THE RESIDENTIAL WRITE-UP

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WHAT'S THE STATE OF THE 2026 FEDERAL BUDGET FOR PROPERTY?

The 2026 Federal Budget proposed the most significant changes to residential property tax settings in a generation.

The key negative gearing and capital gains tax changes are not yet law. The government introduced the Treasury Laws Amendment (Tax Reform No. 1) Bill 2026 to Parliament on 28 May, and it has been referred to the Senate Economics Legislation Committee, expected to report by the end of June. A Senate voting window is anticipated between 22 June and 2 July before Parliament rises for winter. Until the legislation passes, the final form of these measures may still change. With that context in mind, here is what is known.

Negative gearing is proposed to change

From 1 July 2027, if the legislation passes, negative gearing for residential property will be limited to newly built homes. Investors who purchase established properties after 7:30pm AEST on 12 May 2026 will no longer be able to offset rental losses against other income, such as wages, though those losses can still be carried forward against future property income. Existing investment properties held before the budget announcement are grandfathered. Investors who already own established properties retain access to negative gearing under current rules for as long as they hold those properties. Negative gearing concessions are proposed to be retained in full for newly built homes, which is the government's stated mechanism for directing investment toward new supply rather than existing stock.

Capital gains tax is being restructured, not removed

The existing 50 per cent Capital Gains Tax (CGT) discount is proposed to be replaced from 1 July 2027 with inflation-adjusted indexation and a minimum 30 per cent tax rate. Investors would only be taxed on the real gain above inflation, which the government describes as restoring the original intent of the CGT arrangements. Capital growth accrued up to 1 July 2027 remains eligible for the existing 50 per cent discount, with the new treatment applying only to gains after that date. The main residence CGT exemption is entirely unaffected, as are superannuation tax arrangements. Investors in new builds can choose between the 50 per cent discount or the new indexation arrangement, whichever delivers the better outcome.

Significant support for first home buyers remains in place

The expanded 5 per cent deposit guarantee scheme continues, with no income caps and higher property price thresholds in many markets. Eligible buyers can purchase with a 5 per cent deposit without paying Lenders Mortgage Insurance, which equates to significant savings. Unlike the negative gearing and CGT measures, this is already in place.

The ban on foreign investors purchasing existing residential dwellings has been extended to 30 June 2029. New builds remain open to foreign investment, consistent with the push to direct capital toward new housing supply.

This article contains general information only and does not constitute financial or tax advice. Proposed legislation is subject to change. Speak with a qualified financial adviser or accountant before making investment decisions based on any proposed changes.

5 THINGS FIRST HOME BUYERS SHOULD DO BEFORE THE NEW FINANCIAL YEAR

For first home buyers who are actively saving, planning or on the verge of applying for finance to buy a home, the period between now and 30 June can be incredibly helpful.

Here are five things worth doing before the new financial year kicks in.

Check your eligibility for government schemes

The First Home Guarantee allows eligible buyers to purchase with a 5 per cent deposit without paying Lenders Mortgage Insurance. Places are allocated each financial year, and while the scheme has been expanded, it is worth confirming your eligibility and understanding whether any thresholds or conditions are changing from 1 July. First home buyer stamp duty concessions also vary by state and are subject to change. Checking what is currently available in your state before the financial year turns over ensures you are not relying on outdated information when it matters most.

Use your tax return to boost your deposit

For many first home buyers, a tax refund is one of the more meaningful lump sums they receive during the year. Rather than treating it as discretionary income, putting it straight into your deposit savings account can give your progress a genuine boost. If you lodge your tax return promptly after 1 July, refunds are typically processed within two weeks. Planning for that money before it arrives makes it easier to direct it toward your goal rather than absorbing it into everyday spending.

Review your savings rate and savings account

EOFY is a good time to assess whether your savings strategy is still on track. Are you hitting your monthly savings target? Is your deposit sitting in an account earning a competitive interest rate? With rates having moved considerably over the past two years, the gap between a strong and a mediocre savings account can be meaningful over time. If you have not reviewed your savings account in the past six months, it is worth comparing what else is available. Moving to a higher-rate account is straightforward and costs nothing.

Get your credit file in order

Your credit report is one of the first things a lender will look at. Requesting a free copy before the new financial year gives you time to identify any errors, address any issues and understand what a lender will see when they assess your application. Common issues include outdated defaults, incorrect listings or enquiries from credit applications you have forgotten about. Addressing these before you apply is far easier than trying to explain them during an assessment.

Speak to a mortgage broker before the new financial year

If you are planning to buy in the next six to twelve months, reviewing your situation before 1 July is valuable.
A mortgage broker can help you compare your options across a range of lenders and first home buyer products.

MAJORITY OF AUSTRALIAN HOMEOWNERS CONFUSED BY MORTGAGE TERMINOLOGY

More than half of Australian homeowners do not fully understand key home loan concepts, with many turning to social media and artificial intelligence for financial guidance instead of professional advice.

A survey from Money.com.au found that 58 per cent of homeowners admit they do not fully understand crucial mortgage terms. The national survey included more than 1,000 Australians. The loan-to-value ratio (LVR) was identified as the most misunderstood concept, with 26 per cent of respondents saying they do not understand it. This figure affects borrowing eligibility, interest rates and whether a borrower must pay Lender's Mortgage Insurance (LMI).

Redraw facilities and offset accounts followed closely behind, with 17 per cent unsure how either works. LMI itself confused 16 per cent of those surveyed, whilst comparison rates were unclear to 14 per cent. One in 10 homeowners said they do not fully understand home equity.

The confusion was not limited to younger borrowers. Gen Z and Millennials each recorded a 61 per cent rate of confusion around key loan concepts, whilst Gen X came in at 58 per cent and Baby Boomers at 59 per cent.

The findings come as more Australians are actively reviewing their home loans. According to data cited by the Australian Banking Association, more than 640,000 homeowners refinanced their mortgages in 2025, a record level and a 20 per cent increase from the previous year.

Money.com.au mortgage expert Nick Burgess attributed part of the problem to borrowers turning to unverified online sources for financial guidance.

"If you don't have a firm grasp on basic mortgage terms and features, you're likely not maximising your loan's potential and could end up paying more interest over the loan's life or dragging out your mortgage for longer than you need to," Mr Burgess said.

He said too many borrowers were relying on generic online information and social media opinions to understand how mortgages work. One in five Australians say they trust AI tools like ChatGPT for home loan information.

"Too many borrowers are graduating from what I'd call the Facebook and AI university," Mr Burgess said.

Mr Burgess described real-world consequences of the knowledge gap, including a first-home buyer in Sydney who attempted to refinance without realising their LVR remained above 80 per cent, which would have triggered another LMI payment. Another couple kept $200,000 in a standard savings account rather than an offset account because no one had explained how offset accounts reduce interest charges.

"Your mortgage is likely the biggest debt you'll ever take on, so it pays to understand key concepts like LVR, how the comparison rate differs from the advertised rate, and the difference between an offset account and a redraw facility," he said.

"If you're unsure about anything, don't be afraid to ask your lender or broker to break it down for you."

4 THINGS THAT CAN GO WRONG BETWEEN OFFER AND SETTLEMENT

Having an offer accepted on a property feels like the hard part is over. In reality, the period between signing a contract and settling can be one of the more stressful stages of a property purchase, and it is where deals can still fall apart. Understanding what can go wrong during this window and taking steps to manage those risks early puts you in a much stronger position to get to settlement without unwanted surprises.

Finance falls through or is delayed

A pre-approval is not a guarantee of formal approval. Lenders conduct a full assessment once a property is identified, and issues can emerge at that point that were not apparent earlier. A change in your employment situation, a new debt, or a lender valuation that comes in below the purchase price can each create problems after you have already signed a contract. Avoiding this comes down to preparation. Make sure your financial position is stable and avoid taking on new credit between pre-approval and settlement.

Building and pest inspections reveal unexpected problems

A building and pest inspection carried out after exchange can uncover issues that were not visible during open homes. Structural defects, rising damp, termite activity or roof problems can range from manageable to deal-breaking, depending on the severity and cost to rectify. Where possible, arrange inspections before you sign rather than during a cooling-off period, so you have time to assess the results properly. If issues do emerge after exchange, your conveyancer can advise on what options are available to you under the contract.

The vendor is unable to settle on time

Settlement delays do not always come from the buyer. Vendors can face their own complications, including delays in finding or settling on their next property, issues with discharging their existing mortgage, or problems with the title. In a chain of related transactions, a delay at one end can ripple through, affecting everyone else. Building some flexibility into your own arrangements where you can, including your moving plans and any bridging finance, reduces the pressure if settlement does shift. Your conveyancer should be in regular contact with the vendor's representative in the lead-up to the settlement date.

The property condition changes before settlement

You are entitled to take possession of the property in the same condition it was in at the time of sale. In practice, problems can arise if the vendor removes fixtures or fittings that were included in the contract, or if damage occurs to the property between exchange and settlement. A pre-settlement inspection, typically carried out in the days before settlement, is your opportunity to check the property against the contract and raise any concerns before the keys change hands.

Getting the right finance in place well before settlement reduces one of the most common sources of stress during this period. A mortgage broker can help you compare your options and manage the finance process from application through to settlement day.

5 THINGS TO KNOW BEFORE CONSOLIDATING YOUR DEBT IN THE NEW FINANCIAL YEAR

The start of a new financial year is a common moment to take stock of existing debts. If you are juggling multiple repayments across credit cards, a car loan, a personal loan and a few 'buy now, pay later' accounts, the idea of rolling everything into a single monthly repayment is appealing. Debt consolidation can be a genuinely useful tool, but it suits some situations better than others. Here are five things worth understanding before deciding whether it is the right move.

Consolidation simplifies repayments but does not reduce what you owe

A debt consolidation loan combines multiple debts into one, replacing several repayments with a single monthly amount. What it does not do is reduce the total amount owed. The benefit is simplicity and, depending on the interest rate, potentially a lower overall cost. But if the new loan carries a higher rate than existing debts, or the term is significantly longer, consolidation may cost more over time rather than less.

Compare the overall interest costs and repayments

Consolidation generally makes more financial sense when the rate on the new loan is lower than the rates across existing debts. Credit card debt in particular often carries rates well above those available on a personal loan. Comparing the rate on offer against current repayments is one way to assess whether consolidation could reduce overall interest costs.

Watch for fees on both sides of the transaction

Closing existing debts early can trigger break fees or early repayment charges, particularly on fixed-rate personal loans or car finance. The new loan may also carry establishment fees. These costs are worth factoring in before committing, as they can reduce or eliminate the savings you were expecting. Getting a clear picture of fees on both sides gives a more accurate sense of the overall benefit.

Your credit file will likely affect the rate you are offered

The interest rate a lender offers on a consolidation loan is not fixed. It will be influenced by your credit history, income, existing debts and overall financial position. If your credit file has some blemishes or your debt-to-income ratio is high, the rate offered may be higher than advertised rates suggest. Checking your credit file before applying gives you a realistic sense of what to expect and time to address any errors.

Consider spending habits alongside any consolidation decision

One of the more common pitfalls of debt consolidation is paying off credit cards and 'buy now, pay later' accounts, then gradually running them back up again. The new financial year can be a useful moment to review spending habits, at the same time as reviewing debt, including whether to close accounts that are no longer needed or reduce credit limits.

If you are considering consolidating your debt heading into the new financial year, a finance broker can help you compare your options across a range of personal loan products and lenders.

5 THINGS TO KNOW ABOUT BUYING A USED CAR ON FINANCE THIS EOFY

EOFY is one of the busiest times of year for car sales, and dealers are motivated to clear used stock before 30 June. That can mean genuine discounts for buyers who are ready to move. But financing a used car works differently from financing a new one, and knowing the key differences before you start shopping can save you time and prevent some costly surprises.

Lenders have stricter criteria for older vehicles

Most lenders place limits on the age and kilometre reading of vehicles they will finance. A common requirement is that the car must fall within a certain age at the end of the loan term, not just at the time of purchase. High-kilometre vehicles can also face restrictions. Knowing these limits before you find a car you like avoids the frustration of discovering finance is unavailable or significantly more expensive.

Buying privately is treated differently from buying from a dealer

Dealer purchases generally come with consumer protections and a cleaner paper trail, which lenders view more favourably. Private sales are financeable, but some lenders require an independent inspection or valuation, and the interest rate offered may be higher. If you are considering a private purchase, understand how your lender treats those transactions before committing to a price.

Used car loan rates are often higher than for new vehicles

Lenders price used car loans to reflect a depreciating asset with less security over the loan term. Rates also vary more widely between lenders for used vehicles than for new ones, so comparing options before you commit can make a meaningful difference to the total cost.

Check the vehicle history before you apply

A PPSR check confirms whether a vehicle has money owing on it, has been written off or reported stolen. Some lenders require this as part of their assessment, but running one yourself early means you have the information before investing time in an application. It takes minutes and costs a small fee.

Sort finance before you start shopping

EOFY creates urgency that dealers use to their advantage. Having finance pre-approved before you walk in means you know your budget, you are not relying on dealer finance, and you can move quickly when the right vehicle comes up. At this time of year, being finance-ready is often the difference between securing a vehicle and missing out.

A finance broker can help you compare your options across a range of used car loan products before you start shopping, so you are ready to move when the right vehicle comes up.

This is general information only and is subject to change at any given time.
Your complete financial situation will need to be assessed before acceptance of any proposal or product.