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Residential

InFocus

An overview of Canberra’s residential property market and the key trends we have identified.

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Welcome

Wayne Harriden
Residential Director & Licensee

Welcome to this year's edition of Residential InFocus. We're pleased to share our insights on how Canberra's property market performed in FY2025–26 and provide guidance on what you should be looking to do over the next 12 months, whether you're a first home buyer or seasoned investor.

Canberra's property market has experienced varied conditions across different segments over the past year. Projects and established units have faced challenges, with a significant number of developments completed simultaneously. This influx of new supply has intensified competition, particularly in higher density locations, while rising construction costs have continued to place pressure on the new housing market and contributed to completed properties being priced at a premium.

The established house market, while facing its own challenges, generally offered better value and stability throughout the year. Demand in this segment remained relatively strong, particularly for more accessible price points, although buyer activity became more measured as market conditions evolved.

Patience has been key for vendors and agents, as buyers have taken a more diligent approach to decision making. Uncertainty around interest rates contributed to a more cautious market, with purchasers spending longer reviewing contracts, completing due diligence and ensuring their finances were in order before committing. Despite this, our Civium agents continued to see healthy enquiry levels and demand, highlighting the underlying resilience of the Canberra market.

Established Market

Josh Finnigan
Residential Sales Executive

- **Clearance rates improved year-on-year for most of FY 25-26 (except for May where we saw a 12% decrease compared to 12 months prior).**
- **Median house prices increased by 0.83% year-on-year, unit prices decreased by 1.31% in the same period.**
- **New reforms announced changes to Negative Gearing and CGT which will impact investments in the established property market.**

Canberra's established property market continued to demonstrate stability despite ongoing global uncertainty. Buyer confidence appeared to improve towards the end of 2025, supported in part by changes to first home buyer incentives, but has dipped in Q2 2026. The impact of the Middle East conflict, and the most recent Federal Budget, is beginning to be reflected in market data.

Auction Clearances

According to data from Allhomes, Canberra auction clearance rates strengthened throughout Spring 2025 compared to the same period in 2024, averaging approximately 63% versus 56% the year prior. Clearance rates also showed slight year-on-year improvement across the broader 2025 period.

There has been a drastic shift in clearance rates within the last two months, with clearances falling to under 40% for the first time in 7 years (June 2026). Uncertainty around interest rates, and the most recent Federal Budget announcements concerning CGT and Negative Gearing, are likely contributing to this market uncertainty and dip in confidence.

Median Prices

As of March 2026, Canberra's median house price improved overall to $1,140,000 for detached houses. The unit market dipped for the third onsecutive quarter to $611,000.

Compared to the rest of Australia, Canberra's housing market is comparatively stable, although not a growth leader nationally. Price data from Domain shows that Canberra continues to grow, but at a slower pace than the booming markets of Perth, Brisbane and Adelaide.

What Buyers Want

From what we're seeing in the market, the four-bed, two-bath, two-car detached home continues to be the most highly sought-after product for Canberrans. While the Inner North remains tightly held, areas around Belconnen and Gungahlin have experienced higher levels of activity. These locations, where homes were previously beyond the reach of many first home buyers, have seen increased demand and, in turn, price growth.

The flow-on effects of the changes to the First Home Buyer Guarantee are yet to be fully realised, however, early indications suggest that supply has not kept pace with demand, resulting in upward pressure on prices for detached housing.

Changes to Negative Gearing

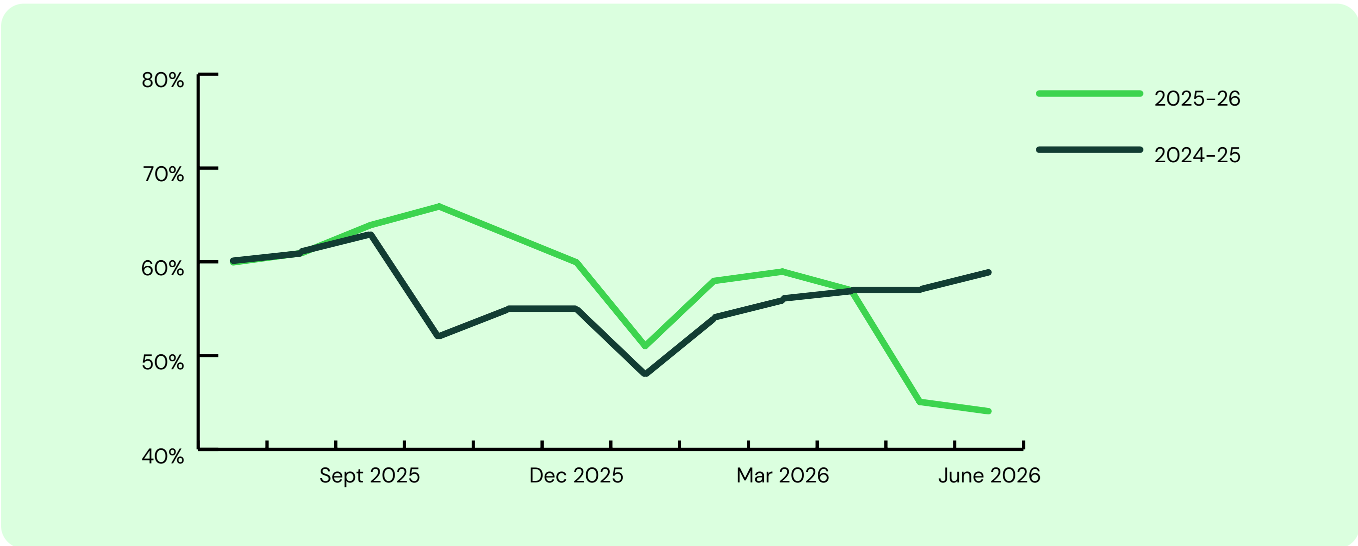
The Federal Government's proposed Negative Gearing reforms are designed to encourage investment into new housing rather than established homes. Under the changes, investors purchasing established properties after the commencement date (1 July 2027) will generally no longer be able to offset rental losses against their wage income, while new-build investments will retain the current tax benefits.

For the established market, this is expected to reduce investor demand and competition, particularly in price brackets popular with first-home buyers or upsizers. Investors are also likely to place greater emphasis on rental yield and cash flow, rather than relying on tax benefits and future capital growth. While prices are not expected to fall significantly, price growth may moderate.

Looking Ahead

Great homes will always sell. Vendors with quality homes should remain confident in the market, particularly following the Reserve Bank's recent decision to hold interest rates in June, which will provide a boost to buyer confidence. Sellers may need to be more patient throughout the sales process and open to investing in initiatives that improve a property's reach and appeal.

This can include professional styling, targeted social media marketing and videography, alongside traditional photography, all of which can help a property stand out and maximise buyer engagement in a more competitive market.



Canberra auction clearance rates strengthened throughout Spring 2025 compared to the same period in 2024, averaging approximately 63% versus 56% the year prior. The trend did shift downwards comparatively from April. Source: Allhomes.

Project Marketing

Cassandra Murphy
Project Sales Executive

- **Over 4,300 new builds were approved in the 2025 calendar year (currently on track to be below the ACT's target of 30,000 by 2030).**
- **Multiple completed developments in high-density pockets have led to increased supply competition in these areas.**
- **Townhouses are currently a strong performer in the Canberra market, becoming increasingly difficult to secure for buyers.**

The Projects (new apartment or townhouse stock) sector faced some challenges in the ACT this year. A significant number of developments were completed simultaneously, increasing supply and intensifying competition. This was especially evident in high-density areas such as Lyneham and Phillip. Buyers have become increasingly cautious and value-driven due to affordability pressures and interest rate uncertainty. Higher building costs are only increasing pressure to a stretched sector.

New Builds

According to data from the Property Council of Australia, the ACT approved over 4,300 new dwellings in the calendar year to December 2025. Whilst this is an increase from the previous calendar year, these numbers indicate the ACT is currently under its target of delivering 30,000 new homes by 2030.

Data from The Australian Bureau of Statistics has shown the average cost to build a new home in the ACT is now $563,824. This has increased by nearly 25% compared to the FY19-20, when costs were around $450,000.

Apartment Supply

High-density apartment pockets within Canberra's core areas, particularly the Inner North and Woden, have experienced longer transaction periods and increased competition as several developments reached completion around the same time.

Strong Performers

Townhouses continue to perform strongly and are becoming increasingly difficult to secure, highlighting solid demand for this product type. Properties located in and around town centres also remain attractive from an investment perspective, particularly where they offer something different to the broader market.

In addition, energy efficiency, flexible work-from-home layouts, storage, and lifestyle convenience continue to be important considerations for enquiries. Above all else, buyers want something 'different'. We're seeing 'cookie-cutter' stock remaining on the market for longer, whereas stock with something unique to offer, whether it be the size, amenities, or location, have been more popular.

FIRB Investment

Changes to foreign investment rules, which now limit purchases to new properties, have had a noticeable impact. Foreign buyers are generally restricted to purchasing new or off-the-plan properties, rather than established homes.

This is designed to support housing supply and limit competition with local buyers. These measures have provided strong support for the Projects market, with increased enquiry from FIRB-approved buyers.

Advice for Developers

Developers should keep an eye on the level of competition that's in the market where they're going to release, and they need to price accordingly. At the same time, Projects need to offer something that stands out. This could be location, price point, layout or overall design.

Buyers in the Projects market are now very well informed, and have a wider range of options to choose from than ever before. If a Project feels the same as everything else available, it is more likely to struggle.

Looking Ahead

Based on current trends, the most appealing investment opportunities are on the fringes of town centres, where tenants can still access key amenities and lifestyle offerings without being directly in high-density areas.

Legislations to Watch

Negative Gearing & CGT Reforms: Tax concessions limited to new builds, encouraging additional housing supply.

ACT Missing Middle Reforms: Supports more duplexes, townhouses and low-rise housing in established suburbs.

ACT First Home Buyer Stamp Duty Abolition: Removes stamp duty for eligible first home buyers from July 2026.

Help to Buy Scheme: Shared equity program reducing deposit and mortgage costs for eligible buyers.

Property Management

Debbie Stanojevic
Senior Property Manager

- **Higher interest rates, council rates, insurance and maintenance expenses are contributing to reduced returns for investors.**
- **Yields are sitting around 3.8% and 5.3% for houses and units respectively.**
- **Proposed changes to negative gearing are aimed to shift investor focus to new builds.**

Over the past financial year, the dominant theme has been stabilisation after several years of extreme rental demand. Canberra's rental market continued to see growth over FY2025–26, although the pace has slowed compared to the strong post-pandemic period. Investor sentiment became more cautious throughout the year, largely due to regulatory changes, rising holding costs and uncertainty around changes to incentives.

Challenges Ahead

The biggest challenge for landlords is not demand, it's rising costs. Higher interest rates for much of the financial year, increased property rates, insurance and maintenance expenses, along with more complex compliance requirements and tighter restrictions around rent increases, have all contributed to reduced returns.

As a result, many investors have experienced tightening cash flow, even as rental prices have remained relatively strong.

Strong Performers

Investors are generally seeing stronger yields in areas such as Gungahlin, Bruce, Phillip, Belconnen and Braddon. These locations benefit from proximity to employment hubs, universities, transport and lifestyle amenities while still offering relatively affordable entry prices.

The strongest cash flow is typically seen in one-bedroom and smaller two-bedroom apartments, as well as well-located townhouses. Properties close to major employment centres and light rail corridors also perform well. Detached homes continue to offer lower yields despite long-term capital appeal.

Legislative Advice

Recent legislative changes in the ACT are continuing to shape the investment landscape. Rent increases are generally limited to once every 12 months, with landlords required to provide at least eight weeks' notice, and increases typically tied to CPI unless exemptions apply. For tenanted properties, this limits the ability to adjust rents to market levels.

At the same time, tenant rights have expanded, particularly around property modifications, with fewer grounds for refusal without tribunal involvement. Minimum standards for rentals are gradually increasing, with a focus on energy efficiency, habitability and tenant protections. As a result, investors should plan for ongoing compliance costs as part of holding a rental property.

To Hold or Sell?

Many landlords are now experiencing tenant turnover as renters who entered the market during the COVID period begin to move on. While this can create short-term vacancy, it also presents an opportunity to reset the property.

In many cases, these longer-term tenancies sat below the current market rent. When a lease changes, investors have the chance to carry out minor upgrades, improve presentation, and align rents with market levels, within legislative limits.

Looking Ahead

Looking ahead to the next 12 months, Canberra's rental market is expected to remain stable. Vacancy rates are likely to stay low, with moderate rental growth rather than the sharp increases seen in recent years. We believe demand will continue to favour well-presented, energy-efficient homes, while some apartment-heavy precincts may offer tenants greater choice.

For investors with manageable debt levels, the current environment generally supports holding and improving existing assets rather than selling, particularly given the more subdued growth conditions compared to the COVID-era market.

Canberra remains a market where yield varies significantly by property type. Recent market data suggests houses are averaging around 3.6% gross yields, while units are around 5.3%. Vacancy rates remained tight by historical standards, generally sitting around 1 to 1.5% across much of the city.

3.6%

Average House Rental Yields

5.3%

Average Unit Rental Yields

1.3%

Average CBR Vacancy Rate

Notable Sales

160 Kent Street
HUGHES
3 Bed • 2 Bath • 2 Car • 870m2
$1,260,000

10 Sunray Street
TRALEE
3 Bed • 2 Bath • 2 Car • 400m2
$972,500

126 Burramarra Avenue
NGUNNAWAL
3 Bed • 2 Bath • 1 Car • 374m2
$890,000

Current Projects

Debut
WRIGHT
1 – 5 bedroom homes
Completed 2025

Allegro
THROSBY
3 – 4 bedroom homes
Completed 2024

Marigold
TAYLOR
2 – 3 bedroom homes
Under Construction

Notable Rentals

3A Gouger Street
TORRENS
4 Bed • 2 Bath • 2 Car
$1,000 per week

423/34 Eyre Street
KINGSTON
3 Bed • 2 Bath • 2 Car
$990 per week

3/67 Macleay Street
TURNER
3 Bed • 2 Bath • 2 Car
$950 per week

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