MARKET INTELLIGENCE | JULY 2026

MELBOURNE
PROPERTY MARKET REPORT

June 2026

A more selective market, with resilience in units and rentals

Prepared by PropNex Melbourne Australia

Research cut-off: 27 July 2026

Independent market data. Practical interpretation. Melbourne focus.

Report at a glance

This report covers Greater Melbourne market conditions during June 2026 and the June quarter. June-period figures published in July are treated as June data. Earlier reporting periods are identified where June-specific information was not available by the research cut-off.

-0.4% **Melbourne home values** June monthly change PropTrack [1]	**$839,000** **Median home value** June 2026 PropTrack [1]
$1,041,205 **Median house price** -3.1% over the quarter Domain [2]	**$587,137** **Median unit price** -0.05% over the quarter Domain [2]
$600 pw **House asking rent** +0.8% over the quarter Domain [3]	**$600 pw** **Unit asking rent** +4.3% over the year Domain [3]
46.6% **Final auction clearance** Week ending 28 June Cotality [4]	**4.35%** **RBA cash rate** Held on 16 June RBA [5]

READING THE DATA CORRECTLY

PropTrack measures changes in dwelling values using a revisionary hedonic index. Domain reports stratified median house and unit prices. These measures answer different questions and should not be directly substituted for one another.

Executive summary

Melbourne's property market entered the second half of 2026 in a period of adjustment rather than broad-based deterioration. PropTrack recorded a 0.4% decline in Melbourne home values during June. Its estimated median home value was $839,000, with values 1.1% below June 2025 and 3.1% below their previous peak. [1]

The market became increasingly divided by property type. Domain reported that Melbourne's median house price declined 3.1% during the June quarter to $1,041,205. The median unit price moved only 0.05% lower to $587,137 and remained 1.7% higher over the year. Units therefore showed greater relative resilience, supported by a lower entry price and stronger affordability. [2]

Rental conditions remained supportive for owners, although rent growth was not accelerating evenly. Melbourne's median asking rent reached $600 per week for both houses and units. House rents rose 0.8% over the quarter, while unit rents were unchanged over the quarter but remained 4.3% above the previous year. Domain's Melbourne vacancy rate was 1.2% in June, indicating that rental availability remained tight. [3]

Auction conditions gave buyers greater negotiating power. Melbourne recorded a 46.6% final clearance rate from 807 auctions in the week ending 28 June. This was a substantial auction market, but a sub-50% clearance rate indicates that many vendors needed to negotiate after auction or reconsider expectations. [4]

The RBA held the cash rate at 4.35% on 16 June after three increases earlier in the year. Borrowing conditions remain restrictive, but the national labour market continued to provide support: employment rose by 76,300 people in June and the unemployment rate was 4.4%. [5, 7]

The practical conclusion is that Melbourne is not moving as one market. Finance-ready buyers have improved leverage, units and selected rental properties continue to benefit from affordability and tenant demand, and sellers need to price against current evidence rather than earlier market conditions.

June 2026 market snapshot

Indicator	Result	Period	Source	Interpretation
Melbourne home-value movement	-0.4%	June 2026	PropTrack [1]	A moderate monthly correction.
Melbourne median home value	$839,000	June 2026	PropTrack [1]	Below the prior peak, improving entry conditions.
Annual home-value movement	-1.1%	Year to June 2026	PropTrack [1]	Melbourne was the only capital lower year-on-year in this index.
Median house price	$1,041,205	June quarter 2026	Domain [2]	Down 3.1% quarterly; greater leverage for buyers.
Median unit price	$587,137	June quarter 2026	Domain [2]	Broadly stable and 1.7% higher annually.
Final auction clearance	46.6%	Week ending 28 June	Cotality [4]	Buyer-favourable overall, with negotiation after auction.
Auction volume	807	Week ending 28 June	Cotality [4]	Melbourne remained the largest capital-city auction market.
House asking rent	$600 per week	June quarter 2026	Domain [3]	Record level; up 0.8% over the quarter.

Indicator	Result	Period	Source	Interpretation
Unit asking rent	$600 per week	June quarter 2026	Domain [3]	Record level; up 4.3% over the year.
Rental vacancy rate	1.2%	June 2026	Domain [3]	Tight availability despite marginal seasonal easing.
RBA cash rate	4.35%	16 June 2026	RBA [5]	Held after three increases earlier in 2026.
Unemployment rate	4.4%	June 2026	ABS [7]	Employment conditions remained broadly supportive.

1. Melbourne sales market

Prices softened, but the adjustment remained orderly

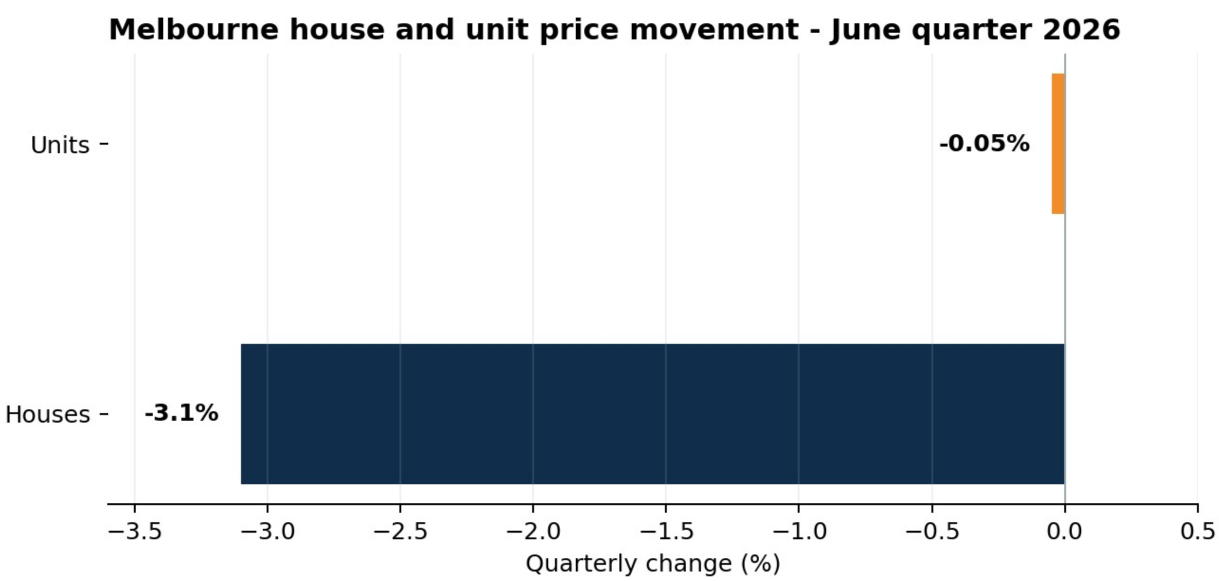
PropTrack's Home Price Index recorded a 0.4% decline in Melbourne home values during June. The median home value was estimated at $839,000, 1.1% below a year earlier and 3.1% below the previous peak.[1]

This is evidence of a market correction after a material change in borrowing conditions. It is not evidence that every location and property category is weakening at the same pace. Differences in affordability, scarcity, building quality and buyer profile are becoming more important than the city-wide average.

Houses and units are following different paths

Domain's June-quarter figures showed the clearest split. Melbourne's median house price fell 3.1% to $1,041,205, its second consecutive quarterly decline. Houses were 4.2% below their December 2025 peak and 0.4% lower over the year.[2]

The median unit price declined by only 0.05% to $587,137. Annual growth remained positive at 1.7%, meaning units materially outperformed houses during the period. The house-unit price gap also narrowed, indicating that demand was holding up better at lower price points.[2]



Source: Domain House Price Report, June 2026. Stratified median prices.

Affordability has therefore become a major driver of buyer behaviour. A purchaser who cannot comfortably service a detached-house mortgage may shift towards an apartment, unit or townhouse to remain close to preferred employment, transport, education and lifestyle amenities.

For buyers, the current market creates two distinct opportunities: greater negotiating power in higher-priced house markets, and access to comparatively resilient unit markets at a substantially lower entry price.

For sellers, the figures do not mean strong results are impossible. They do mean that price expectations need to reflect current borrowing capacity, recent comparable sales and the quality of competing stock. Properties with scarce attributes can still outperform broad market measures.

2. Auction market

Melbourne remained Australia's largest capital-city auction market in the week ending 28 June, with 807 auctions. The final clearance rate improved from 43.6% to 46.6%, but remained well below the 68.2% recorded in the comparable week a year earlier. [4]

Cotality recorded 327 Melbourne pass-ins that week. A lower clearance rate generally means more properties move into post-auction negotiation, which can benefit buyers who have completed their finance, contract and building due diligence. [4]

What the result means for sellers

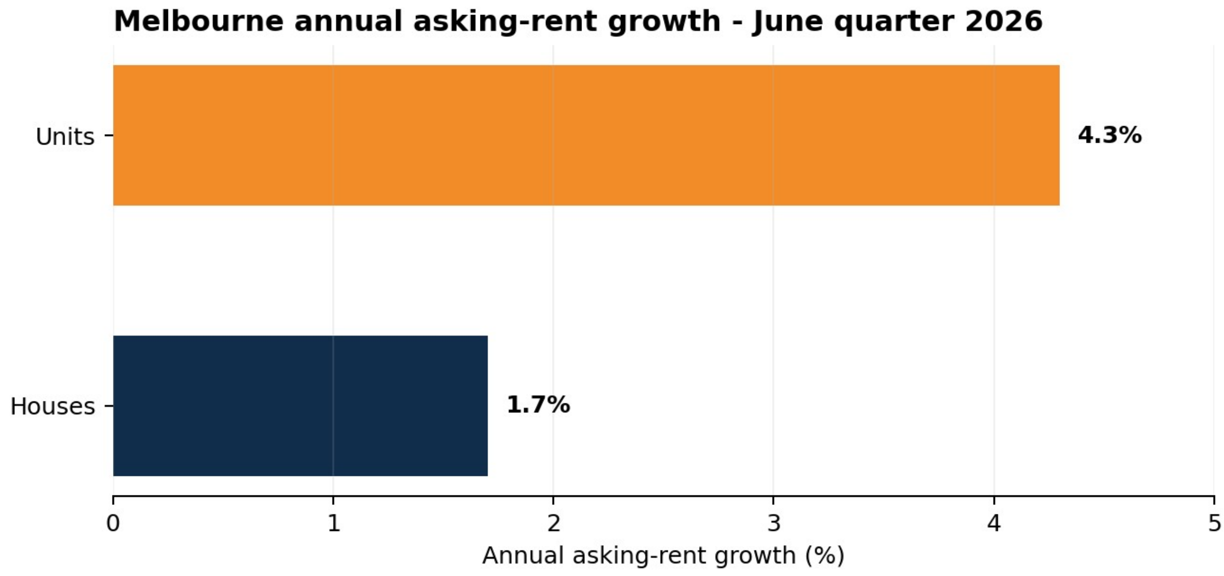
- Set the reserve using recent comparable evidence, not a previous market peak.
- Respond carefully to credible pre-auction interest rather than assuming competition will strengthen on auction day.
- Present the property professionally so buyers can distinguish it from increased competing stock.
- Prepare a clear post-auction negotiation strategy before the campaign begins.

The auction market is not uniformly weak. Scarce, well-presented properties can still attract multiple serious bidders. The broader result shows that buyers have become more selective and less willing to exceed their assessment of value.

3. Rental market

Melbourne's rental market remained an important source of support for residential property in June. Domain reported that the median house asking rent increased to a record $600 per week, up 0.8% over the June quarter and 1.7% over the year. [3]

The median unit asking rent also remained at a record $600 per week. It was unchanged over the quarter but 4.3% higher than a year earlier. Units therefore delivered stronger annual asking-rent growth than houses, despite the overall pace of rental increases moderating. [3]



Source: Domain Rental Report, June 2026. Advertised asking rents.

Melbourne's vacancy rate increased seasonally to 1.2% in June, but Domain described it as the second-lowest June result on record. The market is therefore still tight, even as it begins to ease at the margin. [3]

Implications for landlords

The rental environment continues to support occupancy where the property is appropriately priced, professionally presented, compliant with Victorian minimum standards and located close to employment, education, transport or established services.

Record asking rents do not mean every property can sustain an increase. Renters remain sensitive to affordability, condition and value for money. Gross rent also needs to be assessed against finance costs, management fees, owners corporation charges, insurance, maintenance, vacancy and capital expenditure.

Victorian rental-law changes

From 31 March 2026, Victorian rental providers and agents must use the standard form for rental applications and may only request the information included in that form. Rental apps and payment platforms are also prohibited from charging renters application or rent-payment fees, and additional factors can be considered when assessing whether a proposed rent increase is excessive. [12]

4. Melbourne CBD and apartment market

The most constructive June evidence for apartments comes from the broader Melbourne unit market. Unit prices were effectively unchanged over the quarter and remained 1.7% higher over the year, while unit asking rents were 4.3% higher annually. These indicators were stronger than the corresponding results for Melbourne houses. [2, 3]

These are Greater Melbourne measures rather than CBD-specific statistics, but they provide a useful background for assessing established city apartments. CBD and inner-city apartments can appeal to first-home buyers, professionals, students, investors and overseas clients who value central access and apartment living.

Replacement cost supports selected established apartments

Residential construction costs in Victoria increased 0.9% during the June quarter. Although the rate of cost growth is far below the post-pandemic peaks, ongoing increases can make new apartment projects harder to deliver at prices comparable with established stock. [13]

This may improve the relative position of well-designed established apartments that offer usable space, natural light, views, parking, storage or a strong location. It does not support a blanket conclusion that every CBD apartment will perform well.

Building-level due diligence remains essential

- Owners corporation fees, budgets and special-levy history.
- Cladding, water-ingress, structural and other building-defect exposure.
- Apartment size, floor plan, natural light, ventilation and storage.
- Lender restrictions that may apply to very small apartments or particular buildings.
- Competing supply within the building and immediate precinct.
- Rules affecting pets, renovations, leasing or short-stay use.

> **MARKET INTERPRETATION**
>
> The apartment opportunity is selective. The strongest candidates are likely to be properties that combine a defensible location, functional design, sustainable ownership costs and broad renter or owner-occupier appeal.

5. Interest rates and lending conditions

The RBA left the cash rate unchanged at 4.35% on 16 June. The decision followed three increases earlier in 2026. The Board said inflation remained too high and retained the option to increase the cash rate further if required. [5]

The June pause provided borrowers with some stability, but it did not reverse the tightening that had already occurred. RBA data for May showed average rates of 6.22% on new owner-occupier housing loans and 6.39% on new investment loans. June lending-rate data had not been published by the report cut-off. [6]

Serviceability remains a constraint

Since February 2026, APRA's debt-to-income limit has allowed authorised deposit-taking institutions to allocate no more than 20% of new owner-occupier lending and 20% of new investor lending to loans with debt equal to six or more times income. APRA has also retained the 3% mortgage serviceability buffer. [8]

The limits do not prohibit all high-debt borrowing and APRA has said they were not expected to restrict most owner-occupiers or first-home buyers in the near term. Individual outcomes still depend on income, existing debt, deposit size, expenses, loan structure and lender policy. [8]

Employment provides a partial offset

Australia's seasonally adjusted employment increased by 76,300 people in June, while the unemployment rate was 4.4%. A resilient labour market supports mortgage servicing and household confidence, although it does not remove the effect of higher repayments and living costs. [7]

6. Population and future housing demand

Victoria's population reached approximately 7.122 million at 31 December 2025, increasing by 117,300 people or 1.7% over the year. [9]

Greater Melbourne recorded the largest population increase of any Australian capital during 2024-25. Its population rose by 105,030 people, or 2.0%, to approximately 5.436 million. Net overseas migration contributed 81,168 people, while net internal migration was negative. [10]

Population growth does not guarantee immediate property-price growth, and it does not affect every suburb or dwelling type equally. It does, however, create an underlying requirement for additional accommodation, particularly rentals, affordable dwellings, family housing and homes close to employment, transport and education.

The Victorian Government has allocated housing targets for an additional 2.24 million homes by 2051 and has committed to at least 70% being accommodated in established areas. The targets contemplate more townhouses and small, medium and larger apartment buildings in well-serviced locations. [11]

These are planning targets rather than guaranteed completions. Delivery will depend on project feasibility, infrastructure, finance, construction capacity and buyer demand. The gap between housing need and feasible delivery is therefore an important long-term market consideration.

7. First half of 2026 review

Three developments defined January to June

1	**Higher interest rates** The cash rate increased three times before the RBA paused at 4.35% in June. Borrowing capacity and buyer budgets were reduced.
2	**A widening difference between houses and units** Higher-priced houses experienced the greater June-quarter adjustment, while units remained comparatively resilient.
3	**Continued rental demand** Both house and unit asking rents reached $600 per week and the vacancy rate remained tight at 1.2%.

The first half did not produce a broad Melbourne recovery. Instead, it produced a more selective market in which affordability, finance readiness, property quality and ownership costs became increasingly important. This adjustment may ultimately help bring vendor expectations, buyer borrowing capacity and transaction prices into closer alignment. [1, 2, 3, 5]

8. Property segments to watch

Segment	Principal opportunity	Principal risk
Melbourne units and townhouses	Lower entry prices and positive annual unit growth.	Owners corporation costs, building quality and lower land content.
Established CBD and inner-city apartments	Immediate availability, established rental history and potentially favourable replacement-cost comparison.	Defects, levies, floor-plan limitations and building-specific competing supply.
Middle-ring family houses	Lower quarterly house prices and softer auction competition may improve negotiating conditions.	Large mortgage commitments and exposure to further rate movements.
Northern and western growth corridors	Long-term household formation and comparatively affordable detached housing.	Competing land supply, infrastructure timing and car dependency.
Homes near established transport and employment	Broad renter and owner-occupier appeal where daily convenience is defensible.	Infrastructure benefits may already be reflected in the purchase price.

These segments are identified for market-education purposes and are not recommendations to buy or sell a particular property. Asset selection, finance, ownership structure and individual objectives remain critical.

9. Practical implications by audience

Audience	Current opportunity	Preparation priority
Sellers	Accurate pricing and strong presentation can distinguish a property in a selective market.	Benchmark against current comparable sales and prepare a post-auction strategy.
Home buyers	More negotiating power, particularly where a campaign has passed in or exceeded normal selling time.	Refresh finance approval and retain a repayment buffer.
Property investors	Units may combine a lower entry price with stronger annual rental growth.	Model net cash flow, not rent or gross yield alone.
Landlords	Tight vacancy supports occupancy for compliant, well-maintained properties.	Review application processes, minimum standards, insurance and maintenance.
First-home buyers	Lower values and less auction competition may improve access.	Avoid automatically borrowing the maximum available amount.
Overseas buyers	The market adjustment may improve relative value in suitable eligible property categories.	Obtain independent advice on eligibility, approvals, duty, tax, finance and ongoing costs.

10. CEO market outlook

JACK THEN | CEO, PROPNEX MELBOURNE AUSTRALIA

> **CEO PERSPECTIVE**
>
> “Based on the June data, I believe Melbourne is moving into a more attractive stage for well-prepared buyers and long-term property investors.
>
> I do not expect an immediate or uniform property boom. My base-case expectation is that the market will begin to stabilise over the next three to six months, with transaction activity and buyer confidence improving before strong price growth becomes widespread.
>
> Affordability is likely to remain the key factor. For this reason, I expect quality units, townhouses and well-located apartments to continue performing more strongly than higher-priced houses in the near term.
>
> Melbourne’s continuing population growth, record rental levels and tight vacancy rate provide a solid long-term demand foundation. At the same time, elevated interest rates will continue to limit how much buyers can borrow.
>
> The greatest opportunities are therefore unlikely to be found by simply buying any property because prices have softened. They will be found in selecting properties with good locations, functional layouts, sustainable holding costs and genuine owner-occupier or renter appeal.
>
> My view is that the second half of 2026 will remain selective, but it should provide better opportunities for buyers who are financially prepared and focused on long-term fundamentals.”

This is Jack Then’s market interpretation and forecast, not a guarantee of future performance. It is informed by the relative resilience of units, rental demand, population growth, construction costs, current auction conditions and the June interest-rate pause. [2, 3, 5, 10, 13]

11. Three-to-six-month outlook

BASE CASE

Gradual stabilisation

Melbourne prices remain soft or broadly stable, with units and affordable categories continuing to outperform higher-priced houses. Transaction activity improves before broad price growth.

STRONGER MARKET

Confidence improves earlier

Inflation moderates, the RBA signals that further tightening is less likely, mortgage competition improves effective rates and vendor stock reduces. Clearance rates and transaction volumes recover.

WEAKER MARKET

A further period of adjustment

Inflation remains persistent, rates rise again, employment weakens or financially motivated sales increase. Highly leveraged households and properties with abundant competing supply face greater pressure.

Indicators to monitor in July and August

- June-quarter inflation and its implications for monetary policy.
- The RBA decision scheduled for 11 August 2026.
- Weekly Melbourne auction clearance rates and pass-in levels.
- Changes to advertised mortgage rates and lender serviceability policies.
- Unemployment, employment growth and consumer confidence.
- Rental vacancy, asking rents and evidence of tenant affordability limits.
- Whether transaction activity improves before prices.

Conclusion

Melbourne's June 2026 results reflect a market resetting to higher borrowing costs rather than a collapse in its long-term housing fundamentals. Values softened during the month, auction outcomes favoured selective buyers and house prices recorded the larger quarterly adjustment.

At the same time, units remained comparatively resilient, unit rents continued to grow annually and rental vacancy remained tight. Population growth and the challenge of delivering enough financially feasible housing continue to provide a substantial long-term demand foundation.

The next stage of the market is likely to be selective. Buyers have more negotiating power and should use it carefully. Sellers need to price according to current evidence. Investors should prioritise sustainable net cash flow and asset quality. Landlords should combine market awareness with strong compliance and property management.

PropNex Melbourne Australia will continue to interpret market evidence, local conditions and property-specific factors to help clients make informed and practical decisions.

Data basis and limitations

- PropTrack's Home Price Index is revisionary and historical observations may change as additional settlement data is received.
- Domain's house and unit figures are stratified median prices and should not be directly compared with a hedonic value index.
- The auction result relates to the final full week of June rather than a calculated monthly average.
- Domain rent figures are advertised asking rents and may differ from the rent agreed in an individual lease.
- CBD-specific achieved rents, vacancy rates, yields and one-bedroom versus two-bedroom performance were excluded because suitable verified June data was not available.
- June housing-finance commitments, June dwelling approvals and June-quarter CPI had not been published by the research cut-off.
- Forecasts are conditional assessments and actual outcomes may differ materially.

General disclaimer

> **IMPORTANT INFORMATION**
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> This report has been prepared for general information and market-education purposes only. It does not constitute financial, legal, taxation, credit or investment advice. Property-market conditions and individual circumstances vary. Readers should obtain independent professional advice before making property or financial decisions. While reasonable care has been taken in preparing this report, PropNex Melbourne Australia does not guarantee the accuracy or completeness of third-party information.

Source register

[1] PropTrack / REA Group - PropTrack Home Price Index - June 2026

Published: 1 July 2026 | Reporting period: June 2026 | Accessed: 27 July 2026
Information used: Melbourne monthly, annual and peak value movement; median home value; methodology.

[2] Domain Research - House Price Report - June 2026

Published: 22 July 2026 | Reporting period: June quarter 2026 | Accessed: 27 July 2026
Information used: Melbourne house and unit median prices, quarterly and annual changes; broader selling conditions.

[3] Domain Research - Rental Report - June 2026

Published: 8 July 2026 | Reporting period: June quarter and June 2026 | Accessed: 27 July 2026
Information used: Melbourne house and unit asking rents, rental growth and vacancy rate.

[4] Cotality - Final Clearance Rates - week ending 28 June 2026

Published: 2 July 2026 | Reporting period: Week ending 28 June 2026 | Accessed: 27 July 2026
Information used: Melbourne auction volume, final clearance rate, pass-ins and annual comparison.

[5] Reserve Bank of Australia - Statement by the Monetary Policy Board: Monetary Policy Decision

Published: 16 June 2026 | Reporting period: June 2026 | Accessed: 27 July 2026
Information used: Cash-rate decision, inflation assessment and policy guidance.

[6] Reserve Bank of Australia - Lenders' Interest Rates

Published: Updated July 2026 | Reporting period: May 2026 | Accessed: 27 July 2026
Information used: Average new and outstanding owner-occupier and investor housing rates.

[7] Australian Bureau of Statistics - Labour Force, Australia

Published: 23 July 2026 | Reporting period: June 2026 | Accessed: 27 July 2026
Information used: Employment change and unemployment rate.

[8] Australian Prudential Regulation Authority - Activating debt-to-income limits as a macroprudential policy tool

Published: 27 November 2025 | Reporting period: Effective from February 2026 | Accessed: 27 July 2026
Information used: High debt-to-income lending limits and serviceability-buffer settings.

[9] Australian Bureau of Statistics - National, state and territory population - December 2025

Published: 18 June 2026 | Reporting period: Year ending December 2025 | Accessed: 27 July 2026
Information used: Victorian population level and annual growth.

[10] Australian Bureau of Statistics - Regional population, 2024-25

Published: 31 March 2026 | Reporting period: 2024-25 financial year | Accessed: 27 July 2026
Information used: Greater Melbourne population, annual growth and migration components.

[11] Victorian Government - Department of Transport and Planning - Housing targets

Published: Current at July 2026 | Reporting period: Targets to 2051 | Accessed: 27 July 2026
Information used: Target for 2.24 million additional homes and at least 70% in established areas.

[12] Consumer Affairs Victoria - Less paperwork, more security - new rental rules begin today

Published: 31 March 2026 | Reporting period: From 31 March 2026 | Accessed: 27 July 2026
Information used: Standard rental application form, information restrictions, platform fees and excessive-rent provisions.

[13] Cotality - Construction costs rebound to steady growth

Published: 22 July 2026 | Reporting period: June quarter 2026 | Accessed: 27 July 2026
Information used: Victorian residential construction-cost change.