Momentum
WEALTH

Perth 2027
Market forecast

A year of consolidation after several years of rapid growth

RESIDENTIAL MARKET

Flat

Dwelling price growth
Expected over the next 12–18 months.

RENTAL MARKET

6-8%

Increase in residential rents
Accelerating towards the end of next calendar year.

Outlook for 2027

Perth's residential property market is expected to enter a period of consolidation in 2027 following several years of rapid growth. Momentum Wealth forecasts broadly stable dwelling values over the calendar year, with higher interest rates, reduced borrowing capacity and softer sentiment expected to limit further broad-based price growth.

This does not mean Perth's underlying housing shortage has been resolved. Listings remain below levels historically associated with a balanced market; rental availability remains constrained and completed housing supply continues to fall short of the level needed to accommodate population growth.

The result is likely to be a market shaped by competing forces. Cyclical pressures will give buyers more choice and negotiating power, while structural supply constraints should reduce the likelihood of a significant market-wide decline.

Conditions are also expected to vary considerably by location, property type and price point. Well-located properties with limited competing supply are likely to remain more resilient, while compromised properties and market segments heavily affected by reduced borrowing capacity may experience longer selling periods.

Across the rental market, limited availability and weaker investor participation are expected to maintain upward pressure on rents. Momentum Wealth forecasts rental growth of approximately 6-8 per cent across 2027, with growth likely to become more pronounced during the second half of the year.

TAILWINDS

Factors likely to support growth

1. **WA's economy remains resilient**

   With a strong budget position and steady employment growth, the state is well placed to absorb broader national and global economic pressures.

2. **Sales listings remain below 13,500**

   Even with the increase in the number of properties listed for sale, the total number of listings in Perth is still substantially below the 13,500 needed for a balanced market. In the last calendar year quarter for 2026, we sit roughly 40% below the threshold for a balanced market.

3. **Opportunities for buyers**

   Due to the recent rise in properties for sale, longer selling times and the shift in general sentiment around the residential property market, the conditions for buyers have become more favourable.

4. **Rental availability continues to be severely constrained**

   Perth's rental market continues to operate around two-thirds below the estimated 6,000 rental listings required to restore balance. This ongoing supply shortage has kept rental vacancy rates well below long-term averages and has helped sustain steady rental price growth. Policy changes to Capital Gains Tax and negative gearing in the last Federal Budget have seen fewer investors active in the market, and as such, the supply of rentals is expected to decline, leading to an increase in rental prices and yields as 2027 progresses.

5. **Relative affordability continues to support demand**

   While prices certainly aren't cheap, compared to other states around Australia, WA is a relatively more affordable housing market, with an average of 47.5% of people's income going towards their mortgage repayments. While mortgages may not feel affordable now, it is in comparison to other states – NSW (57.7%), SA (52.0%) and QLD (54.4%) all have a much higher share of income required to pay the mortgage (REIA June quarter 2026). WA affordability still stacks up, and this remains a key advantage for both owner-occupiers and investors.

6. **New housing supply remains under pressure**

   Despite strong demand, new dwelling completions continue to fall short. While construction starts remain elevated, completion rates have lagged due to labour shortages, cost escalation and material delays. Even with more than 28,000 dwellings under construction over the June 2026 quarter (up 5,600 from the same time last year), the number reaching completion has consistently been well below long-term demand benchmarks. Completions are just above 4,800 over the same quarter.

7. **Rapid population growth is intensifying demand**

   WA recorded the fastest population growth in the country over the year to March 2026, driven by overseas migration and interstate inflows. This growth continues to create demand for housing at a pace that exceeds current delivery capacity, contributing to a persistent undersupply across the metropolitan market.

40%
Below a balanced market
Sales listings vs the 13,500 needed

Two-thirds
Below rental balance
Rental listings vs the ~6,000 needed

28,000+
Under construction
Yet only ~4,800 completions, June qtr 2026

47.5%
Income to mortgage, WA
vs NSW 57.7%, QLD 54.4%, SA 52.0%

FEDERAL BUDGET CHANGES EXPLAINED

Negative gearing

From 1 July 2027

Established properties bought after 12 May 2026 can no longer be negatively geared. It doesn't mean the losses cannot be used, but they can only be used when your residential rental income exceeds expenses, or you sell the property. Properties purchased on or before 12 May 2026 are grandfathered and can continue to utilise negative gearing. New properties purchased any time, including after the changes, can continue to utilise negative gearing.

Capital Gains Tax

For gains after 1 July 2027

The 50% discount for established properties is to be replaced by indexation plus a minimum 30% tax on real gains (after inflation or any applicable discount), for gains after 1 July 2027. Gains made before that date keep the 50% discount. New dwellings receive a 50% discount regardless of when they were purchased.

HEADWINDS

Factors that could slow growth

1. **Interest rates remain restrictive**
   The cash rate has increased to an 18-year high of 4.85%. Rate rises lead to a decline in people's borrowing capacity and impact property values, with some property sectors more impacted than others. Interest rates also affect sentiment, and we would not expect a return to positive sentiment until the outlook for interest rates is trending downward.

2. **Cost of living pressures remain high**
   Inflation has increased, which is why we have seen interest rate rises. In addition, some people are seeing the cost of living grow more than their income, which further exacerbates negative economic sentiment and less ability to purchase property.

3. **External economic risks persist**
   WA's economy, while increasingly diversified, remains exposed to fluctuations in global demand for commodities. Further geopolitical disruptions could impact business confidence and investment flows.

4. **The effects of the Budget**
   The Federal Budget has significantly impacted the property market. We've seen new investor activity substantially reduce, and at the same time we have seen existing investors exit the market. The government claimed that the tax changes would see investors move away from the established market and into new housing and apartments. This hasn't happened, with many developers reporting a large drop in enquiries for new properties, both from owner-occupiers and investors.

While 2027 won't be a regular year for property, there are still strong fundamentals, great buying opportunities, and the prospect of setting yourself up for the long term.

Data sourced from REIWA, REIA, ABS, Cotality and MW Research.

Disclaimer – information correct as of time of publication, looking ahead for 2027.

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