

The auction that wasn't: why more sellers are changing course



Weak auction clearance rates have become one of the defining features of the housing market in 2026.

But falling auction success rates tell only part of the story.

A more revealing shift is occurring in the path properties take to market.

As buyer demand has softened, more sellers have chosen private treaty from the outset, while a growing share of properties launched for auction have subsequently changed sales method (table 1). More than half of auction-launched listings across Sydney, Melbourne, Adelaide and Canberra are now converting to private treaty.

These shifts suggest the impact of softer market conditions extends beyond auction results. They are changing how sellers approach the market.

Sellers are increasingly changing course

The rise in auction-to-private-treaty conversions has been one of the clearest shifts in the market this year.

Australia's largest auction markets recorded some of the most significant changes. In Sydney, the share of auction-launched listings that later converted to private treaty rose from 24.9% in February to 56.3% in July. Melbourne conversions increased from 29.3% to 58.1%.

The trend extended beyond the traditional auction capitals. Brisbane recorded the highest conversion rate at 67.6% (from 36.6%), while Adelaide conversions increased to 59.6% (from 29.1%) and in Canberra to 62.5% (from 28.1%).

Three in every five auction-launched listings now convert to private treaty across all five major auction markets. In each city, conversion rates are now at their highest level since the 2022-23 housing downturn.

Table 1. Proportion of auctions converting to private treaty and listings starting as private treaty.

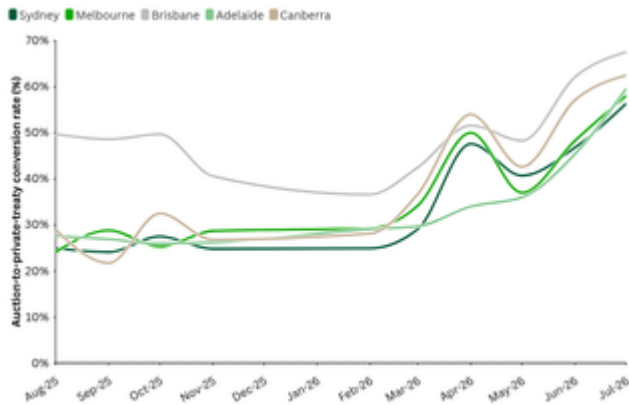
City	% of auctions converting to private treaty		% of listings starting as private treaty	
	Feb 2026	Jul 2026	Feb 2026	Jul 2026
Sydney	24.9%	56.3%	73.1%	83.1%
Melbourne	29.3%	58.1%	67.9%	79.9%
Brisbane	36.6%	67.6%	90.9%	92.1%
Adelaide	29.1%	59.6%	74.6%	83.5%
Canberra	28.1%	62.5%	57.9%	72.3%



Importantly, these sellers are not leaving the market. Instead, they are changing sales methods as conditions become more challenging.

Notably, the trend emerged across markets with very different auction cultures. Sydney and Melbourne have traditionally relied more heavily on auctions, while Brisbane, Adelaide and Canberra operate much smaller auction markets. Yet all five recorded remarkably similar conversion rates, suggesting this is not simply a Sydney and Melbourne story but a broader response to softer market conditions.

Figure 1. Proportion of auctions that converted to private treaty.



Premium markets recorded some of the largest shifts away from auctions

The city-level results mask even larger changes within individual markets. In some of Australia's most auction-oriented local markets, auction-to-private-treaty conversions more than doubled, tripled and in some cases quadrupled since the start of 2026 (table 2).

Eastern Suburbs – South recorded the largest increase relative to its February position. The proportion of auction campaigns converting to private treaty rose from 12.3% in February to 52.0% in July, more than quadrupling over the period. Similar shifts were recorded across several premium auction markets, including Eastern Suburbs North, North Sydney – Mosman, Warringah, Boroondara and Glen Eira.

Many of the largest increases occurred in higher-value markets where auctions have traditionally played a central role in the sales process. The fact that these locations recorded some of the strongest uplifts suggests the move towards private treaty has been particularly pronounced in markets where sellers have historically been most reliant on competitive auction outcomes.

Table 2. Top 10 SA3 regions by growth in auction-to-private-treaty conversions.

Region	City	Feb 2026	Jul 2026	% Uplift
Eastern Suburbs – South	Sydney	12.3%	52.0%	324.2%
Eastern Suburbs – North	Sydney	15.1%	56.7%	274.8%
North Sydney – Mosman	Sydney	15.4%	50.6%	227.4%
Moreland – North	Melbourne	20.2%	62.0%	206.8%
Warringah	Sydney	20.8%	62.9%	202.2%
Boroondara	Melbourne	25.1%	74.7%	197.3%
Leichhardt	Sydney	15.0%	43.9%	192.4%
Keilor	Melbourne	19.4%	56.3%	190.3%
Glen Eira	Melbourne	22.1%	60.6%	174.5%
Belconnen	Canberra	20.2%	54.0%	167.6%



The auction market is shrinking from both ends.

The increase in auction-to-private treaty conversions is only half the story.

More sellers are also bypassing the auction process altogether.

Across Sydney, the proportion of listings launched as private treaty increased from 73.1% in February to 83.1% in July. Melbourne recorded an even larger shift, rising from 67.9% to 79.9%. Adelaide followed a similar pattern, increasing from 74.6% to 83.5%, while Canberra increased from 57.9% to 72.3%. Brisbane was already overwhelmingly private treaty-oriented, rising from 90.9% to 92.1%.

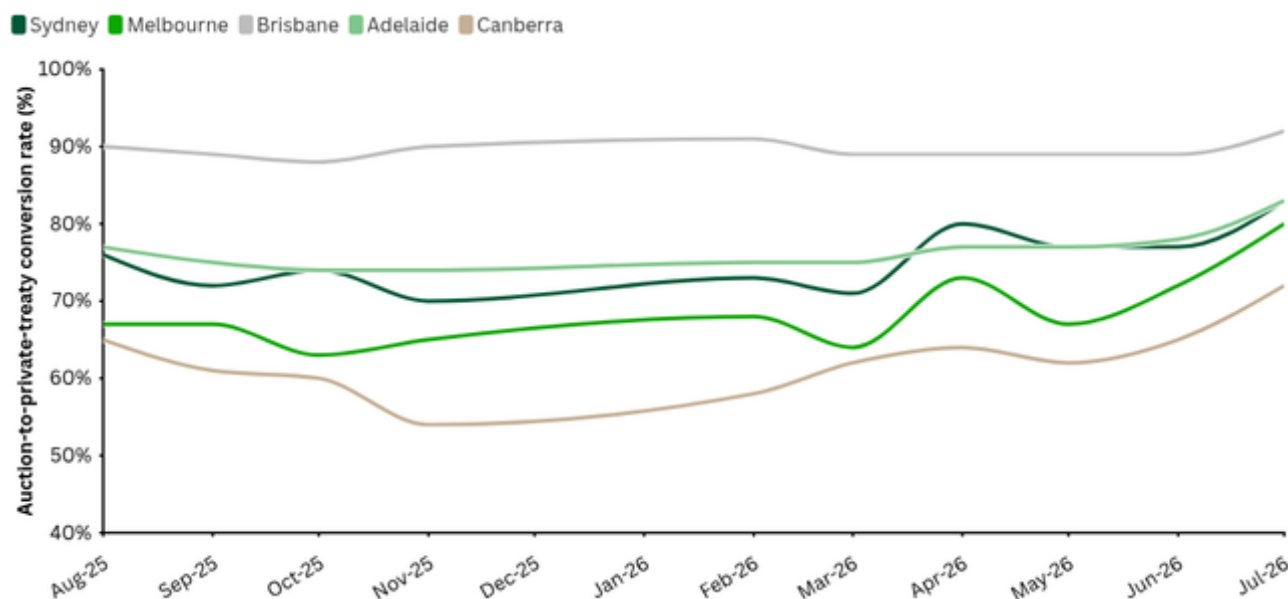
The consistency of the trend is striking.

Some sellers are moving away from auction after their campaign begins. Others are choosing not to enter the auction system in the first place.

Together, these shifts are reducing both the number of properties entering the auction market and the share that ultimately remain there.

Rising private treaty launch shares indicate that more sellers are choosing the negotiation-based path before campaigns begin, rather than testing demand through an auction first.

Figure 2. Proportion of listings that launched as private treaty.



The takeaway: adaptation before and after auction day.

Weak clearance rates have already shown that auction markets have softened.

The more revealing development is how sellers have responded.

More sellers are launching as private treaty. More auction campaigns are changing sales method. Across both measures, the direction is the same.

The response to softer conditions has not been to abandon the market. Instead, sellers are increasingly changing how they sell as buyer competition becomes harder to generate.

The consistency of these trends across Australia's major auction markets suggests the shift is broader than any one city or local market dynamic.

Some are bypassing auctions altogether. Others are changing course once their campaign is underway.

The auction market is shrinking from both ends.

Fewer sellers are entering the auction system, and fewer are staying in it.

Whether that eventually provides support for clearance rates is a question for the next phase of the cycle.



Methodology

The analysis covers the period from August 2025 to July 2026 and focuses on the five major auction markets: Sydney, Melbourne, Brisbane, Adelaide and Canberra. December and January are excluded from the monthly analysis because auction activity is seasonally low during this period.

Auction-to-private-treaty conversion rates are calculated as the proportion of auction-launched listings that subsequently changed sales method to private treaty. The proportion of listings launched as private treaty is calculated as the share of all new listings that entered the market as private treaty rather than auction.

SA3-level analysis is restricted to regions with at least 50 auction-launched listings in both February and July 2026. Regions are ranked by the relative increase in auction-to-private-treaty conversion rates over the period.

Conversion rates are based on a property's final advertised sales method, using the last listing advertisement date. As a result, conversion rates and auction clearance rates are not directly comparable. Auction clearance rates are recorded at the auction date, whereas conversion rates may reflect changes in sales method that occur after the auction campaign concludes.

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