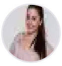
Tax overhaul sparks fierce clash between investors and first-home buyers



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Property wars: Investors clash with first-home buyers for new builds

A property turf war has erupted as seasoned investors and desperate first-home buyers clash over low-cost new builds, with investors pumping a massive $1.92 billion into new housing in just three months.

Australian Bureau of Statistics (ABS) data reveals investor loans for the construction of new Queensland dwellings hit an all-time high of 1,877 in the June 2026 quarter following the Albanese government's controversial tax overhaul.

The state's swift shift to new builds was confirmed by latest broker data.

Loan Market figures show overall Queensland investor applications plunged 31.8 per cent between March and July.

But the share of investors targeting new dwellings spiked to a record 5.42 per cent in May, with outer growth hubs like Toowoomba, Ipswich, Coomera, and Caloundra West taking the highest volume of applications.

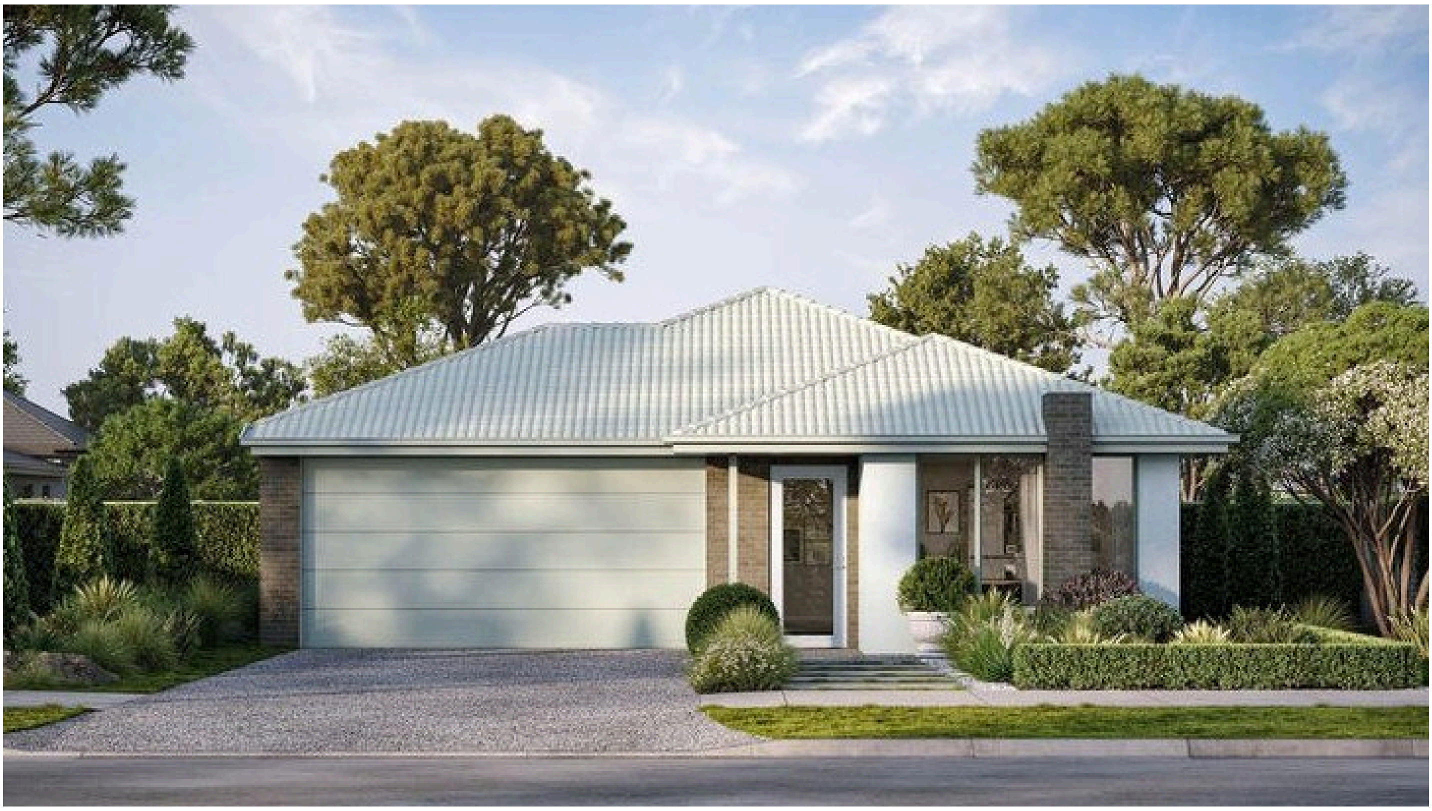
New townhouses selling in Marrambi Estate, Kallangur

Combined, the data shows sweeping federal budget reforms have driven property investors straight into competition with first-timers for off-the-plan townhouses and units, and suburban house-and-land packages.

To claim Queensland's $30,000 First Home Owner Grant, buyers are restricted to new properties under $750,000.

Meanwhile, the government's May budget abolished negative gearing and slashed Capital Gains Tax discounts for established homes, leaving those lucrative tax perks for new builds.

While designed to stimulate housing supply, the data reveals the policy's unintended consequence: creating a vicious squeeze at the bottom of the market.



House and land packages in Upper Caboolture are priced at $732,012

The Sunshine State was the national exception, recording a high of 730 off-the-plan loans or 47 per cent more than last quarter, while other states peaked in 2019.

By comparison, off-the-plan investor loans in New South Wales (727) and Victoria (549) were well below their pre-2020 highs.

The average Queensland investor loan for an off-the-plan property sits at $716,712, while the average construction loan is $743,953 — both inside the $750,000 first-home buyer grant threshold.

Brisbane buyer’s agent Lauren Jones said the numbers showed investors moving into price brackets traditionally reserved for entry-level buyers.

“I am seeing many more investors pushed into first-home buyer property types — both with new builds and cheaper units,” Ms Jones said.

“We are going to start seeing the unintended consequences of the budget pushing up prices for first-home buyer stock, and also rents increasing, especially in the inner-ring of cities because fewer investors are purchasing there.”

Eventus Financial mortgage broker Alex Veljancevski

Eventus Financial mortgage broker Alex Veljancevski warned the federal government’s tax settings had redirected competition.

“Most people assume investors will leave the market if negative gearing becomes less attractive,” Mr Veljancevski said.

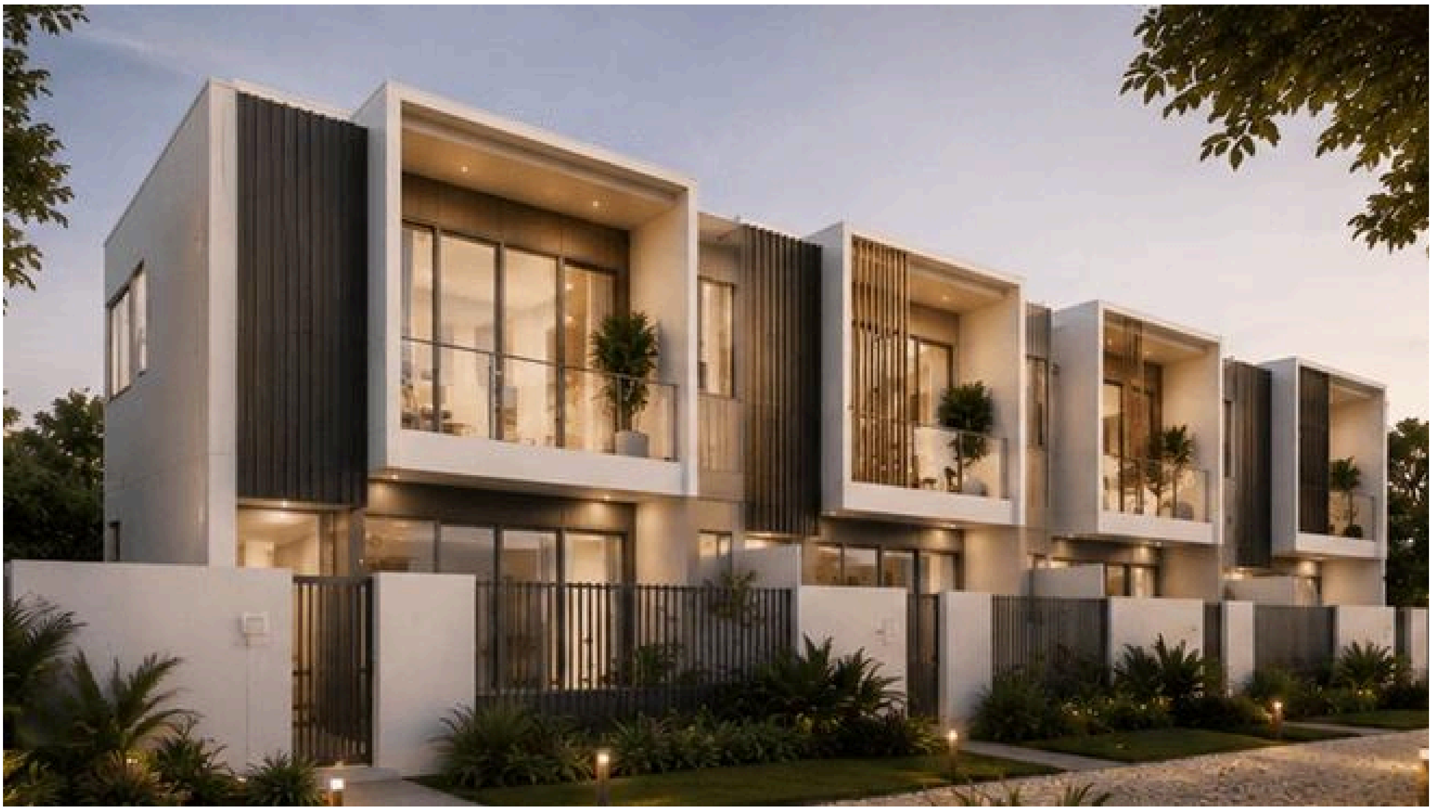
“In reality, many won’t stop investing. We’ve already started seeing investors simply lower their budgets.

“That means investors who may previously have been looking at a $1.2m or $1.5m property are now looking at homes in the same price range as first home buyers.”

With major lenders slashing borrowing capacity for established properties post-budget, investors are pivoting to lower-priced new builds to preserve tax benefits.

“The concern is that investors who previously had the capacity to buy further up the market are now being pushed into the same price brackets,” Mr Veljancevski said.

“If that’s what happens, we’ve redistributed competition rather than reduced it.”



Ripley townhouses are priced under the $750,000 FHB grant cap

Place Advisory spokesman Bruce Goddard said the townhouse market had become hotly contested as house-and-land packages in outer suburbs like Logan and Kallangur exceeded the grant cap.

“House and land approaching $1m in outer suburban markets shows just how difficult it has become for buyers to secure a brand-new detached home,” Mr Goddard said.

“Townhouses are not cheap, but they can reduce the price by close to $200,000 while still providing the bedrooms, secure parking, outdoor space and modern finishes many buyers want.”

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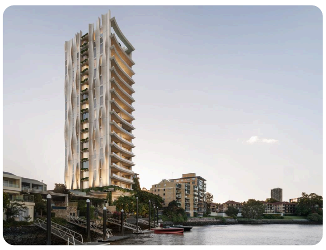

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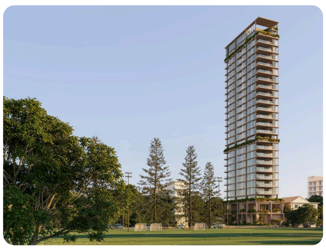

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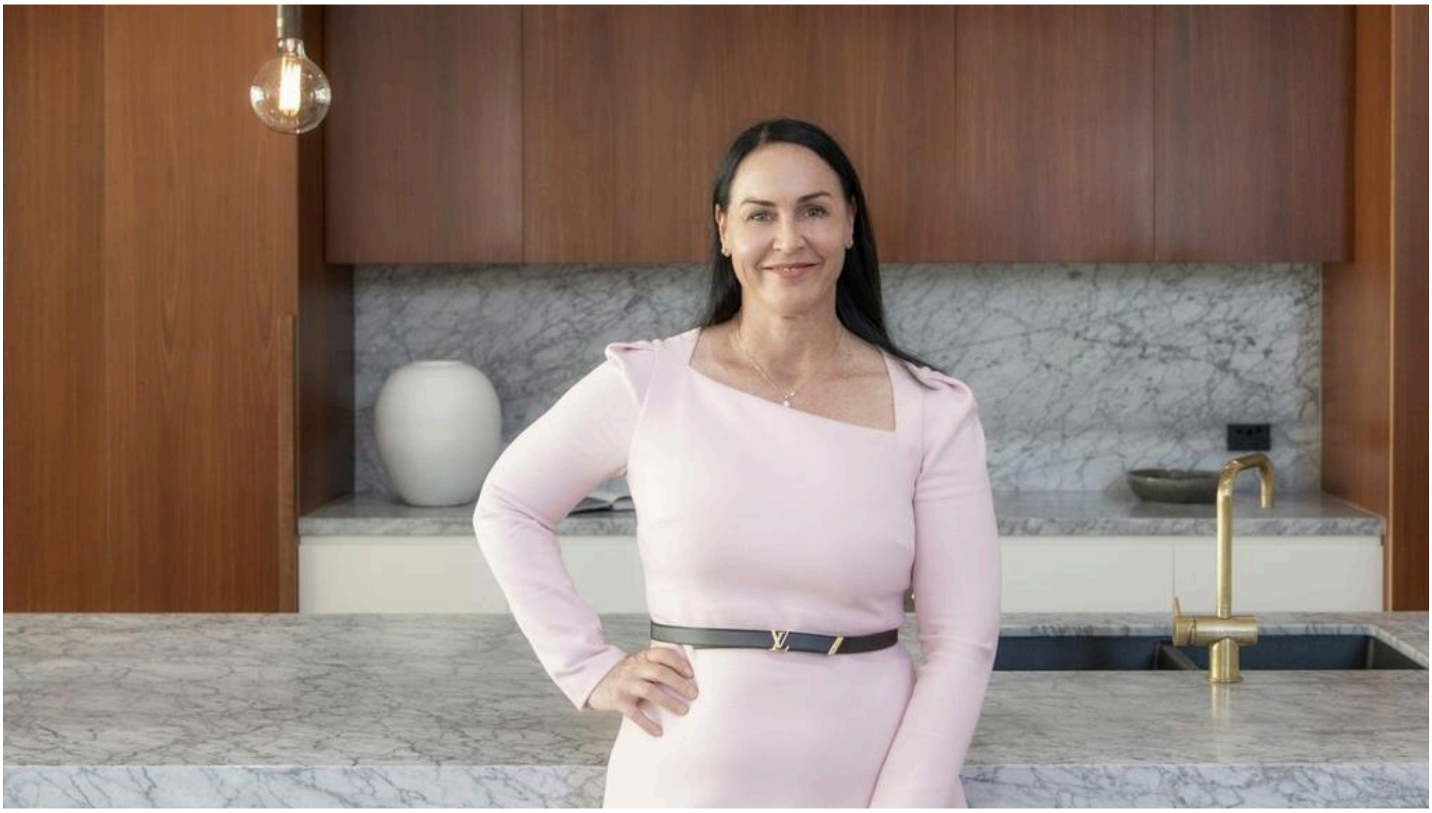
Place New Farm agent Alex Rutherford said townhouses had become the ultimate middle ground.



Place agent Alex Rutherford

“They are attracting first-home buyers, young families and downsizers who still want multiple bedrooms, a garage and outdoor space, without the maintenance or price tag of a house,” she said.

Ms Jones said the tax overhaul marked a critical turning point.

“I think we were starting to see that affordability ceiling, but also people were spooked by the war overseas,” Ms Jones said.

“That rocked market confidence, and then the tax changes announced in the budget were the final nail in the coffin.”

Buyers agent Lauren Jones said the tax overhaul marked a critical turning point

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Lawlab managing director Ian Perkins said the tax-driven stampede into new builds had put panic-buying investors at significant legal risk.

“Investors are walking blind into new-build contracts because the whole sales environment is designed to feel safe,” Mr Perkins said.

“The brochures look glossy, the process feels guided, and buyers assume the contract must be straightforward, but none of that reflects the legal reality.”

“Right now, the perception of simplicity is masking real contractual complexity,” he said. “If we don’t lift contract awareness, we’ll see a wave of avoidable financial stress in the years ahead.”

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