter, reflecting a degree of stability in rental market behaviour despite broader economic uncertainty.

Most investors continue to balance rental returns with tenant retention, rather than aggressively pursuing maximum rent at the expense of stability. Expectations around acceptable rental yields also remain consistent, indicating that investor benchmarks have not materially shifted.

This stability suggests that, while external pressures such as rising rates and policy changes are increasing, landlord behaviour is still being guided by long-term considerations rather than short-term reactions.

### Further reading:

[Rental squeeze reshapes investor equation as unit markets tighten](#)

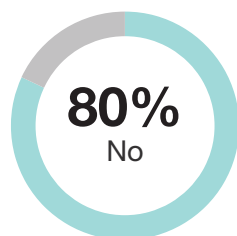
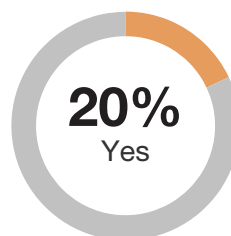
[Will rent reforms push rents higher?](#)



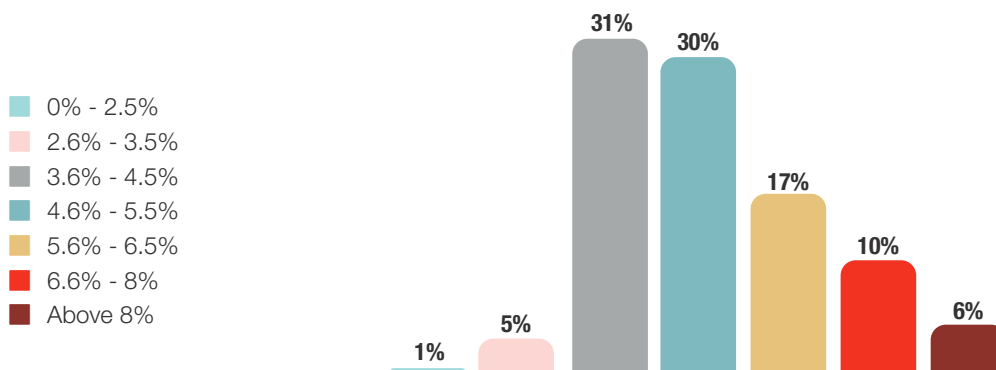
*Rental yields are not as attractive these days and with so much regulation investors are focusing on capital growth instead."*

**Q1 2026 Survey respondent**

## Would you be willing to lose a good tenant to pursue the highest possible rent return?



## What do you regard as a satisfactory rental yield on an investment property?



## Sentiment drops sharply as uncertainty rises

Market sentiment has declined significantly this quarter, marking one of the most pronounced shifts in recent surveys.

The proportion of respondents expecting property prices to rise has fallen sharply, reflecting growing uncertainty across the market. A similar pattern is evident in regional sentiment, where expectations for continued growth have also weakened.

This downturn extends beyond a single factor. While global instability has played a role, domestic influences, including rising interest rates, affordability constraints and policy, are also contributing to a more cautious outlook.

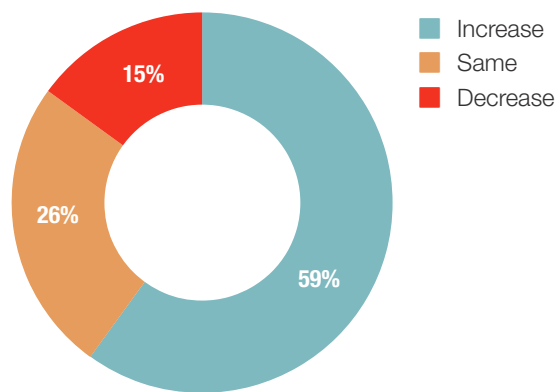
The result is a market that remains active, but far less confident in the near-term trajectory.

### Further reading:

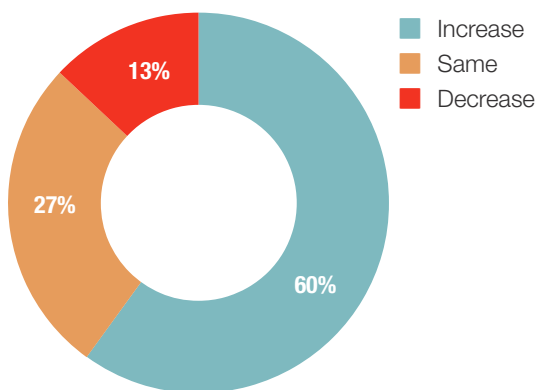
[Perth booming, Brisbane selling in days — but cracks are forming in Australia's property market](#)

[War, petrol prices and property: what it means for investors in 2026](#)

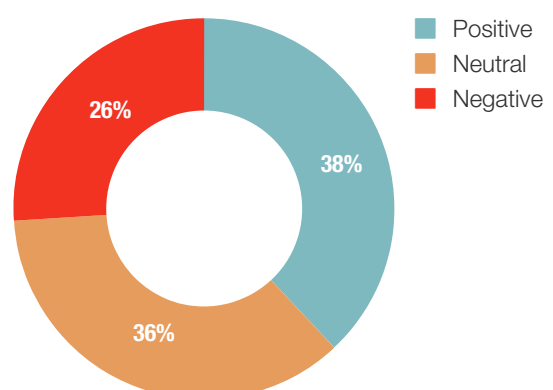
### What direction do you see Australian property prices heading?



### In the next 12 months do you expect regional property prices to:



### How do you feel about the current Australian property market?



## 6 Rates, supply and geopolitics dominate decision-making

Housing supply and interest rates remain the most influential factors shaping investor decisions, underscoring their continued importance in the current market cycle.

However, geopolitical instability has emerged rapidly as a major consideration, rising faster than any other factor despite the feedback of many respondents arriving before the Middle East conflict had fully erupted. This reflects the speed at which global events are now feeding into local investment sentiment.

Building costs have also moved higher in the rankings, highlighting ongoing pressure within the construction sector.

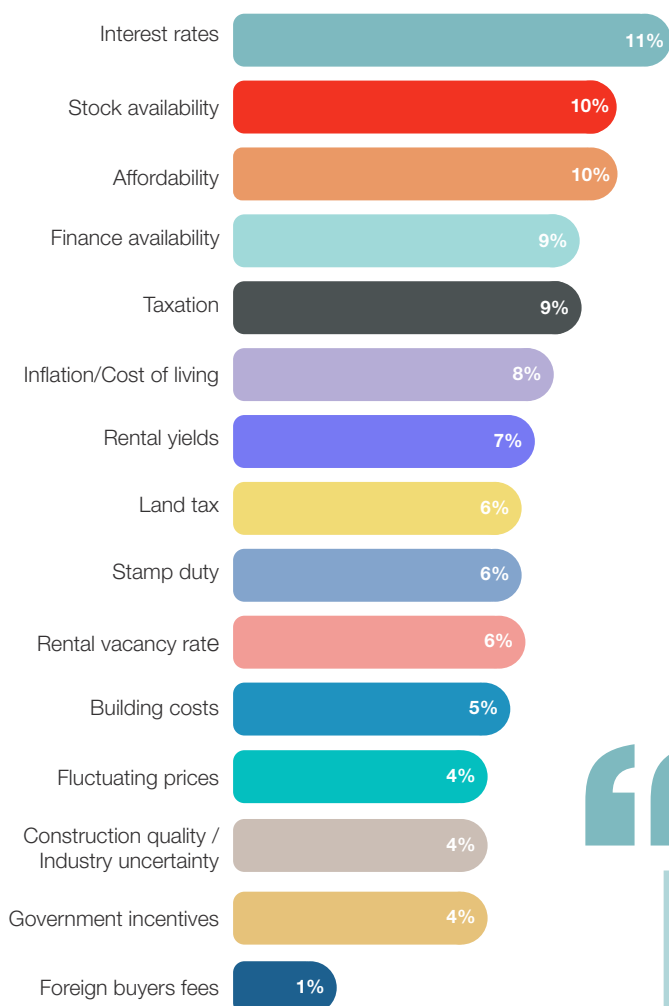
Interest rates, which had briefly receded as a primary concern when conditions stabilised, have reasserted themselves as the dominant influence as rate pressures return. At the same time, taxation concerns have risen sharply amid increasing policy debate.

### Further reading:

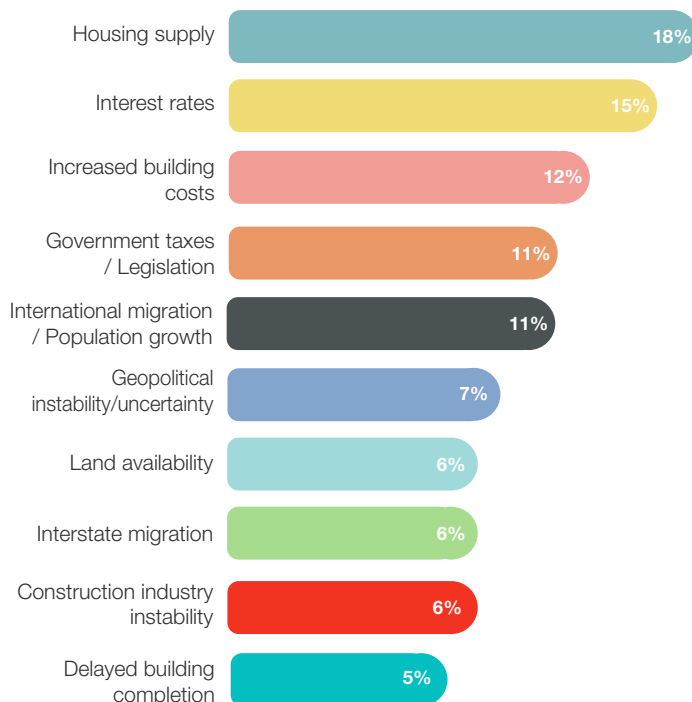
[Huge spike in inflation could spell big trouble for borrowers](#)

[Copper price shock set to hit construction costs and housing delivery](#)

### Which factors would influence your property decision-making in the next 12 months?



### Which factors are having the largest impact on property prices?



Market sentiment remains uncertain due to factors such as rising inflation and interest rates, employment uncertainty, and strong migration-driven population growth, all of which are affecting affordability and buyer confidence."

**Q1 2026 Survey respondent**

## 7 Financial stress levels remain contained

Despite rising interest rates and broader economic pressures, reported levels of mortgage and rental stress have remained largely unchanged since late 2024.

This stability suggests that many households are still managing current conditions, supported by accumulated savings and relatively strong financial buffers.

While this resilience may be tested if cost pressures continue to build, the data indicates that, for now, financial stress is not escalating in line with rising rates.

### Further reading:

[What the top 10 suburbs of 2025 reveal about Australia's affordability crunch](#)

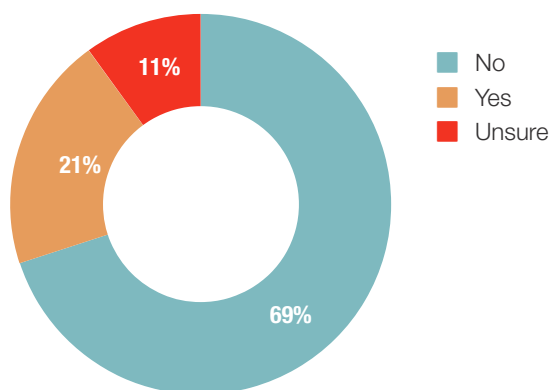
[Rents massively outpacing wages as rental crisis deepens](#)



*I see property prices falling by the end of the year due to geopolitical uncertainty, but high rates could lead to more housing cost stress."*

**Q1 2026 Survey respondent**

## Do you regard your household as being under mortgage or rental stress?



## Have you slipped into mortgage/rental stress within the past year?



## 8 Long-term strategy overtakes short-term growth

Positioning for retirement has further entrenched itself as the leading property investment strategy, highlighting a growing focus on long-term outcomes.

At the same time, the appeal of simply buying an investment property has declined, suggesting a more considered approach to portfolio expansion.

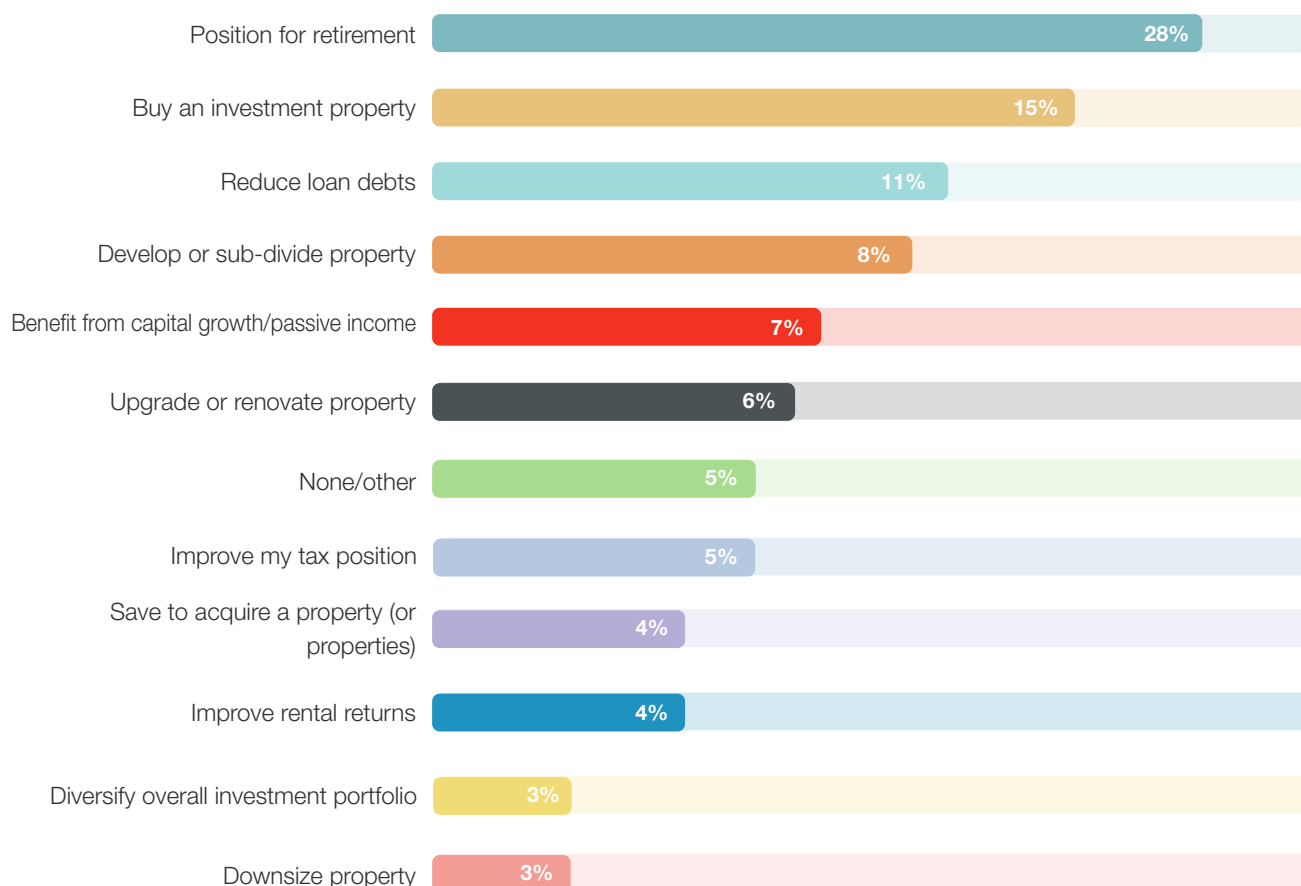
Notably, improving rental returns has risen sharply as a priority over the past six months, indicating that income generation is becoming more of a focus in a higher-rate environment.

Together, these shifts point to a more strategic mindset, with investors placing greater emphasis on sustainability and income rather than purely focusing on capital growth.

### Further reading:

[Why time, not timing, makes the biggest difference in property investing](#)  
[Property remains king but investors diversifying their strategies](#)

## What is your main financial property investment strategy in the next 12 months?



## Fewer investors ready to act as economic concerns rise

The proportion of respondents indicating they are ready to buy immediately has declined sharply, signalling a more cautious approach to entering the market.

While life circumstances remain the most common barrier, concerns about the direction of the economy have risen significantly, reflecting broader uncertainty.

Interestingly, traditional constraints such as interest rates and employment concerns remain relatively minor factors in preventing investment activity, despite unemployment and interest rates rising.

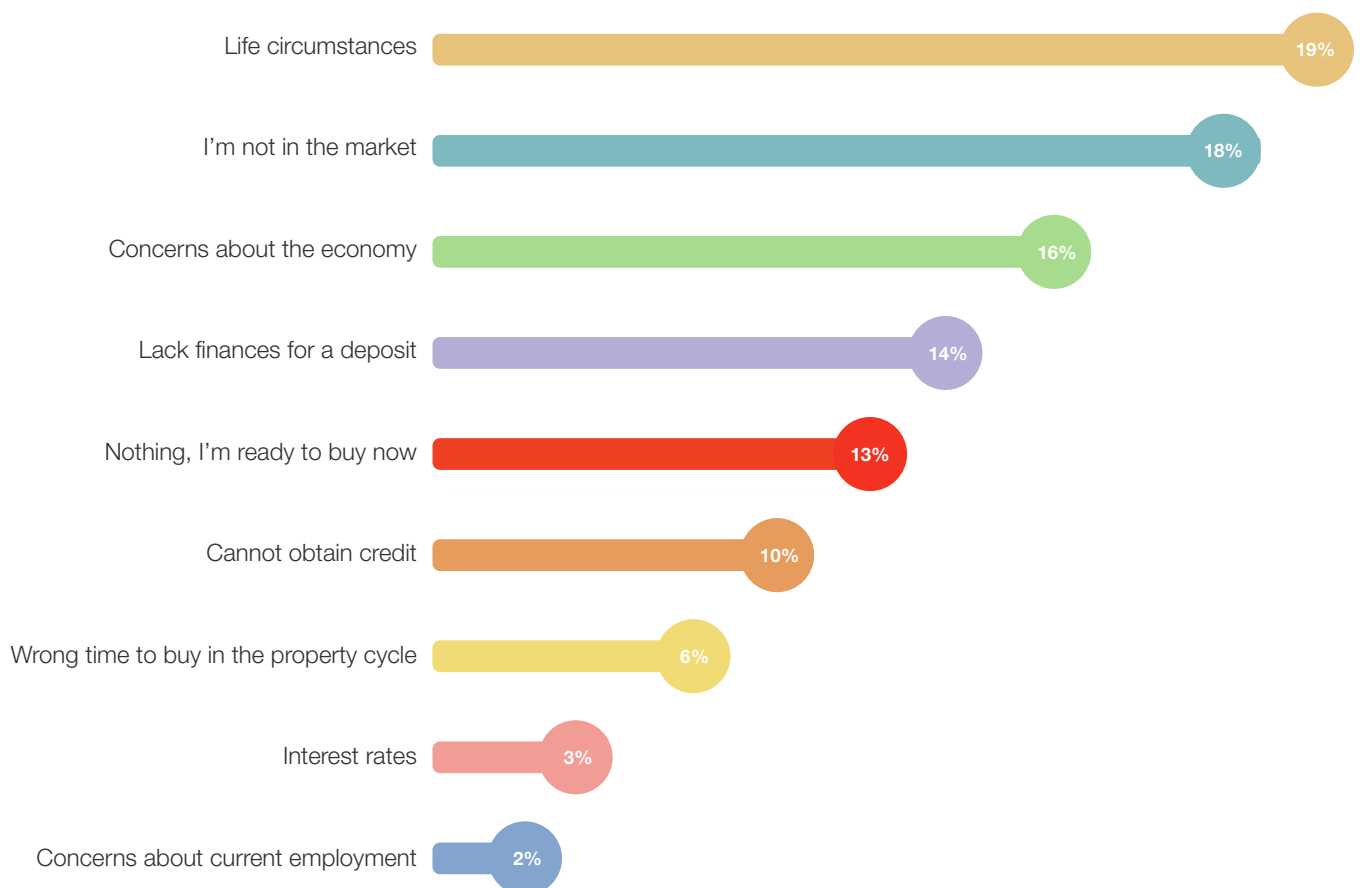
This suggests that while investors are not being forced out of the market, they are becoming more hesitant, weighing external risks more carefully before committing.

### Further reading:

[What global conflict could mean for your mortgage repayments](#)

[How the Iran war could hit Australian inflation, interest rates and property prices](#)

## What is the main factor stopping you from buying an investment property?



# About Australian Property Investor Magazine

Established in 1997, Australian Property Investor Magazine is one of Australia's leading property information brands.

At the heart of our innovative online publication, we are passionate about protecting the interests of our audience of investors, homebuyers and property professionals through best in market property education, information and research.

Continuing more than 30 years of API Magazine tradition, investor stories continue to be a prominent feature of the platform. Through step-by-step examples, outlining real-life strategies, audience members can learn from and emulate the success of those who have already achieved.

We are focused on providing a rich source of breaking news, analysis and feature articles on all aspects of the property sector.

Data collected between 30/03/26 and 26/04/26 from 313 respondents.  
Report compiled and authored by Craig Francis, Editor.

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