CHU

2026 State of the Strata Market

November 2026



2026 in review

In 2025, the strata conversation centred on affordability, regulation and resilience. In 2026, conditions were steadier. Building cost inflation, which pushed premiums up earlier in the decade, settled from 2024 and, while it began rising again this year, remains well below its earlier peak. Insured losses from declared catastrophe events were in line with the recent annual average, and commercial property insurance pricing softened as capacity returned to the market. The longer-term drivers of insurance costs remain, however.

The year also brought significant new evidence on the long-term affordability of insurance, including the first climate stress test focused on home insurance by the Australian Prudential Regulation Authority (APRA), the regulator of Australia's banks and insurers, and the final assessment of the cyclone reinsurance pool by the Australian Competition and Consumer Commission (ACCC). Together, these developments reinforced a critical issue: insurance alone cannot solve the cost of risk. Long-term affordability and insurability depend on risk management, preventative maintenance, resilient building and planning, and insurance working together. This report looks at 2026 through that lens and sets out what it means for strata managers, brokers and owners. This year, the report also broadens its view beyond Australia, drawing on developments in New Zealand to offer another perspective on the issues facing common property.

2026 at a glance

Taken together, the year's developments point in two directions. In the short term, conditions eased: the insurance market softened, catastrophe losses for 2025–26 were close to the long-term average after a light 2024–25, and building cost growth stayed well below its earlier peak. Over the longer term, the drivers of insurance costs have not changed, and the year brought new evidence on them, from APRA's first climate stress test to the ACCC's final report on the cyclone reinsurance pool. Regulators also moved on many of the items flagged last year.

For strata, both trends meet in the levy budget, where insurance, maintenance and capital works compete for the same funds. A softer market is a good time to invest in the maintenance, valuations and resilience that protect owners when conditions change. The tables below summarise the key indicators and follow up last year's watch list, and each section that follows unpacks what these changes mean for strata managers, brokers and bodies corporate.

Key indicators, 2025 and 2026

Indicator	Last year	This year
Wage growth (Wage Price Index)	3.4% (year to June 2025)	3.2% (year to June 2026)
Building costs	Expected to stabilise at elevated levels	Rising modestly again (+2% in the June quarter 2026); house construction costs 51% above pre-pandemic levels
Insured losses from declared events	About $2.2bn (2024–25), below the recent average	$3.98bn from 147,552 claims (2025–26); weather events close to the seven-year inflation-adjusted average of $3.9bn a year
Home and contents premiums (Canstar 2025; Compare the Market 2026)[1]	+14% (2025)	+14.8% in the five largest capital cities (year to June 2026)
Home and contents premiums outside northern Australia (ACCC)	+18% (2023–24)	+10% (2024–25)
Strata premiums per $100,000 sum insured, outside northern Australia (ACCC)	–3% (2023–24)	–3% (2024–25), the second consecutive annual fall; market softening further in 2026 as new insurers enter
National Housing Accord	Tracking short of 1.2 million homes by 2029	Target now expected in the December quarter 2030

[1] Canstar figures are based on quotes collected for its annual Home and Contents Insurance Awards, as used in the 2025 report. Compare the Market figures are the average change in quotes across Australia's five largest capital cities, so the two years are not directly comparable.

Source: ABS Wage Price Index, June quarter 2026; NHSAC Quarterly Report, August 2026; ICA Insurance Catastrophe Resilience Report 2025–26; Canstar, September 2025; Compare the Market, as reported by Insurance Business, 16 July 2026; ACCC, July 2025 and 25 June 2026 (Table 7.1 and Table B.2); NSW Productivity and Equality Commission, March 2026.

Following up last year's watch list

Watch item from 2025	What happened in 2026
New South Wales (NSW) strata reform	Further reforms took effect, including hardship payment plans and stronger enforcement powers for NSW Fair Trading; mandatory training for new and returning strata committee members started on 1 October 2026 (see Regulation and legislation)
NSW Strata Defects Survey	Published April 2026: serious defects in 53% of surveyed buildings, consistent with 2023, and lower rates in newer buildings (see Building resilience)
Australian Capital Territory (ACT) strata review	A parliamentary committee reported with 33 recommendations, including manager licensing; the ACT Government has committed to establishing a Strata Commissioner (see Regulation and legislation)
Western Australia (WA) five-year review	Phase Two Discussion Paper released in October 2026, proposing a minimum number of insurance quotes at each renewal and annual reporting of strata manager commissions; consultation closes 26 November 2026 (see Regulation and legislation)
Cyclone reinsurance pool	ACCC delivered its fifth and final monitoring report in June 2026 (see Affordability and insurability)
National Housing Accord	Target date pushed out to the December quarter 2030 (see Economic conditions)
South Australia (SA) and Victorian elections	SA government returned in March 2026; Victoria votes on 28 November 2026 (see Looking ahead)
2026 Census	Held on 11 August 2026; first results due June 2027 (see Looking ahead)

Strata market snapshot

Strata is a large and growing part of Australian housing. The most recent national count found more than 3.19 million strata and community title lots across around 368,000 schemes, with the number of lots up 5% between 2022 and 2024. Large buildings drive much of that scale: schemes with more than 100 lots make up less than 1% of schemes but more than 20% of all lots. Governments in the two largest states also describe strata as a mainstream way to live: nearly a quarter of NSW residents live in residential strata schemes, and one in five Victorians own or live in a strata-managed home.

3.19m
strata and community title lots

368,000
schemes



Economic conditions

Last year's report described easing inflation and building costs expected to stabilise. That broadly held true. Construction cost inflation, which rose sharply through 2021 and 2022 and drove insurance costs higher across the market, moderated through 2024. In 2026, costs began to edge upward again as higher fuel and petrochemical prices, linked to conflict in the Middle East, flowed through to building materials and freight. However, the increase has remained relatively modest. In response to ongoing inflationary pressures, the Reserve Bank of Australia (RBA) increased the cash rate five times during 2026, reaching 4.85% in November.

Indicator	Result	Source
Wage growth	3.2% (year to June quarter 2026)	Australian Bureau of Statistics (ABS)
House construction costs	+2% in the June quarter 2026; 51% above pre-pandemic levels	NHSAC
Real cost to build new houses since the Accord began (June 2024 to June 2026)	0.2% higher, after being 0.9% lower in the March 2026 report	NHSAC

The recent turn matters as much as the level. The National Housing Supply and Affordability Council reported that, after adjusting for inflation, building a new house had become slightly cheaper in the first part of the Accord period, but that the conflict in the Middle East reversed this. Construction costs are again rising faster than general inflation, and the Council warns this may reduce the feasibility of some housing projects.

Rebuild costs matter for strata because they drive the sum insured. APRA's stress test identified construction cost inflation outpacing income growth as one of two main drivers of future insurance affordability pressure. The Insurance Council of Australia (ICA) notes that when the materials and labour needed to repair or rebuild a home cost more, the cost of insuring it also rises, and that rising rebuild costs can increase the risk of underinsurance if cover is not reviewed regularly.

Higher-density housing

Housing construction has improved since the National Housing Accord began, but not fast enough to meet the target. Rising construction costs and higher interest rates are affecting project feasibility.

National Housing Accord progress	Result
Quarterly building approvals since the Accord began	+26%
Quarterly commencements since the Accord began	+15%
Dwellings under construction, March quarter 2026	244,000 (highest since records began in 1984)
Homes completed since the Accord began	308,000 (around one-quarter of the target)
Expected date to reach 1.2 million homes nationally	December quarter 2030

Expected date each jurisdiction meets its share	Quarter
Vic, WA, ACT	December 2029
Qld, SA	March 2031
NSW	March 2032
TAS	June 2034
Northern Territory (NT)	After 2034

Source: NHSAC, Quarterly Report, August 2026.

Investor conditions also changed. The 2026 Federal Budget reduced tax concessions for investing in existing property from budget night, including limiting negative gearing to new housing. Treasury estimated the changes would slow house price growth by around 2% over two years, and the National Housing Supply and Affordability Council considers the effect on housing supply to be modest. Because the changes favour new over established housing, they may influence investor demand for existing apartments and townhouses, although it is too early to measure any effect on the strata market.

Where new higher-density housing is built matters as much as how much is built, because planning decisions made now will shape the insurability of strata schemes for decades (see Building resilience).

What does it mean?

- **For bodies corporate and strata managers**, even with building cost growth well below its peak, a sum insured that has not been reviewed recently may sit below current replacement cost. A valuation review before renewal remains the most practical protection against underinsurance.
- **For brokers**, published construction cost data from government sources supports conversations with owners about keeping valuations current.

Affordability and insurability

In 2025, this report asked whether strata insurance remained affordable relative to incomes and house insurance. In 2026, the national conversation broadened to whether property owners can stay insured at all, and what drives the cost of insurance over the long term. For strata, the answer is shaped by one defining feature: the building has to be insured.

Where strata sits

Strata's shared structure continues to set it apart. Regulator data shows strata premiums have moved differently from home premiums:

Premium change per $100,000 sum insured[1]	Home	Strata	Small business
Areas with no cyclone risk	+6%	+2%	+10%
Areas with higher cyclone risk	–11%	–8%	–24%

[1] First year after each insurer joined the cyclone reinsurance pool.

Source: ACCC, 25 June 2026.

This is consistent with CHU's published 2025 figures, which showed strata premiums rising more slowly than household incomes. The ACCC's latest data points the same way. Outside northern Australia, the average strata premium per $100,000 sum insured fell 3% in 2024–25, the second consecutive annual fall, although the average premium per policy rose 8%, largely reflecting higher sums insured. Competition for strata business has also increased: CHU estimates around 20 providers now offer strata products, with further entrants expected, and insurers showing a broader appetite for well-managed property risks. This is the short-term, competitive part of the insurance cycle rather than a change in the underlying cost of risk. Industry leaders have described current strata pricing as unsustainably competitive and some expect the market to turn, while the long-term drivers described below are unchanged. Cover also remains harder to place for complex and higher-risk buildings, and those with high hazard exposure, defects or higher-risk tenancies can still face costs well above average; in north WA, for example, the ACCC reported average strata premiums above $20,000 per policy in 2024–25 (covering a whole building).

Why the national evidence matters for strata

The major 2026 studies of insurance affordability focused on houses, but the forces they identify act on every strata building: rising weather losses, rebuild costs growing faster than incomes, and taxes on premiums. The difference is how strata absorbs them.

2026 finding	What it means for strata
APRA: around one in seven households in freestanding homes uninsured today, potentially one in four by 2050 under severe scenarios (modelled, not a forecast)	Strata buildings generally cannot go uninsured, so the same pressure shows up in levies and cover decisions instead
APRA: home premiums rose 7.2% a year on average from 2010 to 2025, against wage growth of 3.1%	The same drivers, weather losses and rebuild costs, apply to strata building insurance
ACCC: around half of households surveyed rated home insurance unaffordable or barely affordable	Consistent with the 2026 CHU Strata Index, where the cost of strata fees is among owners' most common frustrations

Source: APRA, Mind the Gap, March 2026; ACCC, July 2025 and 25 June 2026; ABS.

New Zealand is facing similar pressure. A Treasury Cabinet paper released in February 2026, as reported by Insurance Business NZ, estimated home insurance uptake at between 83.7% and 95%, and recorded premiums growing at three times the rate of general inflation since 2011.

When insurance becomes harder to afford

A house owner facing insurance affordability pressures can reduce cover or, if they own property outright, can go without cover altogether. For apartment owners, that is generally not an option, as strata and community title legislation across Australia typically requires residential strata schemes to maintain insurance. The market is, however, offering more choice in how that cover is structured. Some simplified strata products exclude, or materially reduce cover for, common types of claims. These limits may be explicit, such as lists of special excesses, or implicit, through tight policy wordings applied strictly at claim time. These options may lower upfront costs and broaden choice, but they place greater responsibility on owners and committees to understand the exclusions and actively maintain the building to minimise uninsured risks. Otherwise, owners may only discover at claim time that a loss is not covered.

Pressure and trade-offs therefore show up elsewhere:

- **Levy budgets:** insurance competes with maintenance and capital works for the same funds.
- **Cover decisions:** simplified products can provide a useful lower-cost option, but owners need to check carefully what is included and excluded. Higher excesses can also lower premiums while increasing out-of-pocket costs at claim time.
- **Maintenance responsibility:** where common risks are excluded or limited, proactive inspection and maintenance become even more important. Delaying work can increase uninsured losses and the likelihood of claims and building defects, and over time can contribute to higher premiums, higher excesses and reduced insurer appetite.
- **Choice of insurer and pricing:** some products may involve additional premiums or charges, or various special excesses, that can surprise owners and strata managers at claim time. Comparing the full cost and policy terms, not only the headline premium, is essential.

More than ever, strata insurance reflects the principle that owners get what they pay for. Understanding the nuances of cover, including exclusions, excesses, additional premiums and maintenance obligations, can mean the difference between a manageable claim and significant unexpected costs.

Owner groups report similar pressures. Insurance was among the most common issues raised with the Unit Owners Association of Queensland's helpline in 2025–26, including rising premiums, excesses and how insurance costs flow through levies.

This is why long-term strata affordability depends on reducing the underlying risk, not only on the insurance market.

The cost of strata ownership

For owners, insurance is one part of a wider set of shared costs. Levies fund insurance, day-to-day running costs, maintenance and long-term capital works, and special levies can be raised when funds fall short. The 2026 CHU Strata Index found that the cost of strata fees is among the most common frustrations owners have with strata living, alongside a perceived lack of control over decisions.

Several developments in 2026 affected those costs. Construction costs began rising again (see Economic conditions), affecting the cost of repairs and capital works, as well as rebuild values. State Governments also recognised levy pressure directly: NSW now requires owners corporations to offer a payment plan before taking debt recovery action, and Victoria has legislated a standard right to a hardship payment plan for owners struggling to pay body corporate fees.



How the pricing of risk is changing

There is growing focus on pricing that recognises the risk reduction achieved through mitigation, rather than anchoring to the baseline risk a property would carry without it. The ACCC found more insurers now recognise mitigation in cyclone-prone areas, industry and consumer groups proposed cheaper premiums for more resilient homes, and the ICA is calling for a national hazard database to help insurers recognise resilience investment. For strata, accurate valuations, documented maintenance and resilience upgrades help insurers recognise a building's actual risk and reflect it in fairer pricing. WA's strata law review is exploring one way to do this: a certified summary of the maintenance a scheme has completed under its 10-year plan, which schemes could give to insurers. The proposal responds to schemes reporting exclusions or higher premiums linked to maintenance items identified in those plans.

Taxes and levies: the cost built into every premium

According to the ICA, taxes and charges add 20% to 40% to insurance premiums depending on the state. Most are calculated on the premium, so they rise when premiums rise. Strata buildings can't opt out of compulsory insurance to avoid them.

In NSW, the biggest of these is the emergency services levy. NSW funds most of its fire and emergency services through a levy on insurance premiums: around 18% on home premiums and 34% on commercial property premiums. That means people who insure pay for services everyone uses, including people who don't insure.

Victoria, Queensland, South Australia and Western Australia take a different approach. They fund emergency services through a property-based charge, usually collected through council rates, so every property owner contributes. NSW has proposed moving to a property-based model, which would take the levy off insurance premiums and place it on each property instead. New Zealand is having the same debate.

How emergency services are funded	Where	Who pays	What it means for strata
Levy on insurance premiums	NSW (around 18% home, 34% commercial)	Insured only	Every insured scheme pays, and the levy rises as premiums rise. NSW reform could change this
Property-based charge	Vic, Qld, SA and WA, usually through council rates	All owners	The cost is shared across all properties, not only those that insure
Levy on insurance premiums	New Zealand (Fire and Emergency New Zealand, around 5% of a home premium)	Insured only	A similar debate on who should fund emergency services

Source: ICA, Insurance Catastrophe Resilience Report 2025–26; NSW Government, February 2026; Revenue NSW; Insurance Business, 7 July 2026; Queensland Revenue Office; Commonwealth Grants Commission; State Revenue Office Victoria; Insurance Business NZ, 18 September 2026; Natural Hazards Commission Toka Tū Ake.

Stamp duty adds around 10% on top of the premium in every state and territory except the ACT, which has abolished it. GST is also payable on insurance premiums, adding another 10%. Both are less visible drivers of what a scheme pays at renewal.

In New Zealand, the Natural Hazards Insurance Levy (NHI levy) works differently. Rather than funding government services, it funds a baseline level of natural disaster insurance protection, at 16 cents per $100 of cover, capped at $480 a year plus GST for a residential building.

New Zealand insurers and brokers have called for the insurance-based FENZ levy to be replaced, mirroring the NSW reform, and a parliamentary review noted the levy base declined for the first time in almost two decades. The government has decided not to increase the NHI levy, citing cost-of-living pressures. The Insurance Council of New Zealand estimates taxes and levies already account for around 40% of a home premium.

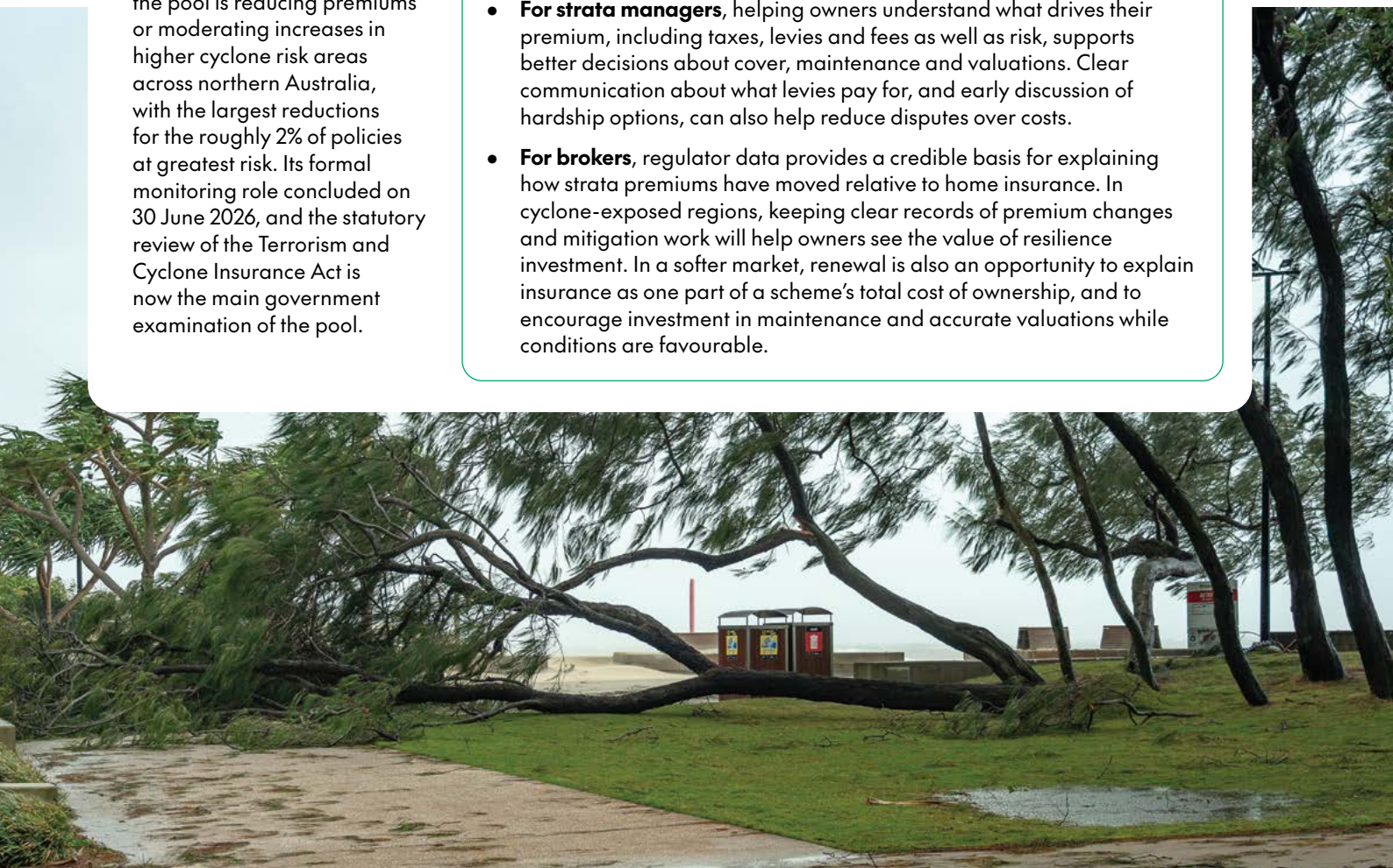
Taxes and levies are only one part of what owners pay. Transparency about the full cost, including fees for services, is also a national regulatory focus (see Regulation).

Cyclone pool: the final assessment

The cyclone pool assessment flagged last year has concluded. The ACCC found the pool is reducing premiums or moderating increases in higher cyclone risk areas across northern Australia, with the largest reductions for the roughly 2% of policies at greatest risk. Its formal monitoring role concluded on 30 June 2026, and the statutory review of the Terrorism and Cyclone Insurance Act is now the main government examination of the pool.

What does it mean?

- **For bodies corporate**, because cover is generally compulsory for apartment buildings, the levers owners control are maintenance, accurate valuations and resilience. A regular maintenance plan and a realistic capital works fund also reduce the likelihood of special levies and influence the long-term cost of risk.
- **For strata managers**, helping owners understand what drives their premium, including taxes, levies and fees as well as risk, supports better decisions about cover, maintenance and valuations. Clear communication about what levies pay for, and early discussion of hardship options, can also help reduce disputes over costs.
- **For brokers**, regulator data provides a credible basis for explaining how strata premiums have moved relative to home insurance. In cyclone-exposed regions, keeping clear records of premium changes and mitigation work will help owners see the value of resilience investment. In a softer market, renewal is also an opportunity to explain insurance as one part of a scheme's total cost of ownership, and to encourage investment in maintenance and accurate valuations while conditions are favourable.



Competition and product innovation

One of the most notable developments in 2026 has been increased competition in the strata insurance market. CHU estimates that around 20 providers now compete for strata business, with additional products and capacity expected to enter the market during the year. As a result, owners have more choice at renewal than they have had in recent years.

With so much focus on price, competition is also playing out in less visible ways. Policies that look alike on the surface can differ significantly underneath, particularly in their excess structures, which can vary considerably depending on the type of claim. Not long ago, most strata policies were broadly comparable, so a committee could weigh the premium and the standard excess and decide. Today, the bottom line is no longer the whole story.

Insurers are also innovating to improve affordability. Tiered and modular products now let schemes choose the level of protection that suits their building and budget. Flex Insurance's Flex Essentials range, for example, is designed for smaller schemes of 10 lots or fewer, offering a lower-cost option with clearly stated limits, such as for damage caused by a lack of maintenance or by known defects. Products like these can suit well-maintained buildings, provided owners understand the trade-offs.

Options have also improved for more complex strata risks, with increased appetite from onshore insurers reducing the market's reliance on direct offshore foreign insurers (DOFIs). This is a particularly positive development for strata owners, as the financial security and regulatory oversight of an insurer are just as important as the price and scope of cover.

Unlike APRA-authorised insurers, DOFIs are not subject to Australia's prudential regulatory framework, and their policies are not protected by the Australian Government's Financial Claims Scheme if the insurer fails. DOFIs are intended to provide cover where suitable Australian-authorised capacity is unavailable, rather than simply offering a cheaper alternative.

Greater competition among APRA-authorised insurers is therefore a welcome development, providing strata communities with more choice, competitive pricing and product innovation, without sacrificing the strong prudential protections that underpin confidence in the Australian insurance market.

What does it mean?

- **For bodies corporate**, when comparing quotes, look beyond the premium and the standard excess to the full excess schedule, exclusions and conditions, and ask your strata manager or broker to explain the differences.
- **For strata managers**, presenting quotes with key terms and excesses alongside price helps committees make informed decisions.
- **For brokers**, explaining product differences is more valuable than ever. Talk clients through policy terms, conditions and excess structures at every renewal, particularly when they are considering a lower-cost or tiered product.

Weather events

The ICA declares significant events and catastrophes to coordinate the industry's response and track insured losses. It declared seven events in 2025–26, five of them weather-related, compared with three in 2024–25. Measured against the longer-term record, recent years have been relatively light. Adjusted for inflation, insurers have incurred an average of $3.9bn a year in claims from extreme weather over the past seven years. Declared events cost about $2.2bn in 2024–25, well below that average. Losses in 2025–26 were closer to the norm, but most came from storms and hail in late 2025, and events so far in 2026 have been comparatively small: two of the declared events in the table below cost less than $50m each. For strata, the most relevant perils were storm and hail. The November 2025 storms and hail in Qld and NSW were the costliest event of the year, exceeding Ex-Tropical Cyclone Alfred earlier in 2025, and the ICA notes that hail damage to roofs, windows and cladding often emerges as claims months after an event.

Weather event	Date	Insured losses	Claims
Severe spring storms (south-east Queensland)	October–November 2025	$1.07bn	41,378
Qld and NSW severe storms and hail	November 2025	$2.2bn	95,692
Vic bushfires	January 2026	$599m	4,852 (average $123,378)
NT flooding	March 2026	$41m	389
Qld flooding	March 2026	$46m	3,206
All seven declared events (including two non-weather events)	2025–26	$3.98bn	147,552

Source: ICA, Insurance Catastrophe Resilience Report 2025–26, August 2026.

The ICA also highlighted the link between disaster repair and housing supply. Repairing weather-damaged homes draws on the same trades and materials needed to build new ones.

Queensland in focus

Queensland carries the largest share of Australia's recent catastrophe losses, which makes it central to the national strata picture.

Queensland indicator	Result
Share of declared event claims, 2022 to 2026	60% of claims and just over half of insured cost
Electorates with more than 5,000 claims	19 of 22 nationally, mostly in south-east Queensland
Homes rebuilt or repaired by insurers after declared events, January 2022 to June 2026	More than 214,000, over half the national total

Source: ICA, Insurance Catastrophe Resilience Report 2025–26.

Queensland law already requires bodies corporate to insure the buildings in most multi-storey schemes, and body corporate managers who receive a commission for arranging insurance must disclose it in writing before the body corporate votes to take out the policy. Resilience and maintenance are therefore the main levers for managing cost.

Recent losses have been concentrated on the east coast, but the repair task reaches every state and territory:

Homes rebuilt or repaired by insurers after declared events, January 2022 to June 2026	Homes
Qld	214,571
NSW	116,242
Vic	25,153
SA	6,927
ACT	486
TAS	480
NT	344
WA	47
Not attributed to a state	44,844
Total	**409,094**

Source: ICA, Insurance Catastrophe Resilience Report 2025–26 (ICA catastrophe data).

Repair demand vs new supply	Result
Declared event home claims, 2022 to 2026	409,094 claims; $11.3bn insured cost
Homes damaged by declared events in 2025	145,000, compared with 173,000 dwellings completed nationally

Source: ICA, Insurance Catastrophe Resilience Report 2025–26.

What does it mean?

- **For bodies corporate**, storm and hail remain a major source of building damage. Roof, gutter and drainage maintenance are practical controls that reduce the likelihood and cost of claims.
- **For strata managers and brokers**, large events stretch the supply of trades and materials across the construction sector, which can extend repair times. Setting expectations with committees early helps.

Building resilience

Land-use planning and insurability

Where new housing is built determines its hazard exposure for its whole life. APRA identifies building in lower-risk areas as a key way to narrow the protection gap, and the ICA supports a national planning framework that considers disaster and climate risk, to prevent new homes being built in high-risk locations. State planning systems are also responding; NSW, for example, consulted in 2026 on a policy to embed climate risk in planning decisions. The ICA welcomed the direction but cautioned that housing targets should not come at the expense of building in the right locations. It also noted that better planning will not improve affordability in the short term, which is driven by existing housing, recent disasters and cost inflation. For strata, higher-density development approved today will be insured, maintained and managed by strata communities for decades. New Zealand is moving in a similar direction: a National Adaptation Framework was released in October 2025, and climate adaptation legislation introduced in 2026 was welcomed by insurers, who noted that funding and implementation must follow.

National Construction Code 2025

The Australian Building Codes Board (ABCB) released NCC 2025 on 1 May 2026. For strata properties the most relevant changes focus on durability and safety: stronger water management to reduce water ingress, refined condensation management, and improved fire safety in car parks. The main new energy efficiency requirements, such as on-site solar, apply to commercial and some other building classes rather than apartments. Building ministers have also paused further residential changes until mid-2029, other than for essential safety or quality issues, to improve productivity in residential construction and boost the supply of new homes. The ICA acknowledged the need to tackle the housing shortage but cautioned that new homes should not lock in future risk.



What might these changes mean for strata communities?

- **Claims frequency:** better moisture and water management could, over time, reduce the risk of water ingress in new buildings. Waterproofing was the most common serious defect in the NSW strata defects survey. Water damage accounts for around half of the residential strata claims CHU receives, so if implemented as intended, these changes should materially improve new buildings' resilience to water and reduce the likelihood of water damage claims.
- **Building resilience:** stronger car park fire provisions respond to emerging risks such as battery fires.
- **Maintenance obligations:** the benefits depend on waterproofing, drainage and fire systems being maintained as designed, so regular inspection remains essential.
- **Long-term insurance outcomes:** any effect will appear gradually as new buildings are completed. For property built under earlier codes, maintenance and accurate valuations will remain the main influences on insurance pricing for many years. Repairs may be affected too. Queensland Government guidance, for example, notes that routine maintenance does not need to meet new code requirements, but more extensive repairs, such as replacing structural components or waterproofing membranes, are generally expected to meet the current code. As states adopt NCC 2025, some reinstatement work may need to meet its requirements, which is one more reason to keep sums insured current.

Defects

Building Commission NSW's biennial strata defects survey, which provides the most detailed state data on apartment defects, found serious defects in 53% of surveyed buildings, consistent with 2023, with lower rates in newer buildings and more owners reporting defects to the regulator. These findings highlight the ongoing need for defect management and rectification, and help explain why regulators are backing insurance-based protection for owners. Ten-year (decennial) defects insurance also moved forward. In NSW, laws clarifying what the cover must respond to passed Parliament in August 2026, and Building Commission NSW has since accepted at least one policy that developers can hold instead of the strata building bond. Victoria has legislated a similar option for apartment buildings of more than three storeys, which is yet to commence.

Maintenance: the gateway to managing risk

Building to a better standard is important, but looking after the building once it is completed is just as important. Without regular maintenance, some of the benefits of better design and construction can be lost. Water damage is a good example. While large disasters tend to attract more attention, everyday issues such as burst pipes, failed flexi hoses and ageing waterproofing can also cause significant damage in strata buildings. Regularly checking these areas and replacing worn or ageing parts before they fail can make a real difference, helping to prevent damage, reduce disruption and lower the likelihood of claims.

Ensuring building services are secure matters too. In July 2025, an intruder at a 24-level apartment building maliciously released fire hydrants in a stairwell, sending water from level 23 down to level 4. Nineteen floors and 152 units were affected, along with fire-rated walls, fire doors and both lifts, and all residents were evacuated that night. With repairs fast-tracked, residents were back home by early September, but lockable caps on the hydrants would likely have prevented the loss entirely.

The 2026 CHU Strata Index, a national survey of 1,000 strata owners, shows maintenance planning has held steady rather than improved, and that professional support makes a clear difference.

2026 CHU Strata Index finding	Result
Schemes with a regular maintenance action plan	64% (65% in 2025)
Schemes with a plan: with a strata or building manager vs without professional input	66% vs 51%
Owners who check for maintenance issues less than once a year	16%
Owners who would appreciate advice from their strata insurer on maintenance and managing risk	88% of highly engaged owners; 74% of the practical middle group

Source: CHU Strata Index 2026 (research conducted by Fuller).

The Index's central finding supports this year's theme: insurance sits at the end of the chain, and the impact of loss is shaped earlier by maintenance, preparedness and the quality of owners' decisions.

What does it mean?

- **For bodies corporate**, defect management remains a critical governance issue nationally. New insurance-backed defect schemes may provide an additional avenue for redress where serious building defects emerge in newly completed developments.
- **For strata managers**, handover documentation for new buildings should set out the maintenance requirements for waterproofing, drainage and fire systems, so their benefits are preserved. Maintenance planning is also where the value of professional management is most visible to owners, and most owners are open to advice.
- **For brokers**, as decennial defects insurance gains traction in Australia, there is growing opportunity to support developer clients in understanding and meeting emerging regulatory requirements.

Regulation and legislation

Across Australia and New Zealand, strata regulation is at different stages. Across the evolving regulation landscape there are five key themes shaping reform:

Theme	Direction of travel	Where it is most advanced
Transparency	Clearer information for owners about fees, services and relationships	Disclosure requirements in place in NSW, Queensland and SA; NSW has reviewed strata management remuneration and is considering the findings; WA has proposed annual reporting of strata manager commissions; the new Insurance Brokers Code of Practice, which takes effect on 1 January 2027, requires brokers to disclose their remuneration to owners corporations, including any amount paid to the strata manager
Professional standards	Licensing, qualifications and ongoing education for strata managers	Victoria has made regulations for mandatory manager education and supports a licensing regime; an ACT parliamentary committee has recommended licensing; New Zealand has a code of conduct for body corporate managers
Owner protections and governance	Hardship support, fairer voting and stronger committee capability	Hardship payment plans in place in NSW and legislated in Victoria; proposed in WA; mandatory committee training started in NSW on 1 October 2026
Building quality and accountability	Greater developer accountability and new forms of defects insurance	Ten-year defects insurance available as an alternative to a developer bond in NSW, and legislated in Victoria
Cost of insurance	Reform of taxes and levies on insurance premiums	NSW Emergency Services Levy (ESL) reform (other states already use property-based charges); New Zealand FENZ levy review

Transparency is the clearest national trend. Disclosure requirements covering fees and remuneration are already in place in NSW, Queensland and SA. Brokers are moving in the same direction. The 2027 Insurance Brokers Code of Practice, which takes effect on 1 January 2027, requires brokers to disclose their remuneration to the owners corporation for strata insurance, including any commission, fee or other benefit they pay to the strata manager, and to confirm they have been appointed with the owners corporation's authority. Brokers have until 1 January 2028 to meet these strata obligations in full. Victoria and the ACT are progressing broader reforms to strata management. NSW has also examined how strata management services are paid for through a review by its Productivity and Equality Commission, and the government is considering the findings. Alongside this, the ACT Government has committed to establishing a Strata Commissioner, which would give owners a dedicated point of oversight. Several states are also reviewing their strata laws, including a statutory review of Victoria's 2021 owners corporation reforms due by 1 December 2026, and staged amendments to Tasmania's Strata Titles Act following a review that began in 2020. In New Zealand, Unit Titles Act amendments passed in 2022 are now fully in force, including a code of conduct for body corporate managers (since May 2023) and long-term maintenance planning requirements (since May 2024).

In WA, Landgate's Phase Two Discussion Paper for the review of the Strata Titles Act, released in October 2026, proposes a minimum number of insurance quotes at each renewal, and annual reporting by strata managers of the commissions and benefits they receive. Consultation closes on 26 November 2026, and no timeline for legislation has been set.



What does it mean?

- **For bodies corporate**, reforms are giving owners clearer information about what they pay for, and more support when they face financial hardship.
- **For strata managers**, the direction is consistent everywhere: clear information for owners and higher professional standards. WA's proposed annual reporting of commissions and benefits is the latest example. Investing in qualifications and clear communication with owners positions managers well, whatever the final rules.
- **For brokers**, clear, itemised information at renewal helps owners understand what they are paying for and why. In WA, a proposed minimum number of quotes at each renewal would make comparing the market a standard step for every scheme. From 1 January 2027, the new Insurance Brokers Code of Practice makes remuneration disclosure to owners corporations standard, including any amount paid to the strata manager.

Emerging risks: what changed since 2025

Last year's report flagged lithium battery fires and organised-crime arson as new risks for strata. In 2026, the focus moved from identifying these risks to regulating them, and cyber risk emerged as a new consideration.

Risk	In 2025	What changed in 2026
Lithium-ion batteries	Rising number of battery fires	Fire and Rescue NSW (FRNSW) recorded 332 lithium-ion battery-related incidents in 2025. NSW finalised Australia's first mandatory battery stewardship scheme, requiring battery suppliers to fund safe collection and disposal, which started on 1 October 2026. A Queensland parliamentary inquiry made recommendations on e-mobility safety, and legislation has been introduced. NCC 2025 strengthens car park fire safety
Illicit tobacco and arson	Attacks on tobacconists across several states	Governments moved to enforcement. NSW and Vic can now order closure of premises involved in illicit tobacco; in Vic, closures can extend to the whole premises. SA has made it an offence for owners to knowingly allow premises to be used for illicit tobacco sales, and since 1 July 2026 NSW has had a similar offence
Cyber and payment fraud	Not flagged	Fraud has long been a risk for insurance providers, but scams continue to evolve, and the strata sector is now seeing scams aimed at its regular flow of levy and contractor payments. Payment redirection scams are an emerging risk for bodies corporate. Criminals impersonate a business the scheme already deals with, such as a contractor, and change the bank details on an invoice.

Source: NSW Government, April 2026; CHU 2025 State of the Strata Market; Queensland Parliament, March 2026; NSW Health, February 2026; ABC News, 9 September 2026; NSW Health, 1 July 2026; ACCC (Scamwatch).



Tobacco wars and organised crime

The wave of organised-crime arson flagged last year has intensified. By July 2026, more than 150 tobacco store fires had been recorded in Victoria since March 2023, and police operations against the illegal tobacco trade have continued to escalate, including a serious firebombing in the Melbourne area in September 2026 that fits a pattern of low-level, paid offenders acting for anonymous organisers.

This growing trend is also being reflected in insurance claims. During the year, CHU managed one of the largest tobacco-related arson claims in its history, highlighting the increasing severity and financial impact of organised criminal activity targeting businesses linked to the illicit tobacco trade.

A key shift in 2026 is that the activity has spread beyond tobacconists. Attacks in Melbourne have damaged tobacco shops and neighbouring businesses, and a series of firebombings linked to extortion notes have targeted restaurants and bars, including repeat attacks on the same strip. Western Australia has seen the same pattern emerge, with police charging multiple people over suspected tobacco-linked firebombings in Perth and the South West, including repeat attacks on the same premises.

Governments are responding. From 9 September 2026, new powers allow Tobacco Licensing Victoria to close premises that are selling tobacco without a licence or are involved in illicit tobacco activity. The longer-term impact remains to be seen, but the changes are another significant step against a trade associated with the recent wave of arson attacks across Victoria.

What does it mean?

- **For bodies corporate** with commercial lots, the risk from illicit tobacco tenancies now extends beyond fire to closure orders and, in some states, potential owner liability. Reviewing tenant screening and lease terms is prudent. Buildings with tobacconist, vape or hospitality tenants may find it harder to obtain or renew insurance, and recent incidents show how quickly fire and smoke damage can spread to neighbouring lots, so committees should review tenant risk policies where a scheme has a business fitting this profile.
- **For bodies corporate, strata managers and brokers** in commercial and mixed-use buildings, any change in tenancy, such as a new tenant or a change in how a lot is used, should be disclosed to the insurer as soon as possible. Most policy wordings, including CHU's, require this, but it is easy to overlook between renewals. An undisclosed change in use can affect how a claim is assessed, so make insurer disclosure a standard step whenever a lease or tenant changes.
- **For bodies corporate and strata managers**, by-laws on battery charging, storage and disposal remain the practical control, particularly for basement e-bike and e-scooter parking. A verified phone call before any change to bank details is a simple defence against payment fraud.
- **For brokers,** insurers are likely to remain cautious with mixed-use strata that have tobacconist or hospitality tenants, so be ready to explain coverage and exclusions to committees facing a wider range of at-risk tenancies than in 2025, and cyber cover is a relatively new feature worth raising at renewal.

Sustainability

Last year's report described sustainability accelerating in strata, as NSW removed voting barriers to solar and electric vehicle (EV) charging and CHU prepared to launch its Green Grant Program. In 2026, sustainability increasingly overlapped with resilience. Insurers are increasingly supporting communities to build resilience: alongside CHU's Green Grant Program, NRMA Insurance, for example, launched its Help Fund in late 2025 to back climate and community resilience projects.

- **CHU Green Grant Program:** the first recipients were announced in 2026, with $50,000 awarded to seven strata communities across five states and territories for projects including rooftop solar, electrification, gardens and recycling.
- **Building code:** NCC 2025 introduces mandatory on-site solar for some new building classes, but not apartment buildings.
- **EV charging:** approval pathways for EV charging in strata continue to differ between states.

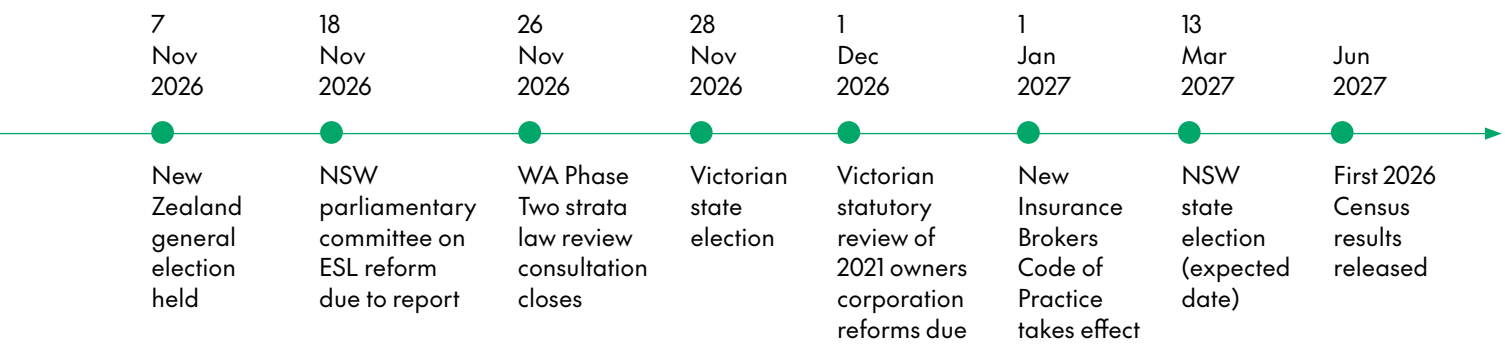
What does it mean?

- **For bodies corporate**, grants and rebates can bring forward projects that might otherwise wait for a special levy.
- **For strata managers**, sustainability upgrades increasingly sit within long-term capital works planning alongside routine maintenance.
- **For brokers**, sustainability is increasingly linked to risk management and resilience. Understanding planned building upgrades, available grant funding and emerging technologies can help brokers support strata clients' long-term asset protection and decisions.



Looking ahead

Confirmed milestone



Beyond these dates, the themes to watch are:

- further transparency and disclosure reforms across states, and brokers' implementation of the new Code's strata disclosure obligations during 2027;
- the outcome of WA's Phase Two consultation, including minimum insurance quotes and annual commission reporting;
- how the last insurance-based emergency services levies are replaced, and how new charges treat strata lots;
- progress on manager licensing and education in Victoria, the ACT and WA;
- take-up of ten-year defects insurance as it becomes available in more states;
- the outcome of the Terrorism and Cyclone Insurance Act review, now the main check on the cyclone pool; and
- in New Zealand, the FENZ levy review and climate adaptation legislation.

Important information
This report provides general information only and does not take into account your objectives, financial situation or needs. It is not legal or financial advice. Before making a decision about insurance, consider the relevant Product Disclosure Statement and Target Market Determination, available at chu.com.au. Information is current as at November 2026 and may change.

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