Investor Report

2026

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Every figure in this report reflects a real decision made by an investor – someone weighing risk, thinking long term, and working to build financial security in a complex market. For many, that journey is still in its early stages.

Investor activity through 2025 showed a market finding its footing. As conditions became more stable, confidence returned in measured ways. From a mortgage perspective, we saw investors adapt – focusing on affordability, maintaining exposure to traditional markets while also looking beyond them, and using loan features that provided flexibility while rental conditions remained tight.

The year was not without its challenges. Higher costs and ongoing uncertainty tested confidence, and decision-making was rarely straightforward. What stood out, however, was how disciplined investors became. Many stayed focused on fundamentals, backing areas with strong long-term rental demand rather than chasing short-term momentum.

At Westpac, our role is to help investors understand their options and move forward with confidence. We're doing this by ensuring our lending policies reflect market conditions and investor needs – supporting flexibility for cash flow, investment planning and portfolio management – backed by access to our home lending experts anytime, anywhere through Book a Banker.

Looking ahead, a healthy investor market also depends on progress on housing supply. Increasing the number of available homes is critical for affordability, rental stability and long-term market balance, and is something Westpac continues to advocate for.

This report brings together the data and context to help inform what comes next for aspiring and seasoned investors alike.

Executive Summary

Investors were incredibly active in 2025. Across the country, more new home loans are going to investors than in recent years, and investors are making up a near-record share in South Australia and the Northern Territory.

This strong activity has been **driven by tight rental market conditions** and rapid rent increases in recent years. **Homes are leasing quickly**, and **rent prices are lifting** across much of the country. However, **rent growth has slowed down** since the rapid pace recorded in 2022 and 2023.

At the same time, **strong growth in homes prices** over recent years has meant that **more than 93% of recent investor sales have made a profit**, the highest level in at least a decade. In Brisbane, Adelaide and Perth, where prices have more than doubled in the past six years, almost every sale by an investor resulted in a profit.

Low rental vacancy rates, **tight rental market conditions** and solid **growth in rents** are likely to continue, which may support strong investor activity in 2026.

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Investors are an important part of our housing market

Australian investors have been a key part of housing market activity for the past couple of years.

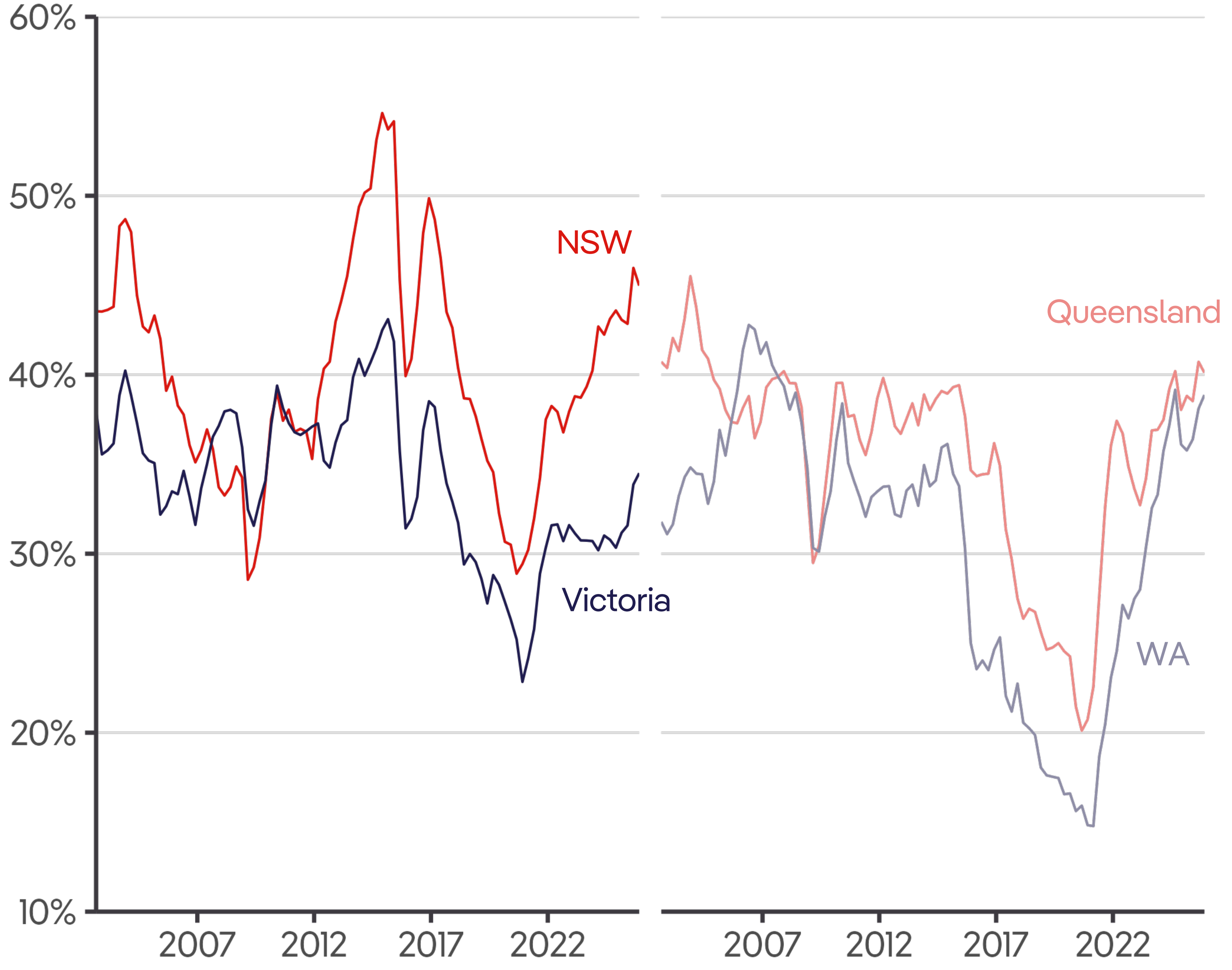
Data from the Australian Bureau of Statistics (ABS) shows the number of new investor loans has risen by roughly two-thirds from its early 2023 low-point, indicating far more investors are buying today than a few years ago.

While activity from non-investors also picked up as rates stabilised in 2024 and then began falling in 2025, the increase has not been nearly as sharp. As a result, investors are making up a large share of new lending across the country.

In Queensland, the share is at its highest level since 2004, in WA it is close to its highest level since 2010, in NSW it is at its highest since 2017, and in SA and the NT it is just off its highest-ever level (the record being the prior quarter).

In Victoria, investor activity picked up in the second half of 2025 following a few years of softer activity. But unlike other states, the investor share of new lending in Victoria is still below average for the state.

Investor share of new housing lending



Source: ABS

Cheryl and Michael – investing with confidence and clarity

For Cheryl and Michael, property investing has always been part of a long-term plan rather than a one-off decision. Having banked with Westpac for more than 30 years, they've built and refinanced multiple properties over time, learning that the key to successful investing is understanding your numbers and being ready to act when the right opportunity appears.

As they began exploring their next investment, Cheryl and Michael wanted clarity early. After booking a conversation online via *Book a Banker*, they were soon sitting down at home with a Westpac lender, gaining clear and practical insight into their borrowing power. That understanding gave them confidence – not just to move forward, but to make informed decisions.

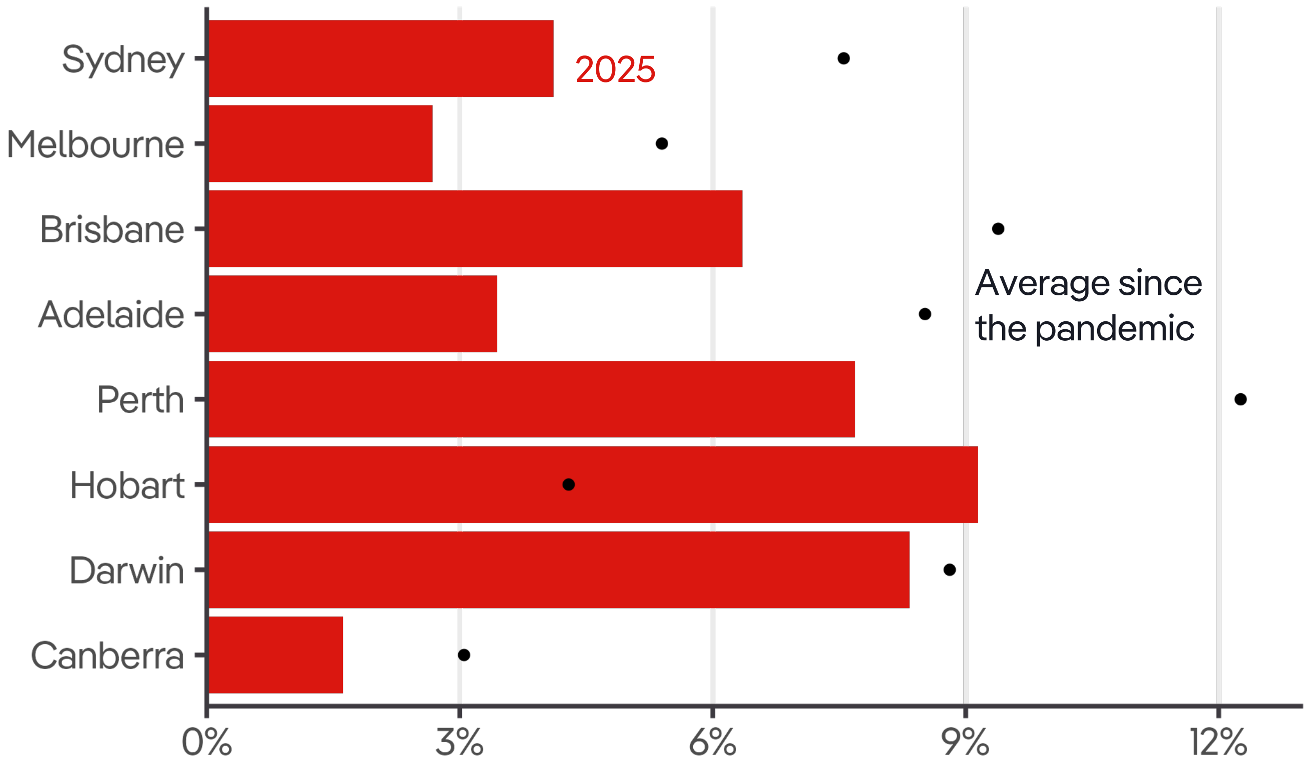
Rather than stretching themselves on the first property they considered, Cheryl and Michael reassessed their options. With guidance from their banker, they shifted focus to a more affordable suburb offering stronger rental yield and an existing tenant. Being able to quickly access valuations, sense check their assumptions and track progress digitally meant they could move decisively without feeling rushed.

For Cheryl and Michael, the experience reinforced what they value most as investors: speed, transparency and informed decision-making. It also reminded them how powerful the right advice can be when it's delivered at the right moment.

Their advice to aspiring investors is simple: know your borrowing capacity early, don't be afraid to walk away if the numbers don't stack up, and surround yourself with people who understand both the market and your goals. "Confidence comes from clarity," they say – and when you have that, investing becomes far less daunting and far more rewarding.

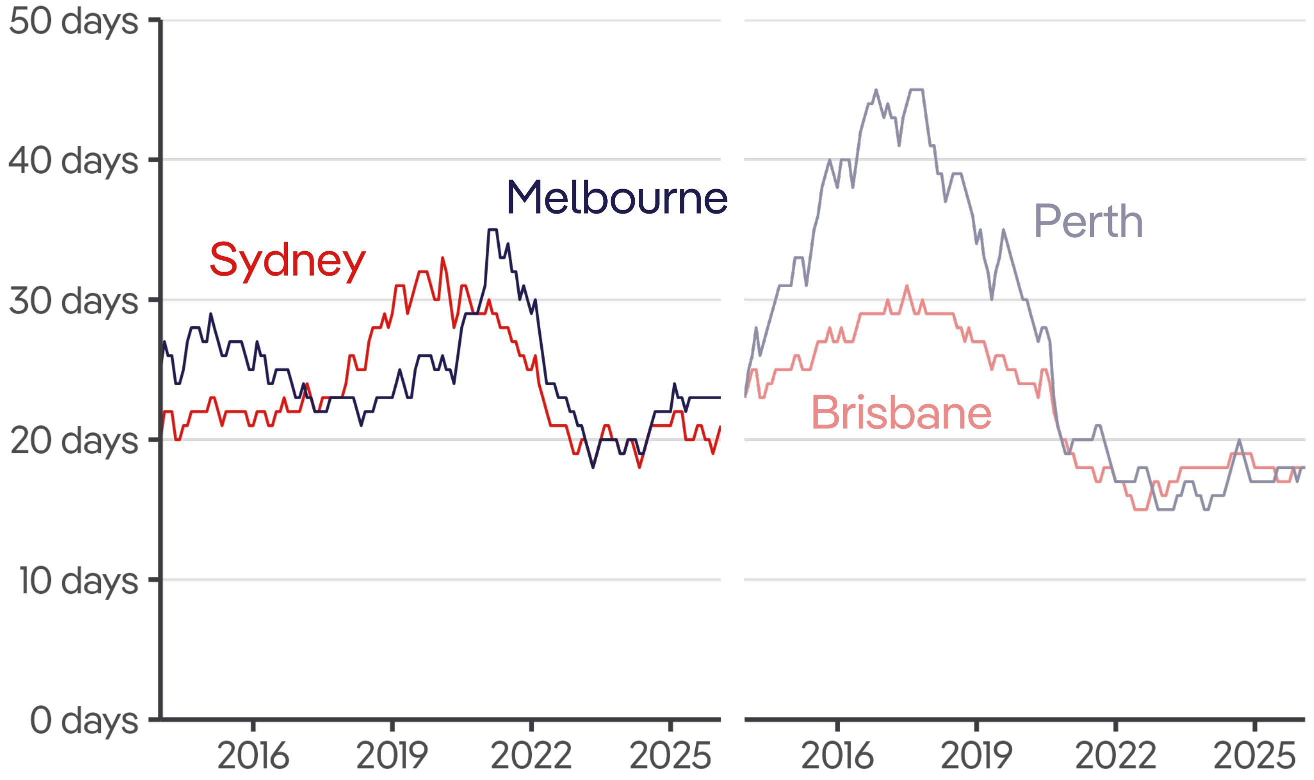
Annual growth in median advertised rents

Change from December quarter 2024 to December quarter 2025



Median days on market - Homes listed for rent

Three-month-rolling median



Tough rental market conditions and rent price growth have led to more investor activity

Rental market conditions have been extremely tight in recent years. As a result, rents have surged, growing at double digit rates in many parts of the country in 2022 and 2023.

Although rent growth remains solid, it has begun to slow down. Across nearly all capital cities, the pace of rent price growth over 2025 was slower than the average pace over the past five years. However, it does remain faster than inflation in many cities and faster than the typical pace recorded in the 2010s.

While rent growth may be slowing, it is still competitive for tenants trying to find a rental. The typical time between a home being advertised for rent on realestate.com.au and being leased is 20 days nationally. In Brisbane, Adelaide and Perth, it is as low as 18 days. This time frame is far shorter than what was typical in the softer rental market of the late 2010s and reflects high demand and low availability of rentals.

That said, conditions have eased a little from where they were in 2022 and 2023 as availability has improved. As a result, leasing times have lengthened – particularly in Melbourne.

Source: PropTrack

Rental yields have declined in the past year as rent growth has slowed down and home prices have risen

Gross rental yields – the annual rent on a home compared to the cost of buying the home – have declined in the past year as rent growth has slowed but home prices have continued to increase.

But rental yields have recovered from their late 2022 trough, due to strong rent growth throughout 2022-2024. At the same time, home prices recorded softer growth in 2022 and 2023, particularly in Sydney and Melbourne.

But not all cities have followed the same path.

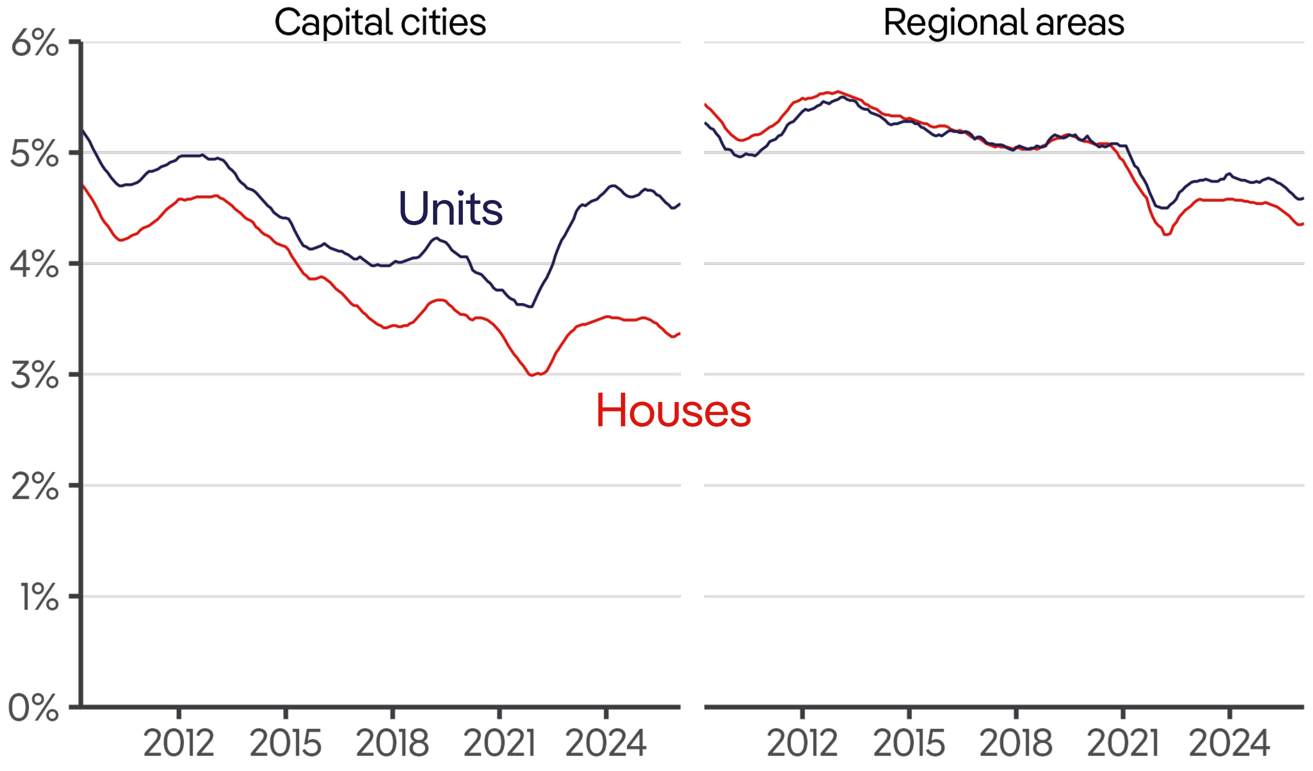
While yields in Sydney and Melbourne have been relatively stable in the past couple of years, Perth, Adelaide and Brisbane have seen yields decline. While rents have been growing rapidly in these cities, home prices have been growing even faster, causing gross yields to decline.

It's important to note that rental yields are 'gross', meaning they do not consider any of the costs associated with a rental property, such as maintenance, depreciation, council rates, agent fees and financing costs, which can be substantial.[1]

1) Of gross rent earned, in 2022-23 (the most recent tax year we have data for), these costs were, on average, maintenance costs: 7.5%; council rates: 7.3%; agent fees: 6.3%; depreciation: 12.8%; interest costs: 62%. See ATO Taxation Statistics 2022-23.

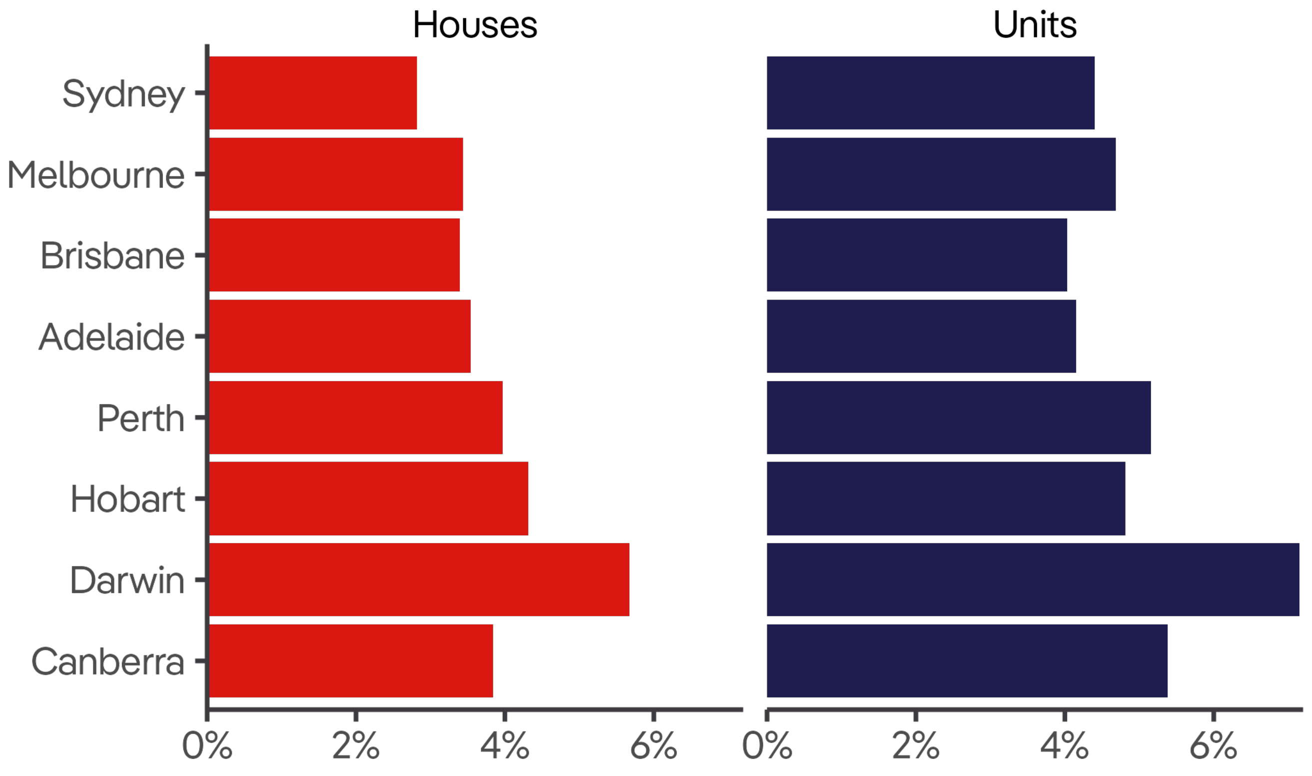
Gross rental yield

Twelve-month-rolling median



Gross rental yield

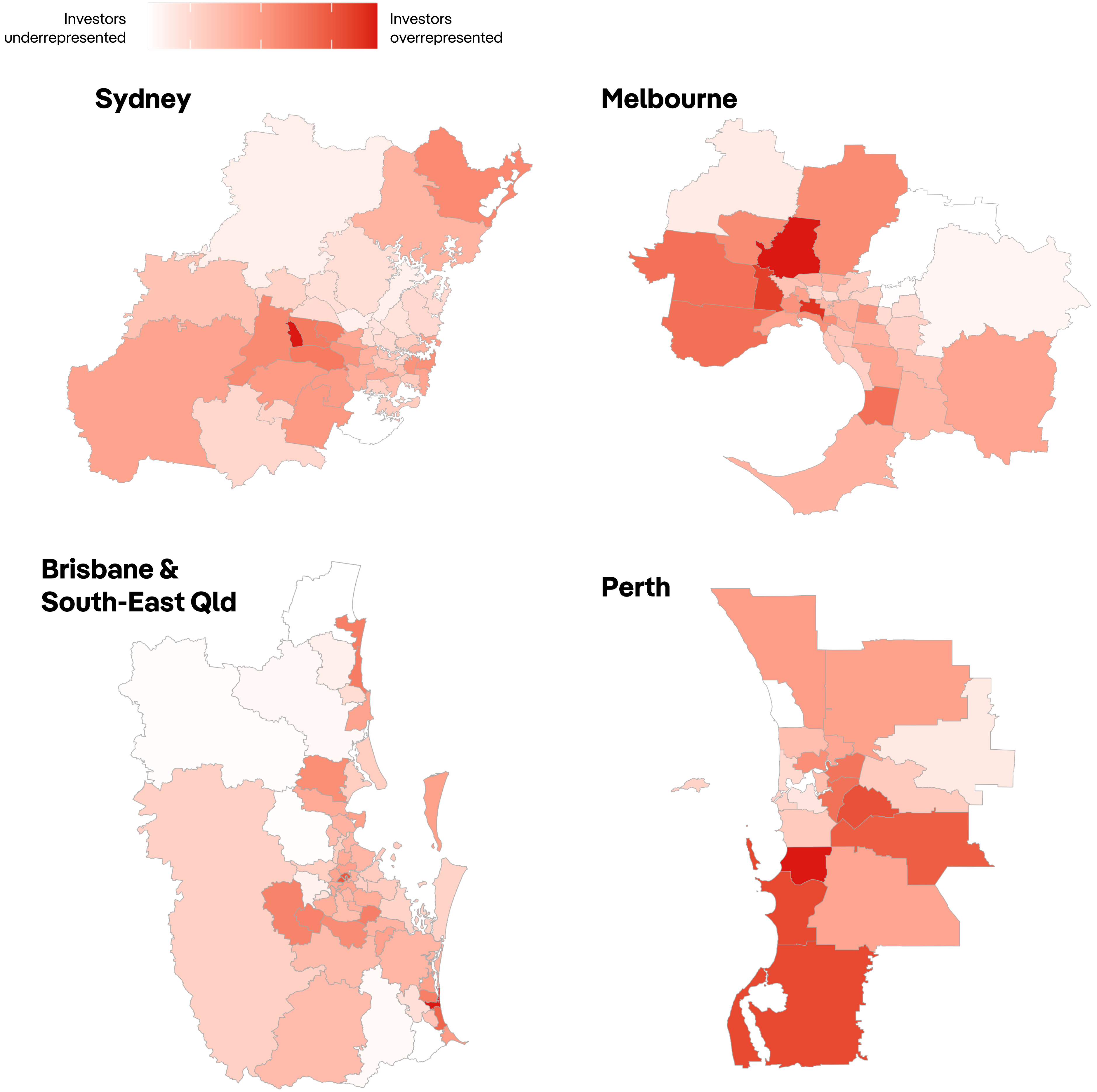
Median over 2025



Source: PropTrack

Where are investors enquiring?

Investor share of enquiries, relative to city-wide average, SA3



Source: PropTrack
Note: shading is shown relative to city-wide average and so cannot be compared across cities; enquiries over calendar 2025

More-affordable areas are popular with investors

More-affordable parts of the capital cities are popular with investors enquiring on realestate.com.au.

In Sydney, the St Marys region is popular with investors, with the share of enquiries coming from investors (compared to other buyers) twice as high as the city-wide average. Other popular areas for investors include Fairfield, Mount Druitt and Blacktown.

In Melbourne, Tullamarine – Broadmeadows, Brimbank, and Wyndham are popular with investors.

Across Perth, investors are overrepresented in Kwinana, Mandurah, and Rockingham, and in Adelaide, many investors look to Playford, Salisbury, and Holdfast Bay.

Large inner-city rental markets are also popular with investors. The inner-city region in Brisbane has the highest share of enquiries coming from investors in the city. In both Adelaide and in Melbourne, the inner city is the second-highest. These are large rental markets with the highest concentration of renters in the country, so it is not surprising they are popular with investors.

Melbourne has become a lot more popular with investors in the past year

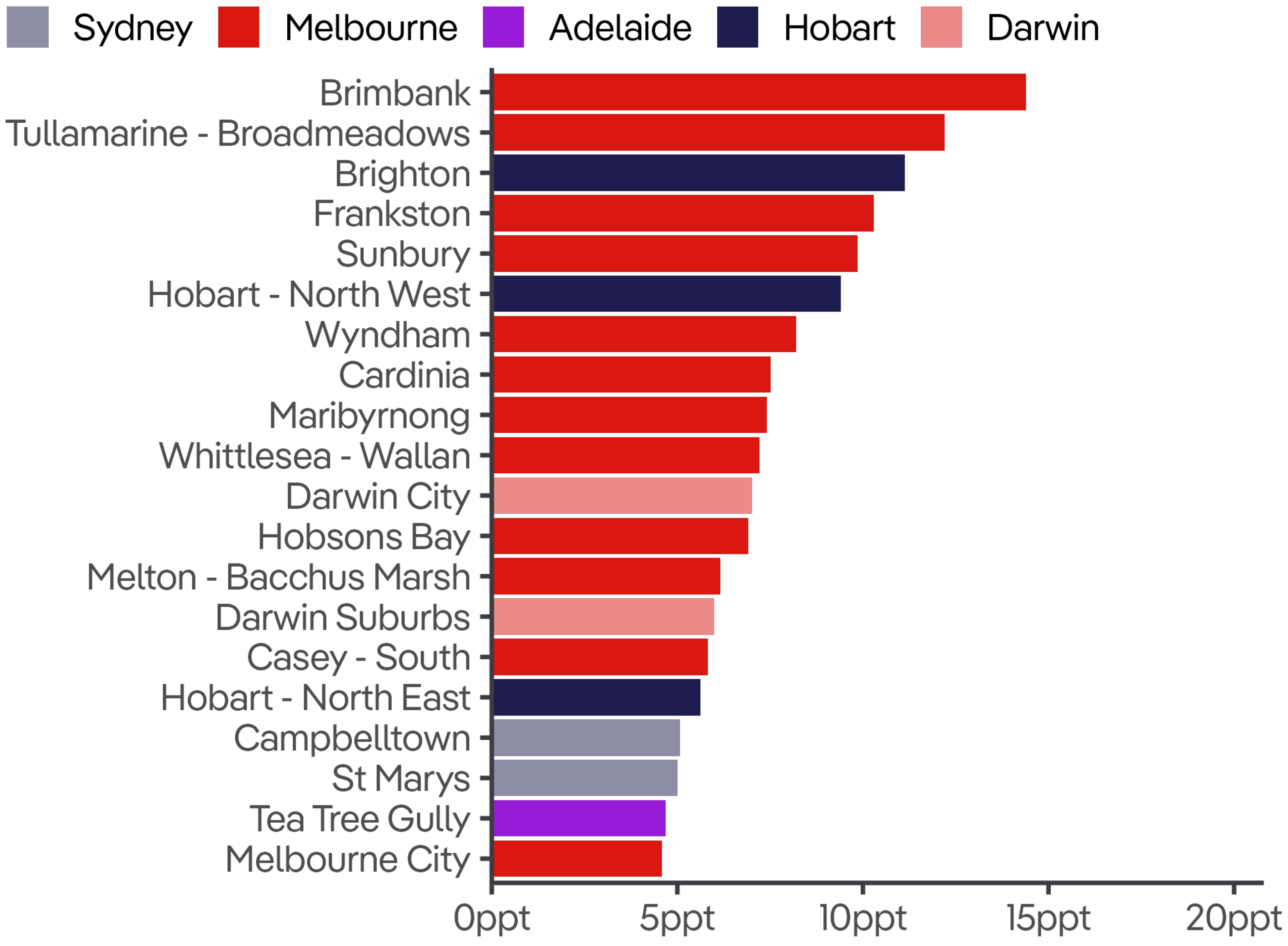
In 2025, investors were enquiring about homes in Melbourne more than they did in 2024. Melbourne regions made up the majority of the top 20 areas across the capital cities with the biggest increase in the share of enquiries on realestate.com.au from investors.

The increase in demand was partly because Melbourne was less popular with investors in 2024. Areas like Cardinia, Whittlesea and Hobsons Bay have seen a big increase in investor interest, but the investor share of enquiries in these areas is still only around, or just above, the national average. In 2024, these areas recorded much lower demand from investors.

Darwin has also seen a notable increase, with all parts of Darwin recording stronger demand. This trend is translating into investor purchases too: the share of new home loans going to investors in the Northern Territory hit a record high during 2025.

Change in investor share of enquiries

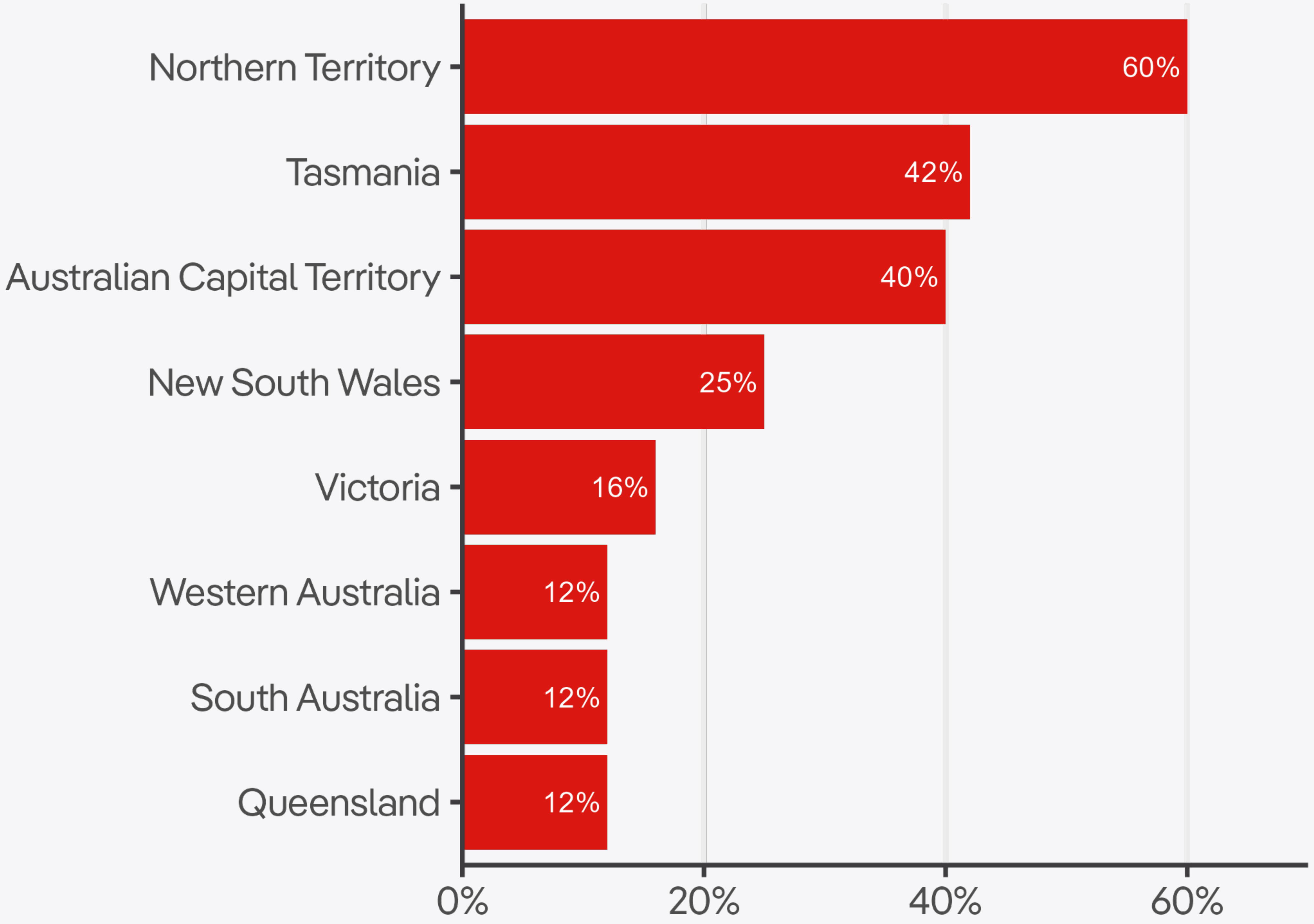
2024 to 2025



Source: PropTrack

Share of investors that buy interstate

Of investors in the state



Source: Westpac Data, January to December 2025

Westpac data insight

One in five investors buy interstate

Westpac data shows that 20% of investors buy an investment property interstate.

This is most common in smaller states and territories. In the ACT 40% of investors buy in other states, compared to 60% in the NT and 42% in Tasmania.

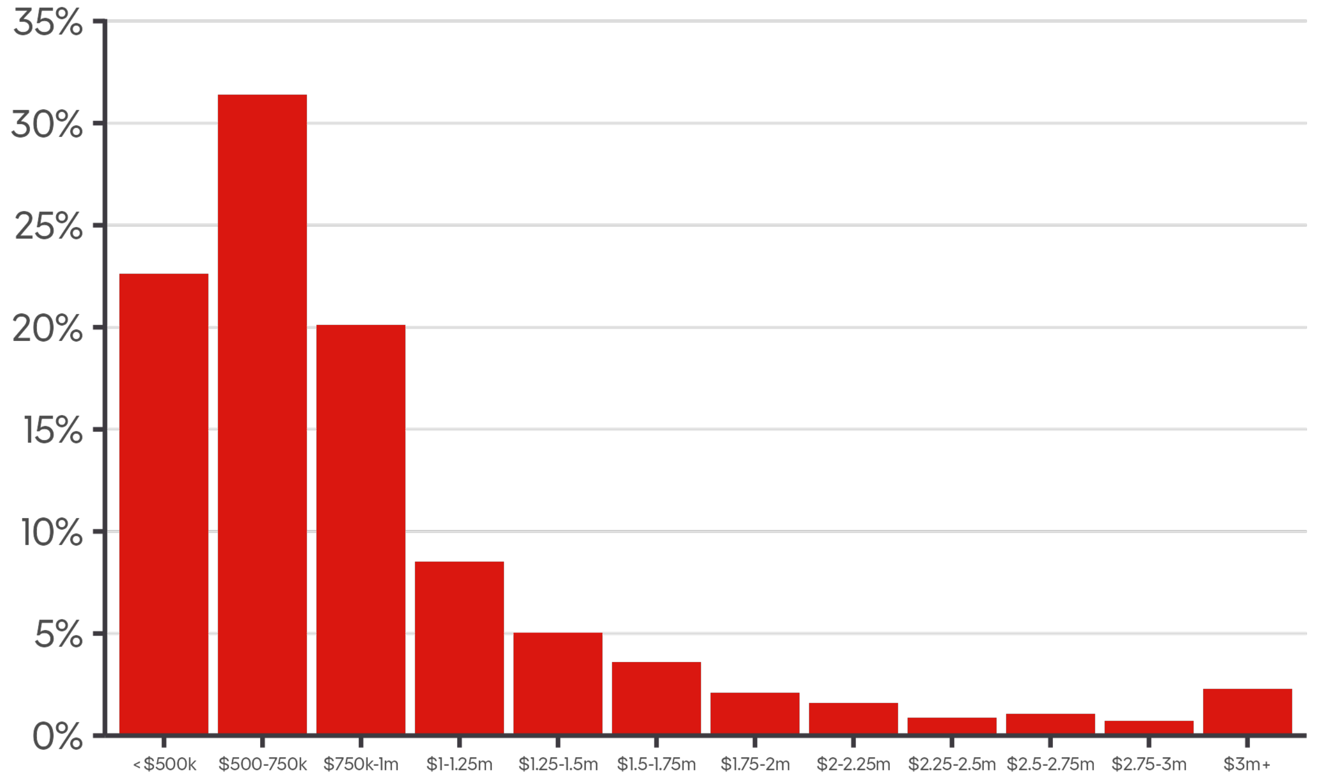
In contrast, investors that live in Queensland, South Australia and Western Australia are more likely to buy in their own state; just 12% of investors in these states buy interstate. This preference is perhaps unsurprising. These states are all seeing strong investor demand amid tight rental market conditions. In that environment, investors may see less need to look elsewhere.

realestate.com.au data shows this same pattern working in reverse. Homes for sale in smaller states and territories see a higher share of enquiries from out-of-state buyers.[1] Among the larger states, Victoria and Queensland have been seeing the highest share of enquiries from interstate.[2]

1) This covers enquiries from all types of buyers, not just investors.
2) Over January 2025 to December 2025

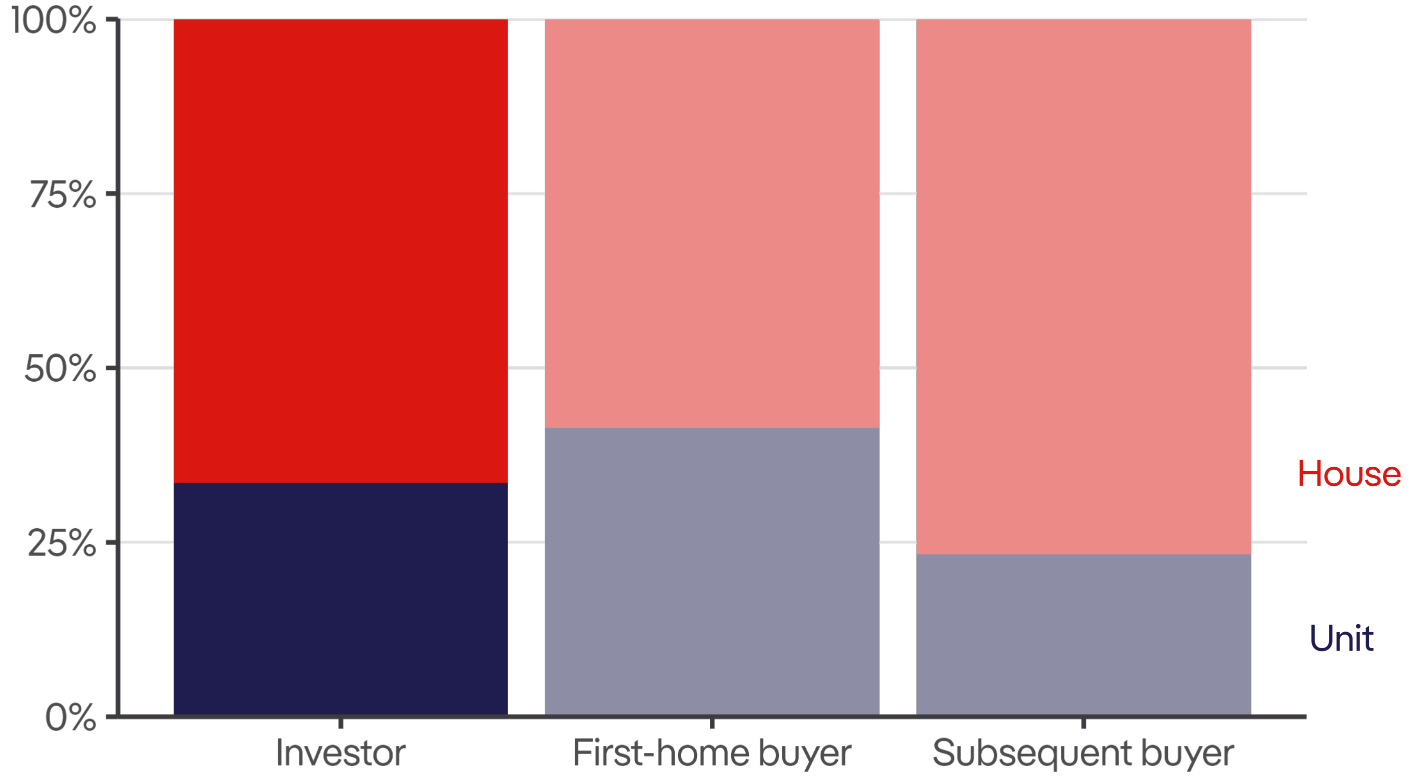
Investor enquiries by price band

Share of investor enquiries, 2025 calendar year



What homes do buyers enquire about

Share of enquiries by buyer type, 2025 calendar year



Investors are more likely to look for more-affordable homes and skew towards units rather than detached houses relative to other buyers

Investors are likely to look for more affordable homes.

Nearly half of enquiries on realestate.com.au from investors are for properties under $700k. Less than three in 10 homes across the country are below this price point.

Investors are more likely to favour more-affordable homes than other buyers. Nearly half of enquiries from investors are for homes sub-$700k, versus 45% of first-home buyers, and only 21% of existing homeowners.

Investors are also more likely to enquire about units than existing homeowners (though first-home buyers are the most likely). Given half of all rental properties are apartments or semi-detached homes, compared to 17% of owner-occupied homes, this is not surprising. Regionally, a third of rental properties are apartments or semi-detached homes, compared to just 8% of owner-occupied homes.

Source: ABS SIH 2019/20
* Equivalised household income quintiles

Rapid home price growth in recent years, particularly in smaller capitals, means most investor resales have recorded a profit

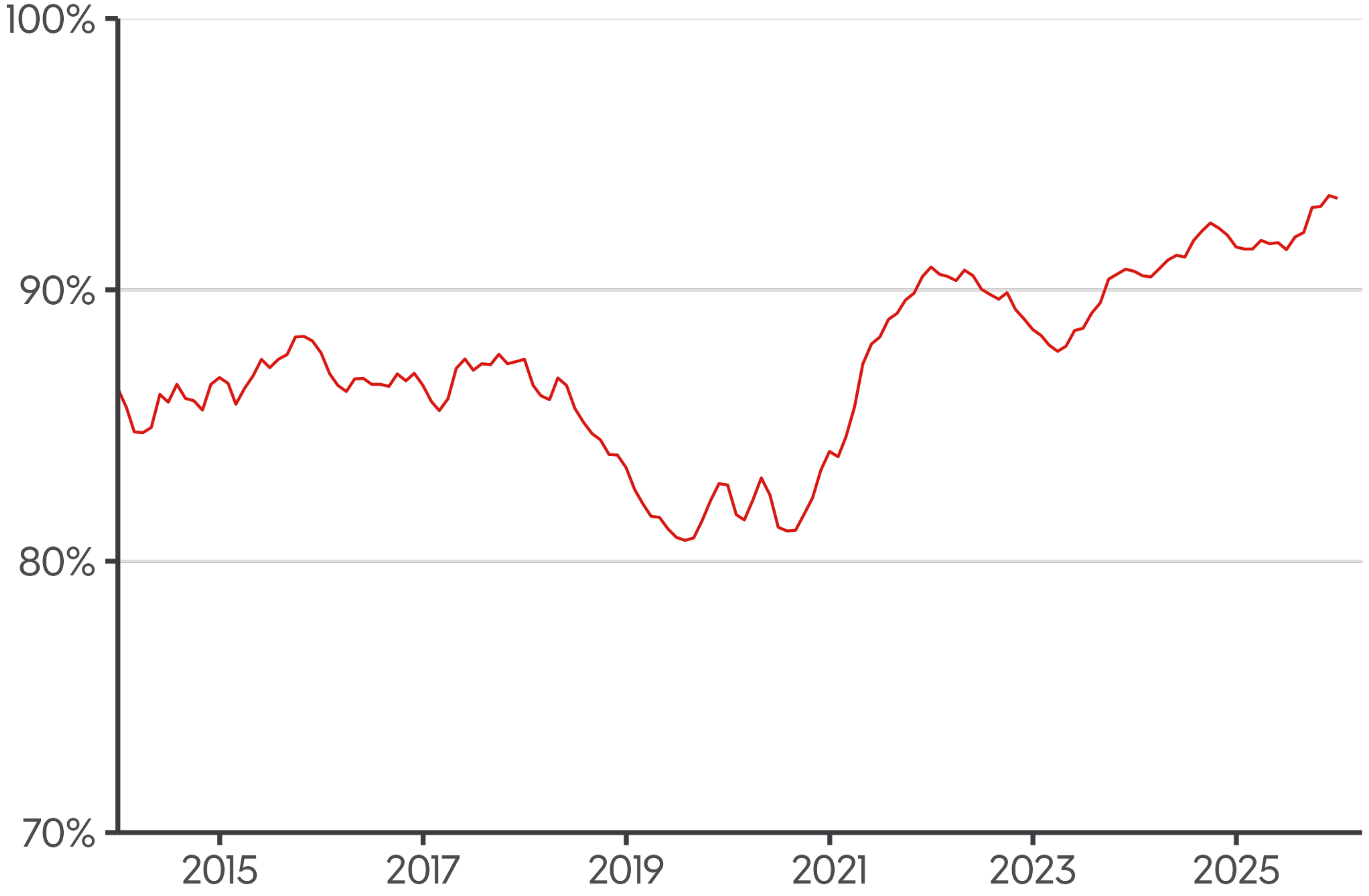
The vast majority of investors who sold a property in 2025 made a profit. In the last few months of 2025, 93% of investor resales sold for more than the original purchase price.

This high share of profitable sales hasn't always been the case. In 2019, when home prices were falling, around one-fifth of investor sales were at a loss. Similarly, in 2022 and 2023, when home prices were falling as the RBA raised interest rates, there was a small increase in the share of investors selling for a loss, though this was short lived.

Strong home price growth across most of the country over the past six years has driven an increase in profitable investor sales. This is particularly true in Brisbane, Adelaide and Perth, where home prices have seen exceptional growth. Since 2020, home prices in these cities have more than doubled, resulting in almost all investor sales recording a profit in 2025

Melbourne stands out as the exception. In the past six years, home prices in Melbourne are up just over 20%. This slower growth has resulted in fewer profitable sales in 2025 compared to other capitals.

Share of investor sales making a profit



Recent investor sales

2025 calendar year

	Profitable share of resales	Median hold period*	Median profit on resale*
Sydney	90%	10.1 years	$380,000
Melbourne	84%	9.7 years	$285,000
Brisbane	99%	8.8 years	$445,000
Adelaide	99%	9.0 years	$395,000
Perth	98%	10.8 years	$320,000
Hobart	93%	7.9 years	$260,000
Canberra	91%	8.9 years	$225,000
National	92%	9.5 years	$325,000

* Among sales that were profitable
Source: PropTrack

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Tumbi Umbi	Central Coast	$1,158,000	21.5%	3.8%	15
2	North Richmond	Sydney - Outer West and Blue Mountains	$1,250,000	31.6%	3.5%	18
3	Austral	Sydney - South West	$1,065,000	22.8%	3.8%	28
4	Airds	Sydney - Outer South West	$900,000	23.2%	3.7%	28
5	East Gosford	Central Coast	$1,218,000	19.4%	3.3%	15
6	Picton	Sydney - Outer South West	$1,220,000	20.1%	3.2%	22
7	Mount Annan	Sydney - Outer South West	$1,195,000	17.1%	3.4%	17
8	Claremont Meadows	Sydney - Outer West and Blue Mountains	$1,246,000	17.5%	3.4%	20
9	Bonnyrigg	Sydney - South West	$1,220,000	22.0%	3.1%	22
10	Wattle Grove	Sydney - South West	$1,440,000	17.8%	3.2%	17

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Moorebank	Sydney - South West	$925,000	29.4%	5.2%	14
2	Chipping Norton	Sydney - South West	$830,000	24.6%	5.3%	27
3	Kingsgrove	Sydney - Inner South West	$816,000	18.8%	4.8%	22
4	Mascot	Sydney - City and Inner South	$895,000	11.9%	6.2%	27
5	Yagoona	Sydney - Inner South West	$628,000	18.8%	4.6%	19
6	Lakemba	Sydney - Inner South West	$525,000	12.2%	5.4%	20
7	Potts Point	Sydney - City and Inner South	$926,000	18.0%	4.5%	16
8	Long Jetty	Central Coast	$800,000	22.1%	4.2%	15
9	Wiley Park	Sydney - Inner South West	$497,000	11.7%	5.3%	19
10	Ultimo	Sydney - City and Inner South	$724,000	9.6%	6.4%	25

Top-performing investor areas
Sydney

Investors were active in New South Wales in 2025, accounting for 44% of home loans, up from 37% in late 2022 and 29% in late 2020.

The PropTrack Investor Rank highlights the top performing suburbs for investors using key indicators including home price growth, rental profitability (gross rental yields) and demand (the number of days a property is listed on realestate.com.au before being leased).

Tumbi Umbi in the Central Coast, North Richmond in the Outer West and Blue Mountains region and Austral in Sydney's South West, were ranked as the top performing suburbs for houses. These suburbs recorded annual median sale price growth above Sydney's 7.7% and outperformed the capital's average rental yield.

With short lease times, solid price growth and high yields, Moorebank, Chipping Norton and Kingsgrove in Sydney's South West and Inner South West were top performers for units.

While yields in Sydney tend to be lower compared to other capitals, many of these suburbs have achieved strong price growth and are in high demand with renters, making them ideal for investors.

Top-performing investor areas
Melbourne

After a small decline in investor activity between 2023 and 2024 following land tax increases in Victoria, interest has begun to rise again. Investor loans now account for 36% of total lending.

Coolaroo, Carrum and Meadow Heights led the rankings for houses based on price growth, rental returns and lease times – factors that are important to investors.

Price growth in these suburbs was more than five times the annual 2.4% increase seen in Melbourne houses, while the return on rent was above the city's median of 3.5%. Properties listed on the market leased relatively quickly as well.

The standout investor suburbs for units were Notting Hill, Burwood East and Cremorne. Rental yields were high compared to what was typically seen in the capital and prices recorded strong gains. They were also popular among those looking to rent.

While market activity has been softer in Melbourne, the outlook is improving. With affordable homes, yields comparable to smaller states and solid price growth, these suburbs are in a good position to attract investors.

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Coolaroo	Melbourne - North West	$625,000	14.2%	4.3%	27
2	Carrum	Melbourne - Inner South	$1,063,000	18.1%	3.7%	22
3	Meadow Heights	Melbourne - North West	$670,000	12.8%	4.0%	26
4	Deanside	Melbourne - West	$705,000	12.8%	4.2%	33
5	Frankston North	Mornington Peninsula	$690,000	15.9%	3.8%	27
6	Delahey	Melbourne - West	$720,000	12.1%	4.0%	25
7	Frankston	Mornington Peninsula	$825,000	13.0%	3.7%	22
8	Westmeadows	Melbourne - North West	$741,000	12.3%	3.9%	27
9	Kurunjang	Melbourne - West	$588,000	13.1%	3.8%	29
10	Gladstone Park	Melbourne - North West	$802,000	12.0%	3.9%	25

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Notting Hill	Melbourne - South East	$395,000	16.2%	8.1%	23
2	Burwood East	Melbourne - Inner East	$644,000	17.5%	5.2%	19
3	Cremorne	Melbourne - Inner	$620,000	9.3%	6.1%	16
4	Mill Park	Melbourne - North East	$598,000	14.8%	4.8%	25
5	Elsternwick	Melbourne - Inner South	$845,000	16.2%	4.4%	15
6	Craigieburn	Melbourne - North West	$457,000	12.0%	5.1%	25
7	Fawkner	Melbourne - North West	$630,000	14.6%	4.5%	19
8	Williamstown	Melbourne - West	$930,000	16.3%	4.3%	16
9	Carnegie	Melbourne - Inner South	$710,000	10.7%	4.7%	17
10	Blackburn	Melbourne - Inner East	$801,000	27.9%	4.2%	17

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Biggera Waters	Gold Coast	$1,350,000	34.7%	4.1%	20
2	North Booval	Ipswich	$675,000	22.8%	4.1%	19
3	Lowood	Ipswich	$708,000	23.0%	4.5%	26
4	Laidley	Ipswich	$617,000	20.3%	4.5%	24
5	Worongary	Gold Coast	$1,565,000	25.2%	3.8%	22
6	Riverview	Ipswich	$700,000	22.6%	3.9%	22
7	Glass House Mountains	Sunshine Coast	$1,150,000	25.0%	3.6%	17
8	Mount Cotton	Brisbane - East	$1,163,000	20.5%	3.6%	15
9	Yamanto	Ipswich	$850,000	21.3%	3.7%	20
10	Bongaree	Moreton Bay - North	$944,000	22.0%	3.5%	16

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Spring Hill	Brisbane Inner City	$670,000	24.1%	4.9%	17
2	Thorneside	Brisbane - East	$750,000	33.9%	4.2%	17
3	Brisbane City	Brisbane Inner City	$735,000	22.1%	5.2%	21
4	Beenleigh	Logan - Beaudesert	$525,000	25.0%	4.4%	17
5	Goodna	Ipswich	$540,000	31.7%	4.1%	18
6	Alderley	Brisbane Inner City	$825,000	30.7%	4.0%	14
7	Caboolture	Moreton Bay - North	$525,000	26.7%	4.3%	18
8	Birtinya	Sunshine Coast	$820,000	27.1%	4.1%	14
9	Woodridge	Logan - Beaudesert	$490,000	22.2%	4.6%	15
10	Upper Mount Gravatt	Brisbane - South	$749,000	22.8%	4.4%	15

Top-performing investor areas
Brisbane & South-East Queensland

Investor loans in Queensland rose by 8% from 2024 to 2025. The share of total lending to investors has increased over the past year to 41%, which is about twice the level recorded in December 2020.

Biggera Waters in the Gold Coast and North Booval and Lowood in Ipswich were the top suburbs for houses based on a combination of leasing duration, median price growth and rental yields. Price growth was double or almost double the rate observed in regional Queensland or Brisbane, respectively.

The suburbs of Spring Hill, Thorneside and Brisbane City ranked highest for units. Yields were higher than what was typically seen in the capital, while rental properties were leased within three weeks. Capital gains on units in these areas were also significant.

Brisbane and South-East Queensland recorded strong double digit price growth and high demand from renters compared to the national level. Despite rental returns being slightly below those seen nationally, many suburbs had strong results and are well-positioned for investment.

Top-performing investor areas
Adelaide

Interest from investors has been trending upwards in South Australia for the past year. Investor loans now make up 41% of total lending, around the highest level on record.

Adelaide home price growth was the second highest among all capital cities in 2025, behind just Perth and Darwin. Demand from renters was also strong and rental returns were relatively high compared to our larger capital cities.

For houses, Elizabeth Park, Eyre and Elizabeth East led in terms of performance on price growth, lease times and rental returns, metrics which are key considerations for investors. Yields were well above the 3.5% recorded in Adelaide, while price growth was almost double the capital city level.

Salisbury, Plympton and Henley Beach ranked highest on these metrics for units.

While housing affordability has decreased slightly due to exceptionally strong gains over the past few years, many suburbs still have strong investment prospects.

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Elizabeth Park	Adelaide - North	$616,000	22.7%	4.4%	23
2	Eyre	Adelaide - North	$651,000	21.7%	4.5%	24
3	Elizabeth East	Adelaide - North	$635,000	19.8%	4.3%	23
4	Greenwith	Adelaide - North	$950,000	23.4%	3.7%	15
5	Moana	Adelaide - South	$1,028,000	21.1%	3.9%	19
6	Largs Bay	Adelaide - West	$1,185,000	26.2%	3.4%	16
7	Davoren Park	Adelaide - North	$575,000	17.4%	4.6%	25
8	Warradale	Adelaide - South	$1,170,000	23.7%	3.4%	16
9	Port Noarlunga South	Adelaide - South	$947,000	20.0%	3.8%	18
10	Seaford Heights	Adelaide - South	$890,000	19.5%	3.8%	16

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Salisbury	Adelaide - North	$525,000	38.0%	4.5%	19
2	Plympton	Adelaide - West	$580,000	34.9%	4.3%	15
3	Henley Beach	Adelaide - West	$910,000	35.8%	4.2%	17
4	North Adelaide	Adelaide - Central and Hills	$752,000	25.3%	4.6%	18
5	Goodwood	Adelaide - Central and Hills	$709,000	44.4%	3.7%	16
6	Prospect	Adelaide - Central and Hills	$668,000	21.5%	4.5%	17
7	Christies Beach	Adelaide - South	$715,000	33.6%	3.9%	18
8	Wayville	Adelaide - Central and Hills	$725,000	26.5%	3.9%	15
9	Brooklyn Park	Adelaide - West	$485,000	24.2%	4.2%	16
10	Mawson Lakes	Adelaide - North	$548,000	16.7%	5.0%	18

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Cannington	Perth - South East	$770,000	22.5%	4.5%	22
2	Pinjarra	Mandurah	$646,000	21.0%	4.5%	22
3	Sinagra	Perth - North West	$888,000	23.7%	4.2%	18
4	Brookdale	Perth - South East	$635,000	18.9%	4.6%	18
5	Ballajura	Perth - North East	$840,000	19.2%	4.4%	18
6	Connolly	Perth - North West	$1,250,000	27.1%	3.8%	16
7	Bullsbrook	Perth - North East	$765,000	19.1%	4.3%	18
8	Koondoola	Perth - North West	$700,000	20.7%	4.2%	20
9	Madeley	Perth - North West	$1,073,000	20.5%	4.2%	19
10	Henley Brook	Perth - North East	$895,000	19.7%	4.2%	20

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Leederville	Perth - Inner	$780,000	27.9%	5.7%	13
2	Bayswater	Perth - North East	$585,000	40.6%	5.4%	17
3	Jolimont	Perth - Inner	$955,000	47.2%	5.0%	12
4	East Victoria Park	Perth - South East	$618,000	23.5%	5.7%	16
5	Maddington	Perth - South East	$565,000	28.4%	5.2%	17
6	Inglewood	Perth - Inner	$565,000	33.6%	5.0%	15
7	Midland	Perth - North East	$525,000	23.5%	5.6%	17
8	Mount Lawley	Perth - Inner	$600,000	27.7%	5.1%	16
9	Wembley	Perth - Inner	$470,000	23.7%	5.2%	14
10	North Coogee	Perth - South West	$814,000	20.6%	5.6%	16

Top-performing investor areas
Perth

Investor activity in Western Australia has been high in recent years due to the city's strong growth in home prices stemming from their relative affordability. Loans from investors currently make up the largest share of total lending in the state at 40%.

Perth has continued to lead in price growth while also ranking second only to Darwin for rental yields and Hobart for rental days on market, making it an attractive choice for investors.

Cannington, Pinjarra and Sinagra were the best-performing investor suburbs for houses. Rental yields were above 4%, the typical level across the capital, and price gains surpassed what was seen in the broader Perth market.

Leederville, Bayswater and Jolimont topped the rankings across these key investor measures for units. Price growth was exceptionally strong, units typically leased within a fortnight, and rental returns were high.

Many Perth suburbs recorded solid results over the past year which is likely to support ongoing investor interest.

Top-performing investor areas
Canberra

The investor share of new loans has increased 6% year-on-year in Canberra. They currently make up 27% of new lending which is slightly above the 24% recorded in December 2020.

Multiple suburbs in Canberra recorded strong performances over the past year based on the investor indicators of price growth, lease times and rental yields.

Banks, Strathnairn and Franklin were the top ranked investor suburbs for houses. Price growth was more than three times the typical Canberra level, while properties were rented out in less than 3 weeks. Yields were also well above the 3.7% median in the city.

For units, strong price gains, rental returns at least one percentage point above the Canberra level and fast leasing durations placed Denman Prospect, Mawson and City in the highest rankings.

Although Canberra has seen more modest price growth, a number of suburbs present attractive investment opportunities.

Houses

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Banks	Australian Capital Territory	$880,000	19.1%	4.2%	19
2	Strathnairn	Australian Capital Territory	$955,000	11.0%	4.6%	20
3	Franklin	Australian Capital Territory	$1,131,000	14.5%	3.9%	20
4	Dunlop	Australian Capital Territory	$910,000	8.3%	4.2%	20
5	Calwell	Australian Capital Territory	$879,000	9.1%	4.1%	19
6	Bonner	Australian Capital Territory	$961,000	7.4%	4.1%	19
7	Wanniassa	Australian Capital Territory	$908,000	5.9%	4.0%	18
8	Moncrieff	Australian Capital Territory	$1,090,000	6.9%	4.3%	24
9	Gordon	Australian Capital Territory	$920,000	4.3%	4.1%	17
10	Holder	Australian Capital Territory	$945,000	5.0%	3.8%	17

Units

Rank	Suburb	SA4	Median sale price	Annual median % growth	Rental yield	Rental days on market
1	Denman Prospect	Australian Capital Territory	$597,000	6.6%	5.9%	22
2	Mawson	Australian Capital Territory	$668,000	20.2%	5.6%	22
3	City	Australian Capital Territory	$568,000	16.2%	5.9%	24
4	Ngunnawal	Australian Capital Territory	$650,000	3.6%	5.1%	21
5	Lyons	Australian Capital Territory	$360,000	-1.5%	6.3%	22
6	Watson	Australian Capital Territory	$538,000	1.4%	5.7%	23
7	Coombs	Australian Capital Territory	$578,000	0.5%	5.8%	24
8	Harrison	Australian Capital Territory	$538,000	-2.3%	5.7%	19
9	Moncrieff	Australian Capital Territory	$685,000	-0.1%	5.3%	20
10	Barton	Australian Capital Territory	$660,000	2.3%	5.1%	23

Rental availability is likely to stay limited, meaning rental market conditions will remain tight

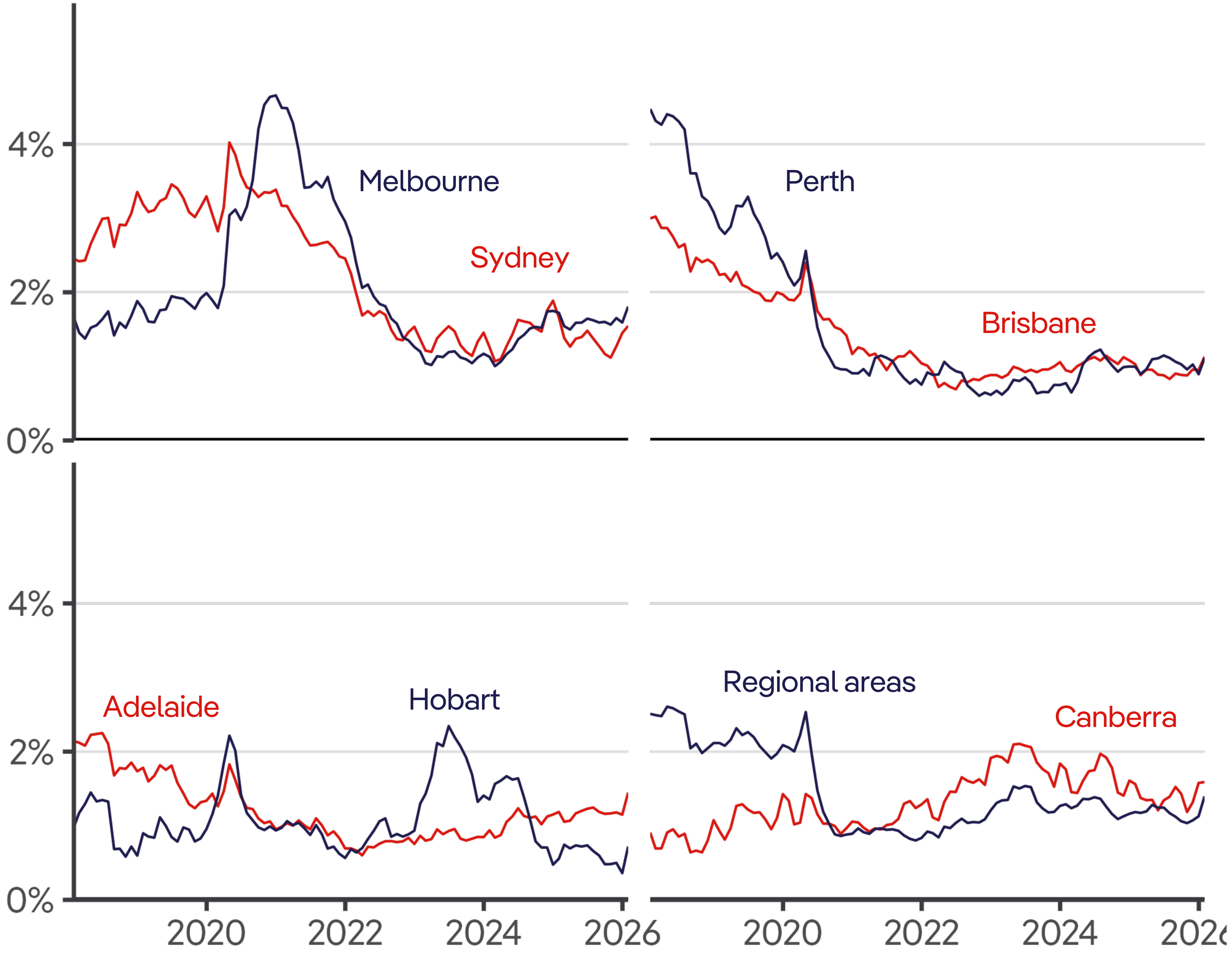
Finding an available rental remains challenging for renters. Rental vacancy rates - a measure of the volume of rental properties available to lease at a given time - are at low levels across the country.

That said, availability of rental properties has improved over the past few years in Sydney and particularly in Melbourne. Rental vacancy rates in Melbourne have been slowly increasing since early 2024 and are now sitting around their pre-pandemic level. Even so, at less than 2%, they remain low.

Rental availability has also improved slightly in many other parts of the country. Vacancy rates remain very low in Brisbane, Perth and Adelaide, but have increased from the extremely low levels seen in 2022 and 2023. Hobart has bucked that trend, with availability declining in recent years, after it had improved in 2023. Regional rental vacancy rates have improved compared to 2021 but have been trending lower since 2023.

That trend of limited, albeit slowly improving, availability in major capitals is likely to continue through 2026. This will continue to drive strong competition among prospective tenants and push rents higher.

Rental vacancy rate



Source: PropTrack

Investor mortgage rates

New interest-only investor rate

Westpac data insight[1]

Westpac data shows investor behaviour from January to December 2025 was shaped by a strong focus on flexibility and cash-flow control. Almost all investors (98.4%) chose a variable home loan, reflecting a desire to keep options open in a shifting interest-rate environment.

Further RBA rate hikes look likely, which will slow the pace of home price growth

Inflation came in higher than expected, and higher than the RBA was forecasting, in the latter part of 2025. That has pushed the RBA into hiking rates twice in early 2026, with at least two more hikes expected by the end of the year.

Even so, home prices are likely to continue to grow across 2026. However, with rates already higher than at the end of 2025, and expected to increase further, growth probably won't be as strong as in 2025. Home price growth slowed in the back half of spring and into December 2025, with prices declining modestly in December in Sydney and Melbourne before both cities returned to growth in February.

While higher rates may slow investor activity, the fact that rental market conditions remain so tight mean we're likely to continue to see strong interest and activity from investors in 2026.

Chart source: ASX, RBA; investor interest-only rate backcast using RBA indicator lending rate
1) Westpac Data, January to December 2025

Luci Ellis

Group Chief Economist
Westpac

Outlook for investor market from Westpac

The year ahead is likely to be a challenging one for Australia's housing markets but still presents opportunities for investors.

The main challenges centre on the recent lift in inflation and the Reserve Bank of Australia's (RBA) interest rate moves to bring it back to target. We expect the interest rate rises in February and March to be followed by another 25-basis-point rise in May and then an extended pause. The conflict in the Middle East adds another layer of uncertainty with the duration of the disruptions unclear.

For RBA policy, this makes it difficult to judge how upside risks to inflation compare to downside risks to growth. For housing though, the already very stretched starting point for prices means higher interest rates will weigh on affordability and buyer sentiment.

Even with robust investor activity, gains across the wider market will be harder to sustain as rate rise effects impact. We will be closely monitoring policy moves reportedly under consideration that could affect property investment settings, including potential change to the capital gains tax treatment of housing.

We expect price growth to cool in 2026 to a more sedate five per cent gain nationally, down from eight per cent in 2025, and with a more pronounced slowing in the 'hot' markets of Brisbane and Perth.

For prospective investors though, tight rental markets and wider shortages of supply will still present opportunities. Securing tenants and achieving a reasonable rental yield in the four to five per cent range will be more than feasible in that context. Shortages and a wider economic backdrop of steady growth and a stable labour market should limit the downside risks for prices. It is also possible that high levels of household wealth could see more funds channelled toward house purchases via intergenerational transfers, i.e. the 'bank of mum and dad' and, increasingly, the 'bank of grandma and grandad'.

Overall, while the negatives for investors around prices and interest rates will ebb and flow with the economic cycle, the opportunities created by tight supply and intergenerational transfers will be enduring.

Methodology

Top-performing investor areas

We identify top-performing areas by ranking suburbs on a blend of three key metrics which include the annual median sales price growth, gross median rental yield, and the median days on market. Respectively, they reflect the typical capital gains an investor may have earned over the past year, rental income (less fees, insurance and maintenance), and demand from renters, all of which are important considerations for investors who are looking to purchase a property.

Investor purchases

We identify investor purchases by matching sales of homes that are subsequently listed for rent on realestate.com.au. This approach will tend to understand recent investor purchases, as there may be delays between purchase and when a home is listed for rent.

Investor sales

We identify investor sales as sales of properties that have previously been listed for rent on realestate.com.au within the holding period of the current owner (i.e. the home must have been listed for rent at least once on realestate.com.au between the purchase date and the sale date).

PropTrack

Investor report

2026