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The Week In Real Estate

16 May 2026

Landlords Hit With Tax Changes

The Federal Budget has announced major changes in housing taxes, limiting negative gearing to new builds and changing the way that Capital Gains Tax is calculated.

Negative gearing will be limited to new builds from 1 July 2027, although investors will still be able to claim negative gearing on existing properties bought before 7:30 pm on 12 May 2026 until sold.

From July 1 2027, the 50% capital gains tax discount will be replaced with cost-based indexation for assets held for more than 12 months, plus a 30% minimum tax on net capital gains.

Capital gains accrued before 1 July 2027 will retain the existing discount and investors in new residential properties will be able to choose either the 50% discount or the new indexation policy.

Treasurer Jim Chalmer says the changes will help Australians access the property ladder. Property Investment Professionals of Australia chair Cate Bakos warns that not all investors will be excited about buying brand new property.

“I think we can anticipate seeing investors opting for other asset classes and not necessarily jumping into property,” she says. "We'll see a decline in the number of investors post this decision."

Quote Of The Week

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PIPA chair
Cate Bakos

Where Transactions Are Rising

Rising property values are not enough to dampen buyer enthusiasm, with new analysis showing almost 560,000 properties have changed hands in the past 12 months.

Cotality data shows property sales totalled $576.5 billion, with transaction volumes up by 5% across Australia in the 12 months to April 2026. Regional areas are enjoying the biggest increase in sales with an 8.7% uplift, compared to a 2.9% increase across capital city markets.

The biggest increase in transaction levels is in Regional Northern Territory which is up by 30.3%, followed closely by Darwin (30.2%) and then Regional Victoria (29.1%).

Western Australia has experienced the biggest decline in transaction levels, with Perth sales down 8.1% and Regional Western Australia sales down 3.5%. The only other locations to record declines in transaction levels over the 12 months are Regional Queensland - down 1.1% and Brisbane - down 0.3%.

Compared with a year ago, homes are selling faster with a median of 27 days on market over the three months ending April 2026, down from 29 days over the same period in 2025.

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Homeowners Cutting Spending

Two-thirds of borrowers have cut spending to ensure they can manage their higher home loan repayments.

At the same time, the latest Mortgage Choice home Loan Report shows that four in five prospective buyers are continuing to make sacrifices to save for a deposit.

Takeaways, subscriptions, holidays and nights out are going by the wayside according to the report.

Mortgage Choice chief executive Anthony Waldron says that in addition to cutting costs to save for a deposit, a rising number of potential buyers - 45% - are looking for family financial help to get into the market.

“With each new hike, buyers are having to reassess their property plans and find new approaches to saving and planning,” he says. Nearly 300,000 Australians have used the Australian Government’s 5% Deposit Scheme since it was introduced in 2020.

Housing Australia data says that since January 2020, almost 60,000 key workers, including teachers, nurses and emergency service workers have used the scheme.

A further 99,000 Australians living in regional areas and almost 6,000 single women have also used it to help buy.

Build To Rent Surge

Australia's build-to-rent pipeline has surged to 51,000 apartments worth $40 billion. This is up from 39,300 apartments worth $30.1 billion a year earlier.

Real estate and construction advisory firm BDO says that while Victoria still has the largest number of Build to Rent (BTR) apartments under construction, New South Wales has a larger number proposed for the future.

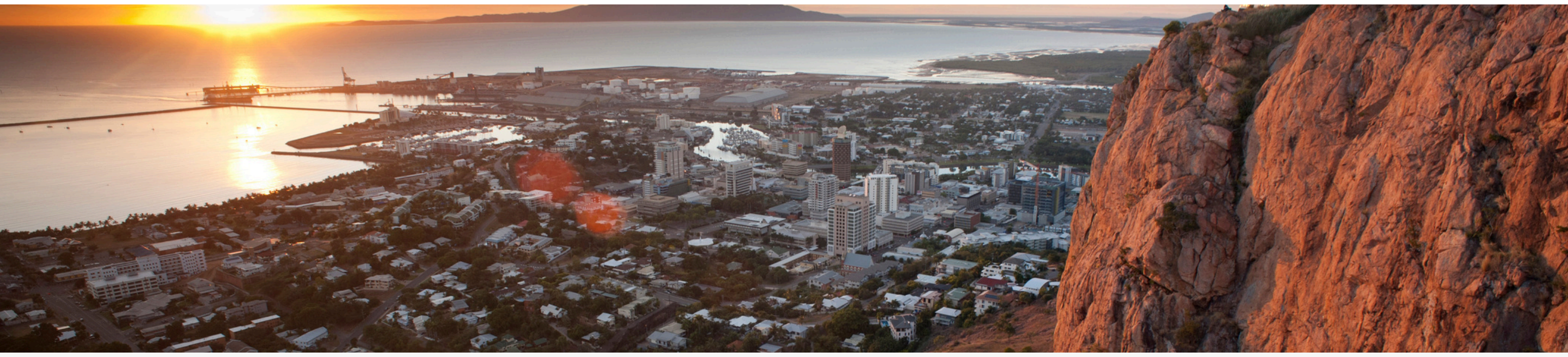
There are 9,026 units under construction in Victoria and 5,742 in New South Wales. Queensland has 1,904 under construction and the ACT has 420.

By 2032, the number of BTR apartments in NSW is expected to increase by 740%, compared to a 132% increase in Victoria.

Nationally the sector is undergoing rapid expansion, according to the report. There were just over 9,000 BTR apartments in 2024 and there is expected to be more than 46,000 by 2029.

BDO real estate advisory partner, Luke Mackintosh, says the sector has reached a turning point.

"Build-to-rent is no longer a concept story," he says. "It is an operating, income-producing asset class delivering real homes and stronger communities."



The States Investors Rate

Queensland continues to be the state that many investors consider to have the best prospects in the next 12 months. The Q1, 2026 APIM Property Sentiment Report says that while Queensland remains dominant, activity has moderated from the peaks experienced in late 2024.

About a third of respondents believe Queensland has the best prospects for investors in the next 12 months, followed by 22% in Victoria, 19% in New South Wales and 16% in Western Australia. The rest of the capitals are much lower with South Australia only appealing to 6%, Tasmania, 4%, Northern Territory 3% and the ACT is just 1%.Of those investors who sold, 15% blamed rental reforms and legislation changes for their decision to sell, second only to the main reason – profit making.

“Investor purchasing intentions remain steady in terms of how buyers plan to enter the market, but the type of property being targeted is beginning to shift,” the report says. Detached houses, while still the dominant choice, have edged lower for a second consecutive survey.