Darwin Market Research
March 2026

Inner Darwin Median House Price $957,500

Darwin Median House Rental $750 per week

6% yield for property in Darwin

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Darwin Market Overview

Darwin's residential investment market strengthened materially through early 2026, delivering a rare combination of above average capital growth, Australia leading rental yields, and structurally tight supply conditions.

Residential values recorded double digit growth across all major precincts over the past 12 months, while transaction volumes rose sharply, confirming renewed depth and liquidity across the market. Inner Darwin and Palmerston led activity, supported by both interstate investor demand and sustained local participation.

From an income perspective, Darwin remains the highest yielding capital city in Australia, with gross residential yields averaging approximately 6.0% and exceeding 7.0% for well located units. While rental growth has begun to moderate at the margin due to affordability constraints, vacancy rates remain critically low, consistently below 1%, indicating that demand continues to overwhelm available stock. For investors, this translates to strong income certainty, minimal letting risk, and resilience against interest rate volatility relative to southern markets.

Investor confidence is being underpinned by an unprecedented pipeline of infrastructure and defence spending. Major projects, including the Darwin Ship Lift Facility, Middle Arm Sustainable Development Precinct, and multi billion dollar defence upgrades, are actively drawing skilled labour, contractors, and professional services into the Territory. This population inflow is occurring at a time when new housing supply is constrained by sharply lower building approvals, labour shortages, and escalating construction costs, reinforcing favourable medium term fundamentals for both rents and values.

Macroeconomic risks are present, with the Reserve Bank of Australia returning to a tightening cycle and further rate increases expected in mid 2026. However, Darwin's investor led market appears comparatively insulated. Investor lending remains well above long term averages, demand is increasingly cash flow driven rather than speculative, and the depth of undersupply continues to limit downside price risk. Importantly, Darwin's relative affordability and yield premium provide a buffer not available in lower yield capital city markets.

As of March 2026, there was a substantial increase in volumes and median prices of residential sales through all regions of Darwin for detached residential housing to the 12 months commencing April 2025.

Research conducted by Territory Property Consultants in Darwin revealed the actual sales volume activity in the past year has been aggressive when broken up into localities. The sale volume increases ranged from +64% in "ïnner" Darwin and, at the lower end, +22% for Palmerston, the latter having experienced the bulk of higher volumes in 2024 and early 2025. Nightcliff and Sanderson indicated sales volumes increases of +36% to +46% respectively compared to the previous 12 months.

INVESTORS & LENDING

According to national statistics provided from Cotality.com, the total value of investor lending rose 7.9% over the final quarter of 2025, easing from an 18.7% surge in Q3 2025. In annual terms, the value of investment lending was up 31.8% in 2025. Investor lending comprised 39.7% of the value of all ending, down slightly from a 40.3% share in Q3, but still well above the decade average at 33.5%. Investors currently comprise approx. 42% the NT sales which has eased from over 50% in early 2025.

FIRST HOME BUYERS

First home buyer lending nationally was up sharply in the last 3 months, increasing 6.8% by volume and 15.5% by value, coinciding with the expansion of the 5% deposit guarantee. First home buyers as a share of the value of home lending rose to 29.6% over the quarter, slightly above the decade average of 27.4%. First home buyers held the largest share of owner occupier demand in the Northern Territory (also the most affordable housing market), comprising 38.1% of lending.

The Reserve Bank of Australia (RBA) has returned to a hawkish stance in 2026 after a series of rate cuts in 2025 failed to keep inflation within the 2% to 3% target band. The official cash rate is 4.10%, following consecutive 25-basis-point hikes in February and March 2026 and most economists and market indicators suggest that further rate lifts are likely.

The major bank forecast economists from ANZ, CBA, and NAB all predict another 25-basis-point rise in May 2026, which would take the cash rate to 4.35%. Westpac projects an even more aggressive path, with potential hikes in June and August reaching 4.85%.

The RBA Board noted that inflation "picked up materially" in late 2025 with key drivers including persistent capacity pressures, a resilient labour market (unemployment at 4.1%), and global supply shocks, specifically rising fuel prices linked to the current conflict in the Middle East

In February 2026, the trend number of residential building approvals in the Territory over 12 months decreased by 28.8% which was the weakest result of all capital cities. This is a sign of tight labour shortages and strong competition due to larger non residential infrastructure projects.

Residential Rental Activity

Darwin's rental yields continue to lead the rest of the country.

The image below references the average rental prices in Darwin according to the March 2026 report from Rent.com.au. They estimate the average unit rental is $630 per week and the average house rental is $750 per week.

Capital Cities: Rent per week

Metro area	Apartments	Annual Change %	Houses	Annual Change %
Sydney	$760	+4.8%	$950	+8.6%
Melbourne	$590	+5.4%	$580	+1.8%
Brisbane	$650	+4.8%	$700	+7.7%
Perth	$700	+7.7%	$750	+7.9%
Adelaide	$550	+10.0%	$640	+6.7%
Hobart	$520	+10.6%	$610	+8.0%
Canberra	$630	+12.5%	$800	+5.3%
Darwin	**$630**	**+12.5%**	**$750**	**+10.3%**
National Median	$680	+4.6%	$700	+3.7%

Source : 2026 Rent.com.au property listing data

Residential Rental Activity

Darwin properties are renting well with rents starting to level off due to slowing demand and affordability constraints as property prices continue to rise. This closing of the gap between property prices and rental amounts has resulted in overall lower yields however they are still much higher than the rest of Australia. Rental yields now sit at an average 6.0% return which is still very attractive and well above any other capital city.

Nationally, the gross rental yield rose to 3.57% in March 2026, up from a recent cyclical low of 3.54% in January. According to data from Cotality, Darwin continues to stand out with the highest gross yields, at 6.0%, while Sydney is recording the lowest gross yield at 3.1%.

According to local residential property managers, over the past 3 months, vacancy rates in Greater Darwin remain tight below 1%. Stock for both good quality detached dwellings and apartments still remain limited, and this sector has seen the most activity as compared to lower tier rental accommodation.

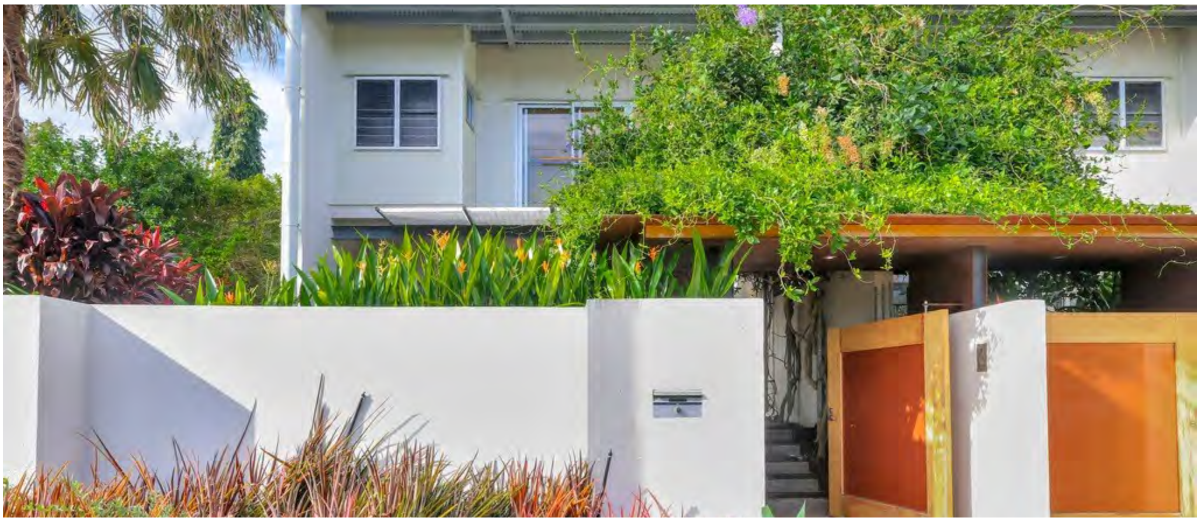
From recent in office research based on managed accommodation classes, the current average weekly rental rates in Greater Darwin and Palmerston as at March 2026 are tabled below.

For the 2026 Dry season, we anticipate vacancy rates to remain below 1%.

As of April 2026, Darwin's residential rental market is under significant upward pressure, primarily driven by a surge in major industrial and economic infrastructure projects that have increased demand for worker accommodation while housing supply remains critically tight.

Accomm. Type	Darwin (p.w.)	Northern Suburbs (p.w.)	Palmerston (p.w.)
House - 3 Bedroom	$700-$800	$600-$700	$580- $680
House - 4 Bedroom	$850-$950	$680-$800	$620-$730
House—Executive	$1000-$1500	$800-$950	$700-$900
Unit - 1 Bedroom	$480-$550	$480-$520	$480-$520
Unit - 2 Bedroom	$550-$750	$550—$650	$550—$600
Unit - 3 Bedroom	$750- $900	$650-$700	$620 -$680
Unit—Executive	$950-$1200	$680-$750	N/A

Residential Sales Activity—House Market



For the 12 months ending March 2026, the median sale price for the inner suburbs of Darwin (Larrakeyah/Parap/Stuart Park etc) increased +13.85% to $957,500, northern coastal suburbs (Nightcliff/Rapid Creek/Lyons/Muirhead etc) increased +11.54% to $725,000, north eastern suburbs (Leanyer/Wulagi/Anula/Malak/Karama) increased +17.76% to $630,000 and Palmerston (all suburbs) increased +18.35% to $645,000.

Sales volumes increased in all localities ranging from 22% in Palmerston to 64% in Inner Darwin suburbs. Refer table below:

April 2024 to March 2025
Darwin House Sales

Locality	No of Sales	Median Price
Darwin	100	$841,000
Nightcliff	395	$650,000
Sanderson	217	$535,000
Palmerston	949	$545,000

April 2025 to March 2026
Darwin House Sales

Locality	No of Sales	Median Price	Average Price Change	Change in Volume
Darwin	164	$957,500	13.85%	64.00%
Nightcliff	539	$725,000	11.54%	36.46%
Sanderson	317	$630,000	17.76%	46.08%
Palmerston	1157	$645,000	18.35%	21.92%

Apartment Market

The Darwin unit market has experienced significant growth over the past year, with the median price reaching approximately $450,000 as of March 2026. This represents a monthly increase of 2.4% and a substantial annual surge of 18.7%. Interest from interstate investors has remained strong particularly due to the attractive yields available (still the highest in Australia – up to 7.0% in some instances).

Land Sales

The new land releases remain predominantly in Northcrest, Zuccoli in Palmerston, Marrara Gardens (ex Malak Caravan Park). Marrara Gardens, The Heights in Durack and, more recently Darwin's newest residential estate, The Parks at Holtze. With regard to the latter this has been very successful over the past 12 months with 8 stages now sold or under contract. The pricing has been attractive to first home buyers with sale prices ranging from approx. $250,000 to $295,000 for blocks in size from 420m² to 600m². A total 544 lots will be developed at the site opposite Palmerston Hospital, and the first residents are now moving in.

New Projects

The Northern Territory's 2025-26 infrastructure program is at a record $4.34 billion, with several "big-ticket" items currently in active construction or key delivery phases being as follows:-

- Darwin Ship Lift Facility: This $563 million project is a primary economic driver, currently under construction at East Arm. It is establishing Darwin as a major maritime hub, drawing a large technical workforce to the region.
- Middle Arm Sustainable Development Precinct: Active works continue on this $15 billion precinct, which includes new $72 million transport infrastructure and carbon capture projects.
- Defence Infrastructure: Approximately $4.5 billion in upgrades are ongoing at RAAF Base Darwin and Larrakeyah Barracks to support expanded Northern Australia defence operations.
- Health and Civic Revitalisation: Royal Darwin Hospital. A new $86.3 million mental health inpatient unit and a 32-bed modular ward are on track for completion in the 2025-26 period.
- Darwin Civic Centre. Construction is underway on the $77 million civic centre, featuring a commercial tower and public plaza.
- Water Security: The Adelaide River Off-stream Water Storage (AROWS) and the Manton Dam return-to-service projects are in active development to secure long-term water supply.

Impact on Residential Rents:

The influx of contractors and professionals for these projects has coincided with a severe housing shortage, leading to some of the highest rental growth in Australia.

Critical Vacancy Rates: The vacancy rate is hovering between 0.6% and 0.8%, far below the 2.5% balanced market average. This "sub-1%" market means nearly all available properties are absorbed immediately. Investor Competition: Low supply has triggered a record spike in investor loans (up to 47% of all new loans in late 2025), as buyers from southern states chase the high yields generated by the local "infrastructure boom".

Darwin's Commercial Market

As of April 2026, Darwin's commercial property market continues to show resilience, though it is navigating a transition from the record-breaking growth seen in previous years to a more balanced, supply-constrained environment.

Gross State Product (GSP): The Northern Territory's GSP is forecast to grow by 5.2% to 7.8% for the 2025 -26 financial year.

Growth Drivers: This robust expansion is primarily driven by the Barossa project transitioning from construction to LNG production and exports.

National Comparison: While the national GDP growth is approximately 1.4%, the NT's performance remains significantly higher, though volatile due to its reliance on major resource cycles.

Industrial Market

Prime Rents: Face net rental rates for modern, high-spec premises have stabilised circa \$150–\$180/m².

Secondary Rents: Secondary assets maintain averages of \$100–\$120/m², though demand is increasingly shifting toward "super prime" assets.

Land Prices: In sought-after areas like Berrimah, industrial land prices range from \$230/m² to \$300/m².

Key Trends: Sustained demand from logistics operators and defence contractors continues to underpin the market, though high construction costs are making new developments challenging to initiate.

Office Market

Vacancy Rates: The Darwin CBD office vacancy rate rose to 14.7% as of early 2026. However, A-Grade vacancy remains much tighter at approximately 5.3%, reflecting a strong "flight to quality" among corporate and government tenants.

Grade Performance:

A-Grade Rents: Driven by government demand, prime rents reach up to \$750/m².

B-Grade Rents: Spillover demand has pushed B-grade rents to roughly \$450/m².

C-Grade: Landlords are increasingly repositioning these assets or converting them into student accommodation due to vacancy rates exceeding 40%.

Retail Market

Suburban Resilience: The retail sector remains stable, with suburban shopping centres and strip retail locations attracting budget-conscious tenants.

Tenant Shifts: Traditional fashion and food outlets are increasingly being replaced by healthcare and service-based retailers. The current cost of living environment as well as impacts from the Middle East crisis have put significant pressure on tenants and subsequent delays in regular rental payments.

Rents: Strip retail rents generally sit between \$300 and \$400/m², while established shopping centres can command more than \$1,000/m².

Overall, Darwin presents a compelling investment proposition in 2026, characterised by high income returns, improving capital growth momentum, and demand drivers that are largely independent of national housing cycles. While interest rate and construction risks warrant monitoring, the Territory's infrastructure led expansion and acute housing shortage position Darwin as one of the most attractive risk adjusted residential and mixed asset markets in Australia for yield focused investors

Bill Linkson

Consulting Advisor—Territory Property Consultants

www.tpcnt.com.au

Lianna Tsounias

Marketing & Research Manager

lianna.tsounias@colliers.com.

Colliers International NT

08 8997 0888
13 Cavenagh Street | Darwin, NT 0800 | Australia

www.colliersnt.com