WINDSOR CAPITAL

AUGUST 2026

MONTHLY NEWSLETTER

Presented by: Windsor Capital

Stay up to date on interest rates, property market movements, development activity, and construction cost trends shaping the industry.

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KEY INDICATORS

RBA Cash Rate

4.35%

Held for a 2nd straight meeting on 11 August; further hikes not ruled out

Consumer Sentiment Index

88.9% ▲

Up 6% in August, though still 9.7% below a year ago

Auction Clearance Rate

47.3%

National, week ending 29 August - up from 46.7% the week before

Composite PMI

52.5

August reading; a third straight month of private-sector output growth

House Price Expectations

110.8

Fresh three-year low in August as the housing downturn weighs on outlook

New Sydney Plan Housing Target

800k+

20-year target for Greater Sydney, unveiled 13 August 2026

MONETARY POLICY & FINANCE

RBA holds at 4.35% for a second straight meeting on 11 August

The Reserve Bank left the cash rate unchanged at 4.35% at its 11 August meeting, a unanimous decision. The RBA said the hold should not be read as the Board being finished with rate rises, noting it isn't ruling out the need for further hikes if inflation tracks above the updated forecasts released alongside the decision. The Board also flagged continued concern about weak productivity growth. For developers, the message is one of continued caution rather than confirmed relief: financing costs are not falling yet, and the RBA has deliberately kept the option of further tightening on the table.

> Household expectations shifted quickly after the announcement: the share of consumers expecting mortgage rates to fall or hold steady rose to nearly 28% after the meeting, up from about 21% beforehand, according to the Melbourne Institute survey conducted across the decision. That is the clearest signal yet that households increasingly see this tightening cycle at or near its peak, even without an explicit signal from the RBA that hikes are over.

CONSUMER & BUYER SENTIMENT

Sentiment lifts on rates reprieve, but house price expectations hit a fresh low

The Melbourne Institute Consumer Sentiment Index rose 6% in August to 88.9, its strongest monthly gain in some time, though the result remains firmly pessimistic - 9.7% below year-ago levels and well under the long-run average of 100.2. The improvement was concentrated among mortgage holders responding after the RBA's decision to hold, while sentiment among renters eased slightly. Unemployment expectations rose in August, partly reversing the previous month's improvement. Most notably for developers, the Consumer House Price Expectations Index fell again in August to a fresh three-year low of 110.8, as the ongoing housing downturn continues to weigh on buyer outlook - even as price expectations, at that level, still point to a majority of consumers anticipating further rises rather than falls.

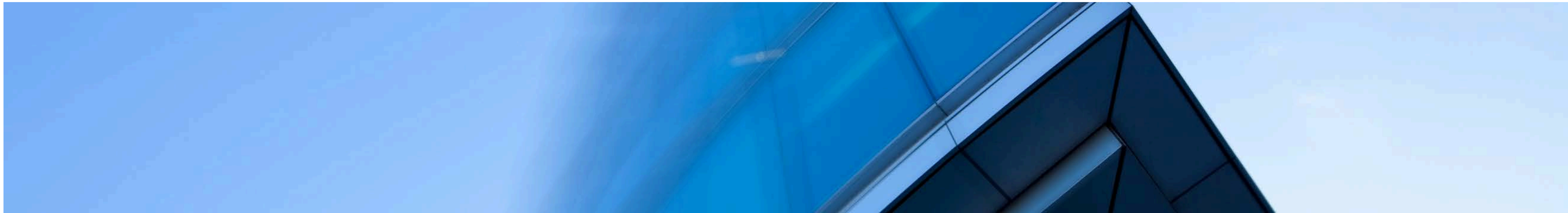
Source: Melbourne Institute Consumer Sentiment Index, August 2026

AUCTION MARKET TRENDS

A quiet winter market - volumes and clearance rates both well down on last August

Auction activity has tracked a typical seasonal winter pattern through August, but at noticeably weaker levels than a year ago. The combined capitals recorded a preliminary clearance rate of 46.7% in the week ending 22 August, down from 51.8% the previous week and well below the 66.9% recorded in the same week last year. Earlier in the month, the week ending 16 August produced a final clearance rate of 48.9% - a retreat from a 12-week high - on 1,276 auctions, itself down 33.6% on the same week in 2025. Cotality has attributed the year-on-year weakness to the combined effect of the cash rate holding at 4.35%, constrained borrowing capacity, falling national dwelling values and stretched affordability. Results remain highly segmented by city, with the combined capitals' clearance rate now sitting roughly 18-21 percentage points below where it was this time last year.

Source: Cotality, national weekly auction reporting, weeks ending 16 and 22 August 2026



CAPITAL CITY AUCTION SNAPSHOT

Week ending 16 August 2026

City	Trend	Key driver	Construction cost 2026
Sydney	55.60%	Soft result, giving buyers negotiating room	313 results
Canberra	53.50%	Highest of the smaller capitals, up 6.7 ppt	43
Adelaide	51.20%	Up 4.4 ppt on the previous week	84
Brisbane	35.90%	Broadly steady, still well below year-ago pace	142
Perth	33.30%	Small sample; limited statistical significance	9
National (combined capitals)	48.90%	Down from a 12-week high the week before	1,276

Source: Cotality; national weekly auction reporting, week ending 16 August 2026

PLANNING & POLICY

NSW unveils the Sydney Plan - a 20-year framework targeting 800,000+ new homes

On 13 August 2026, the NSW Government unveiled the Sydney Plan, a 20-year development framework designed to coordinate housing, jobs and infrastructure for a Greater Sydney population projected to reach 6.6 million by 2046 - a rise of 1.3 million people. Shaped by more than 2,000 public submissions, the plan sets a requirement of at least 800,000 additional homes and 950,000 additional jobs over the next two decades. It commits the Government to work with councils on updated five-year housing targets following the 2029 National Housing Accord deadline, and - critically for feasibility planning - requires councils to maintain at least 30 years of feasible housing capacity through their Local Environmental Plans. The plan directs more housing toward Sydney's east, while positioning Western Sydney for the bulk of new job creation, with employment there forecast to rise 59% from 475,000 to 755,000 over the 20-year horizon.

The NSW Government has said the plan ends an era in which “housing, jobs and infrastructure [were] planned in silos and communities left to pick up the pieces.” For developers, the mandatory 30-year feasible-capacity requirement on councils is the standout structural change to watch through the remainder of 2026.

NATIONAL POLICY

100th residential project clears federal environmental approval

The Australian Government announced on 21 August 2026 that the 100th residential development had received approval under national environmental law (the Environment Protection and Biodiversity Conservation Act) during the current term of government. Together, the 100 projects cover more than 80,000 proposed homes across the country - a milestone in the federal approval pipeline, though not a count of homes actually built. A federal environmental approval does not replace state planning approval, local requirements, finance, civil works or building approval, so project timing and delivery remain subject to those separate processes. Separately, new environmental standards apply from the week beginning 24 August 2026 to new bilateral agreements between the Commonwealth and states and territories, though they do not apply retrospectively to individual project assessments and approvals already underway.

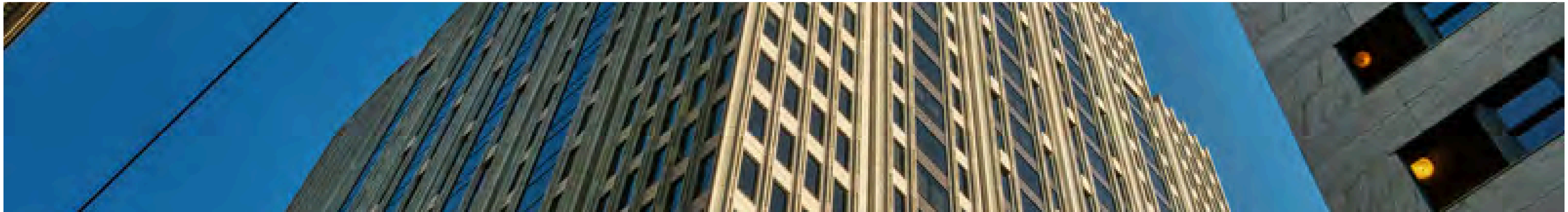
Source: Australian Government joint release, 21 August 2026; DCCEEW referral and assessment records, checked 23 August 2026

QUEENSLAND

Olympics infrastructure consultation opens as the SEQ development pipeline builds

Public consultation opened in early August 2026 on the draft Legacy Plan for the Victoria Park Precinct - the centrepiece of Brisbane's 2032 Olympics infrastructure program, encompassing the main stadium, National Aquatic Centre and Brisbane Athletes' Village, which will convert to permanent housing after the Games. Consultation is scheduled to run through August and September 2026. Alongside this, the state government announced two new Gold Coast transport routes connecting Nerang, Broadbeach, Robina and Miami, aimed at improving east-west connectivity ahead of the Games. The Games Independent Infrastructure and Coordination Authority also has a registration-of-interest process open until 15 August 2026, seeking design and construction capacity across its full venues portfolio - an early signal of how the state is sequencing procurement across its $7.1 billion Olympics infrastructure program.

Property Council Queensland has described the transport announcements as a positive blueprint for the Gold Coast's future connectivity - a useful reminder that Olympics-adjacent infrastructure spending is increasingly shaping site value well beyond the immediate venue precincts.

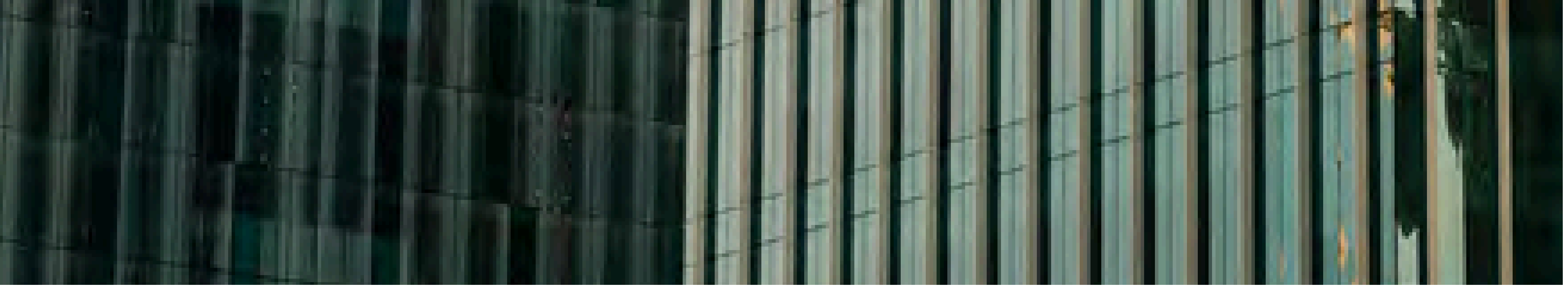


WESTERN AUSTRALIA

New planning reforms target density around ten metropolitan train stations

On 7 August 2026, the WA Government announced a new package of planning reforms alongside the proposed Precincts WA program, which targets increased housing density around ten metropolitan train station precincts. The program follows a "core-and-frame" approach, concentrating higher-density housing closest to stations with medium-density development transitioning to surrounding neighbourhoods. The broader reform package proposes extending WA's existing single-house planning exemption to cover developments of up to four grouped dwellings and apartments that meet baseline planning standards - meaning eligible small-scale projects would only require a building permit rather than a full development approval, bypassing a significant approvals bottleneck for exactly the kind of infill product many developers are trying to deliver at scale.

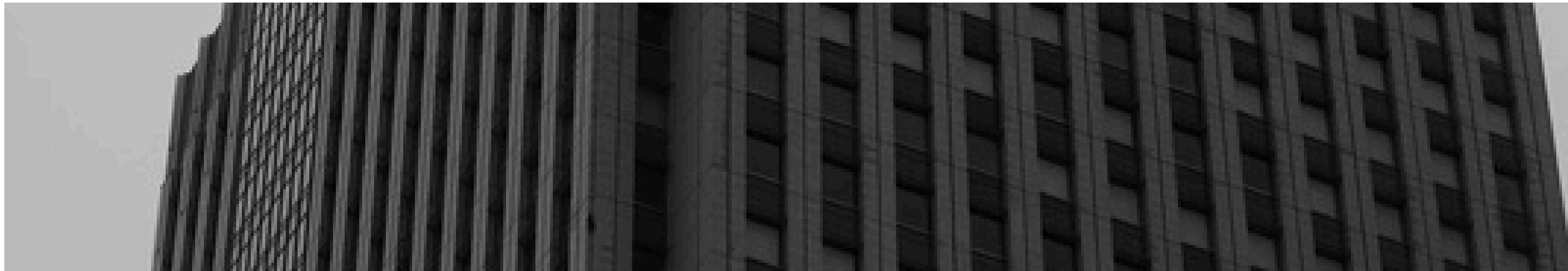
Source: NSW Government, the Sydney Plan (announced 13 August 2026)



ECONOMIC MOMENTUM

Private-sector output extends its growth streak into a third month

The S&P Global / PMI Output Index posted 52.5 in August, moderating slightly from the previous month's reading but still signalling a third consecutive month of growth in private-sector output - a moderate upturn rather than a sharp acceleration. The expansion was concentrated in services, with manufacturing output tipping just into contraction for the month. Growth in overall new orders was broad-based across sectors. Cost pressures picked up again in August after easing in prior months, though charge inflation (the rate at which businesses are passing costs on to customers) retreated to its least marked pace since the start of 2026 - a signal that, for now, businesses are absorbing more cost pressure rather than passing it through in full. The 12-month outlook for activity improved to its strongest level in some time, pointing to cautious optimism heading into the final months of 2026.



VICTORIA & SOUTH AUSTRALIA

WINDSOR CAPITAL

Victoria: pipeline projects keep moving through August

Victoria's state development pipeline recorded steady incremental progress through August rather than a single major policy announcement. Development Victoria confirmed demolition began in early August on the next phase of the central Dandenong transformation, plans were lodged in mid-August for new homes and a public park in Ivanhoe, and momentum continued through August on the Albert Park precinct. Individually modest, together these updates point to a government development pipeline that kept moving through the month even as broader housing policy - including the state's activity centres program - remained in its implementation phase.

Source: Development Victoria project updates, August 2026

South Australia: affordable housing delivery in focus

In Adelaide on 21 August 2026, state and federal housing ministers marked the delivery of a new community housing development in Seaton, co-located with existing public housing and offering rents at 75% of market rates. The community housing partner involved has secured more than 400 new rental apartments - both social and key-worker housing - through the joint Commonwealth-state funding program underpinning the project. The announcement reflects the continued rollout of South Australia's Housing Roadmap, with the state government emphasising that freeing up rental supply at below-market rents is intended to place downward pressure on rents more broadly across Adelaide.

Source: Government and South Australian Government joint press conference, 21 August 2026

DEVELOPMENT FINANCE & FEASIBILITY

A rate plateau is emerging - but it hasn't yet translated into cheaper finance

Taken together, August's data paints a market that is stabilising rather than recovering. The RBA's second consecutive hold, combined with households increasingly pricing in a peaked cash rate, points toward a more predictable financing environment than developers faced through the three hikes earlier in 2026. But the RBA's explicit refusal to rule out further tightening means construction and mezzanine debt pricing has no near-term catalyst to fall. Softer auction clearance rates and a fresh three-year low in house price expectations both point to continued caution among owner-occupier buyers - the segment presale-dependent projects rely on most heavily. Against that backdrop, the improving 12-month business outlook captured in August's PMI data, and the long-term land-use certainty offered by the Sydney Plan, are the two clearest positive signals for development feasibility this month.

Source: NSW Government, the Sydney Plan (announced 13 August 2026)

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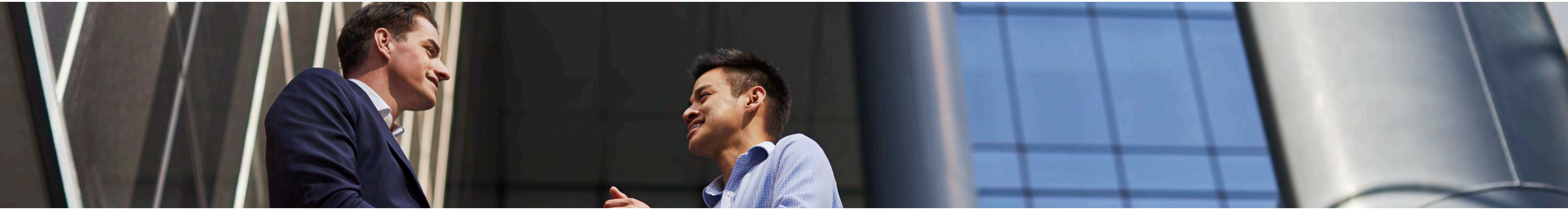
Source: RBA; Melbourne Institute; Cotality; S&P Global / NSW Government - all August 2026

What the Sydney Plan means for developers

The Sydney Plan's mandatory 30-year feasible housing capacity requirement on councils is the single most consequential structural change announced in August for anyone assessing long-term site acquisition in Greater Sydney. In practice, it should reduce the risk of councils quietly under-zoning against their own housing targets, giving developers greater confidence that land identified today will remain developable across a full project pipeline horizon. The plan's east-west split - concentrating housing growth in Sydney's east while directing jobs growth toward Western Sydney - signals where transport and infrastructure investment is likely to follow over the plan's 20-year life, a useful early input for site selection and staged land banking strategies. With five-year housing targets still to be finalised in consultation with councils following the 2029 Accord deadline, the coming months will determine how quickly this framework translates into rezonings, DA pipeline growth and, ultimately, approvals.



Source: NSW Government, the Sydney Plan (announced 13 August 2026)

Outlook: a steadier month, not yet a turning point

August was a month of stabilising, rather than improving, conditions for developers. The RBA's second consecutive hold and the growing household expectation that rates have peaked are genuine positives, but they have not yet flowed through to cheaper finance, stronger auction clearance rates, or a rebound in buyer house price expectations - all of which softened further during the month. Private-sector economic momentum, as captured by August's Composite PMI, remains positive but moderate, with businesses still absorbing cost pressure rather than passing it on. The clearest medium-term positive for developers came from policy rather than markets: the NSW Government's Sydney Plan gives Greater Sydney a 20-year land-use framework and a mandatory council capacity requirement that should reduce long-run zoning risk, even if its practical effects on approvals and DA volumes will take months to show up in the data.