

Who buys it from you next?

2026 Federal Budget Investment Property Tax Reform

The impact on resale dependency and future investment behaviour.

The policy may be national.

The impact will be asset-by-asset.

Who we are

We believe this is an important shift that every property owner and future buyer must understand.

As Ex-Financial Advisers turned Mortgage Brokers, we sit across from high-income families every week making property and debt decisions. We see what has worked, not just loan structures but what assets stand the test of time.

SINCE 2014

Pioneers in Strategic Mortgage Advice.

Since 2014, Chris Bates and the Alcove team have coupled strategic mortgage advice with property guidance, offering personalised solutions driven by a highly qualified team. We primarily partner long-term with high-income families, often referred by financial advisers.



80,000+ MONTHLY LISTENERS

Two of Australia's top property podcasts.

Chris Bates hosts the Australian Property Podcast (with Rask) and The Elephant in the Room with over 80,000 monthly listeners across the two shows. Chris has spent years discussing the risks of investor-led buying, weak asset selection and debt structures that only work in easy conditions.



RECENT RECOGNITION

Awards and finalist listings.

2025 The Adviser Better Business Awards · Finalist, Residential Broker of the Year

2025 AFG Broker Awards NSW · NSW/ACT Champion

2024 The Australian Mortgage Awards · Finalist, Broker of the Year Residential

2024 The Adviser Elite Broker Residential · #1 Broker

What you'll learn (and what you won't).

What you'll learn.

- ✓ Why the next buyer matters more than the current owner's tax position.
- ✓ How grandfathering can protect your tax position but not the buyer pool.
- ✓ The questions to ask about the quality of your property
- ✓ How to test whether your debt structure still fits the plan.

What you won't.

- A forecast of price falls.
- A view on whether the policy is fair or unfair.
- A recommendation to buy, sell, hold or refinance.
- A political argument.

This report is general information only. It is not personal financial, tax, legal, credit or property advice and is not a recommendation about any specific property decision. Budget announcements are not law: treat every policy claim as conditional on final legislation, commencement provisions and ATO guidance. Read with a registered tax agent and an independent property professional where relevant.

Who buys from you?

A calm framework for reviewing the value of what you already own or are thinking about buying based on the person who sets the sale price.

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Who is your buyer?

Investors know what they think their property is worth on a blue-sky day with the right agent and perfect campaign. However, property owners are usually overly optimistic, due to the endowment effect whereby we value what we own more than what it is worth.

As an investor, you remember the price you paid, the costs to buy, the loan remaining, the rent; perhaps even the interest rate. But have you taken time to understand who sets the sale price.

That person is not the agent. It is not a buyer like you. It is the next buyer. The one who turns up with the money and confidence to sign the contract in a different year, under different tax rules, with different credit conditions and their own alternative options.

While you may still believe the story when you bought, future buyers may not.

They do not care why you bought it or what you paid. They care whether it makes sense for them today.

This report is built around one question:

**“Who buys it from you next,
and at what price?”**

It is not a forecast. It is a framework for calmly reviewing what you already own, with better questions than the ones the market is shouting at you.

01

The question most owners miss.

When future tax settings change, the people most directly affected are often not the current owners of property, but the next buyers. That distinction is easy to miss in the political noise.

Most headlines focus on what reform does to current investors. But the harder question is what reform does to future investors.

If they face different deductibility rules, a smaller CGT discount, or tighter borrowing rules, their numbers will not match the current investors.

If the next buyer's numbers are weaker, they may not want to invest at all, or would need the price to be much lower for the property to make sense.

On one side the current owner has a story, loan, tax position, and belief what it is worth. On the other side, the next buyer has their own tax rules, borrowing capacity challenges, alternative options, and the price they are willing to pay.

They set the price.

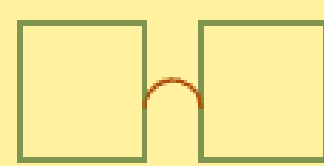
So the question is not what you own or whether you have grandfathered tax outcomes.

It is who else will be willing to buy it under current market conditions, and at what price.

YOUR ENTRY STORY VS THEIR ENTRY STORY

WHEN YOU BOUGHT

Price, Rate, Cashflow, Credit



WHEN THEY BUY

New rules, credit, alternatives.

02

Changing incentives, changes behaviour

This is not a political argument. The bigger discussion on how rental supply responds, where capital shifts, and whether new-housing incentives are enough to get more properties built is for a different day. The practical question is more useful: if these changes proceed, what happens to investor behaviour, buyer pools, resale demand, and the next buyer of your property?

Property investment in Australia has long been linked to after-tax outcomes. Investors are not just buying any property. They are weighing risk, leverage, tax, cash flow, expected growth, debt comfort, and opportunity cost.

Property competes with paying down the home loan, with upgrading the family home, with shares, super, a business and cash.

If investment properties becomes much less attractive after tax, some investors will still buy. Some will not. Some will need a lower price. Many will become more selective.

By changing tax deductibility, future capital gains tax, or eroding confidence by changing rules, it could materially affect investors' ability to buy, desire to buy, comfort holding, and the price a future investor is prepared to pay.

The risk is not that the entire market moves in one direction.

The impact will not be evenly spread among the owners of the eleven and a half million dwellings. Owner-occupier-grade homes may continue to attract owner-occupier demand, while Investor-dependent properties may face a much more selective and smaller buyer pool.

The policy may be national.

The impact will be asset-by-asset.

03

Grandfathering protects current owners, but not the future buyer.

Grandfathering is a familiar policy. It protects investors who made decisions under old rules from being blindsided by new ones. If existing investors are grandfathered by the change to negative gearing and CGT, the intention was to preserve their tax treatment.

However, it does not force the next buyer to value the property the same way as new rules apply to all future investors.

Grandfathering may protect the current owner's tax position. It does not guarantee the next buyer will value the property the same.

Grandfathering will change behaviour. If selling means giving up old favourable treatment, some owners may hold assets they otherwise would have sold. That may reduce listings both short and long-term for good assets, going against the intention of policy. But for others, no tax incentive will encourage investors to hold on to poor assets.

Regardless, however even good assets eventually sell, the next buyer still prices them under the new rules. It does not protect their asset value and the impact will not be evenly spread.

For a scarce, owner-occupier-grade asset, investors are one of several buyer types and highly unlikely to be the winning buyer.

For a property whose realistic buyer is mainly another investor, the buyer pool may have become much smaller than it looked before tax policy changed.

04

When the next buyer is mainly another investor.

Some properties have been bought by investors for years and are likely to be sold to investors.

The first-home buyer may be interested at the right price, but often it is not their preference unless it's affordable.

For those properties, you must ask when investor demand changes, who else would want it?

If it must be another investor, the resale value depends on their situation today.

What is their cost of capital, tax setting, the cash flow cost to hold, borrowing capacity challenge because the policy settings that supported your purchase may gone.

If the settings have changed dramatically for the next buyer, future investor demand has also changed dramatically.

05

Buying the same story

In recent years, many investors did not just buy a property. They bought a story.

Affordable price point, rental shortage, population growth, depreciation, short-term growth.

Sometimes that story was right. Sometimes incomplete.

The risk with a widely distributed story is that it makes thousands of investors feel independent while quietly relying on the same exit buyer when they want to sell.

When everyone buys for the same reason, you have to ask, **will everyone sell for the same reason?**

The future buyer pool should be tested independently from the original entry story.

The person who helped you buy may not be the best person to talk through the exit risk.

Social media reach is not the same as investment resilience.

06

When families genuinely want it as a home.

The opposite case is the property that families, couples, or downsizers genuinely want to own and live in. That demand is driven by different things: stability, safety, children, schools, community and lifestyle. It is supported by the lack of longer term rental alternatives, and the confidence that the main-residence CGT-free exemption may provide.

Those drivers are not anchored to negative gearing or the CGT discount settings. Owner-occupiers generally do not buy the same way investors do.

The Parliamentary Budget Office made the same structural point in its 2024 work on negative gearing and CGT: any decline in property prices from reform could be tempered by relatively stable owner-occupied housing demand, because owner-occupied housing is generally not subject to capital gains tax.

That does not make owner-occupier-grade property bulletproof. People still get priced out. Preferences change. Credit conditions have a large impact on ability to buy. But the buyer pool is not anchored to negative gearing or CGT discussion.

If families, couples, single, or downsizers genuinely want the property as a home, you are not relying solely on investor demand.

07

Rental supply is a timing question.

If an investor sells, that dwelling does not disappear. It may move to another investor, but it may move to an owner-occupier.

In most cases to a first-home buyer, which reduces rental demand while helping more people into homes.

But the true risk is timing, and it does not work out one-for-one.

Often the first-home buyer may be flat-sharing, living with family, or moving to a city.

The overall reduction in rental demand may not drop at all, but the rental supply has just been reduced.

With policy change, if investor appetite weakens significantly fast, new rental supply will struggle to be delivered fast.

There will be a gap between policy change to encourage investors to buy new property, and the market reality to build them.

We must acknowledge that this change could create issues in rental markets.

For current investors, this creates a more complicated and confusing picture.

Lower investor demand may reduce your resale demand, while tighter rental supply may increase your rental income.

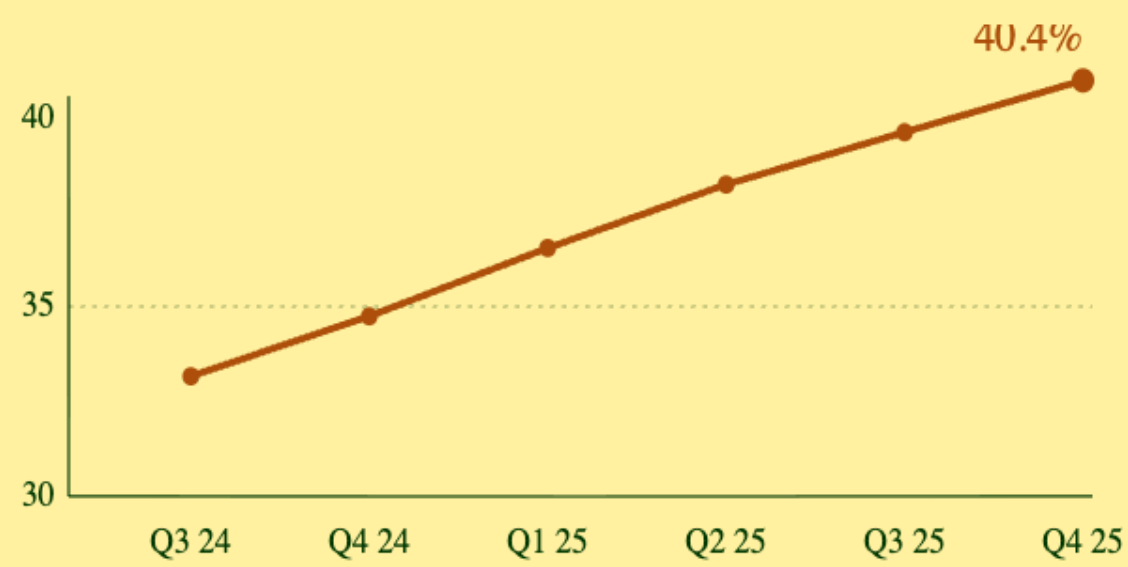
But the practical question remains: if the next buyer changes, will your asset still be worth what you think it is worth?

08

Investor demand.

WHO IS BORROWING?

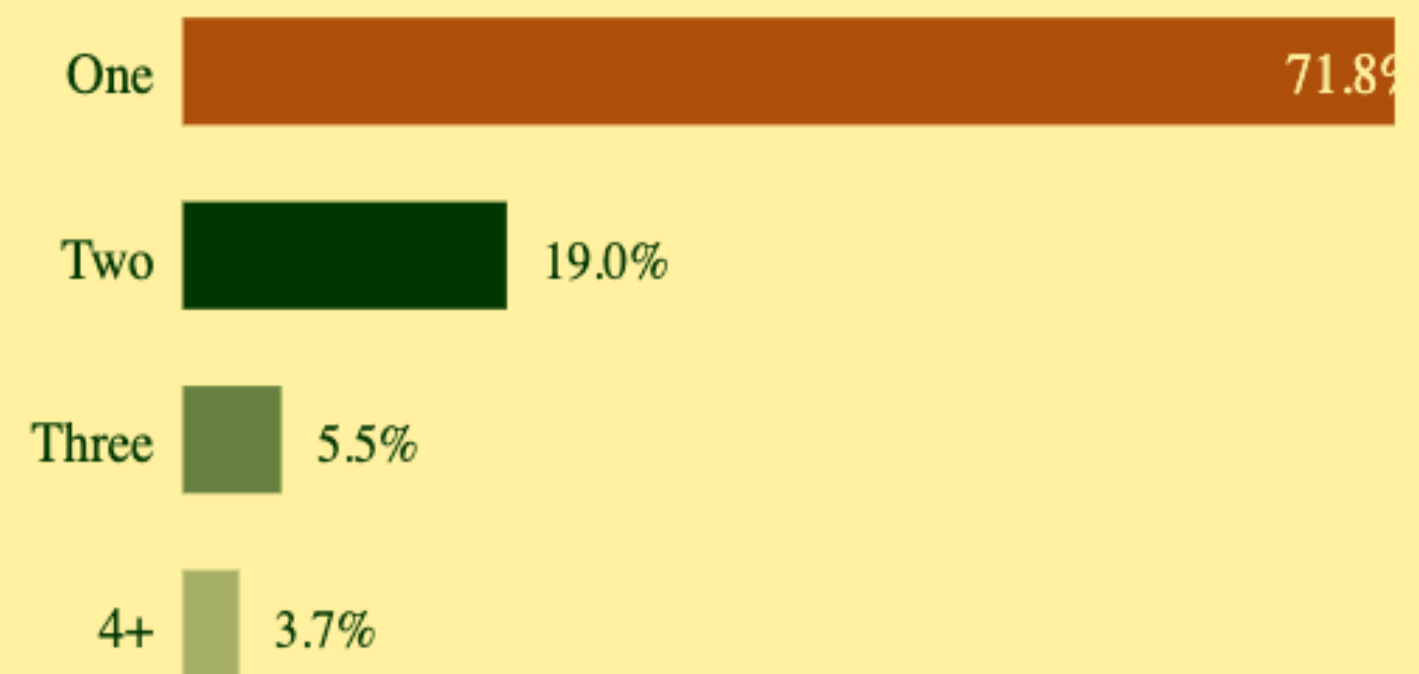
Investors % of new loan commitments



Source: ABS Lending Indicators. Illustrative trend.

HOW MANY PROPERTIES?

How many properties the 2.26m individual owners have.

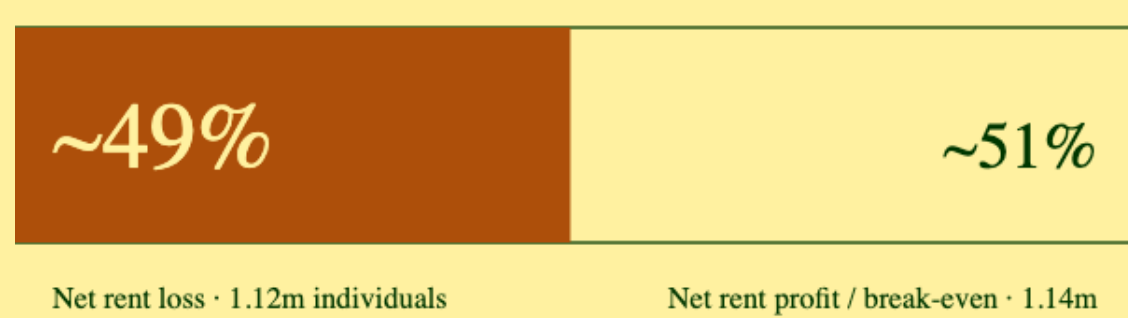


Source: ATO Taxation Statistics 2022-23.

HOW MANY # NEGATIVE GEAR PROPERTY

2,260,000 individuals with property interests.

Almost half, 1,120,000 reported a net rent loss in 2022-23.



Source: ATO Taxation Statistics 22-23.

POLICY CHANGE SENSITIVE

Stated intent if changes happened

53% Would stop investing if negative gearing changed.

35% Would stop if the CGT concession were cut to 25%.

52% Considering selling some or all of their portfolio.

Industry survey; stated intent does not equal observed behaviour.

Source: PIPA Investor Sentiment Survey 2025.

CREDIT HAS TIGHTENED MATERIALLY SINCE 2015

Macroprudential interventions targeting investor borrowing capacity.

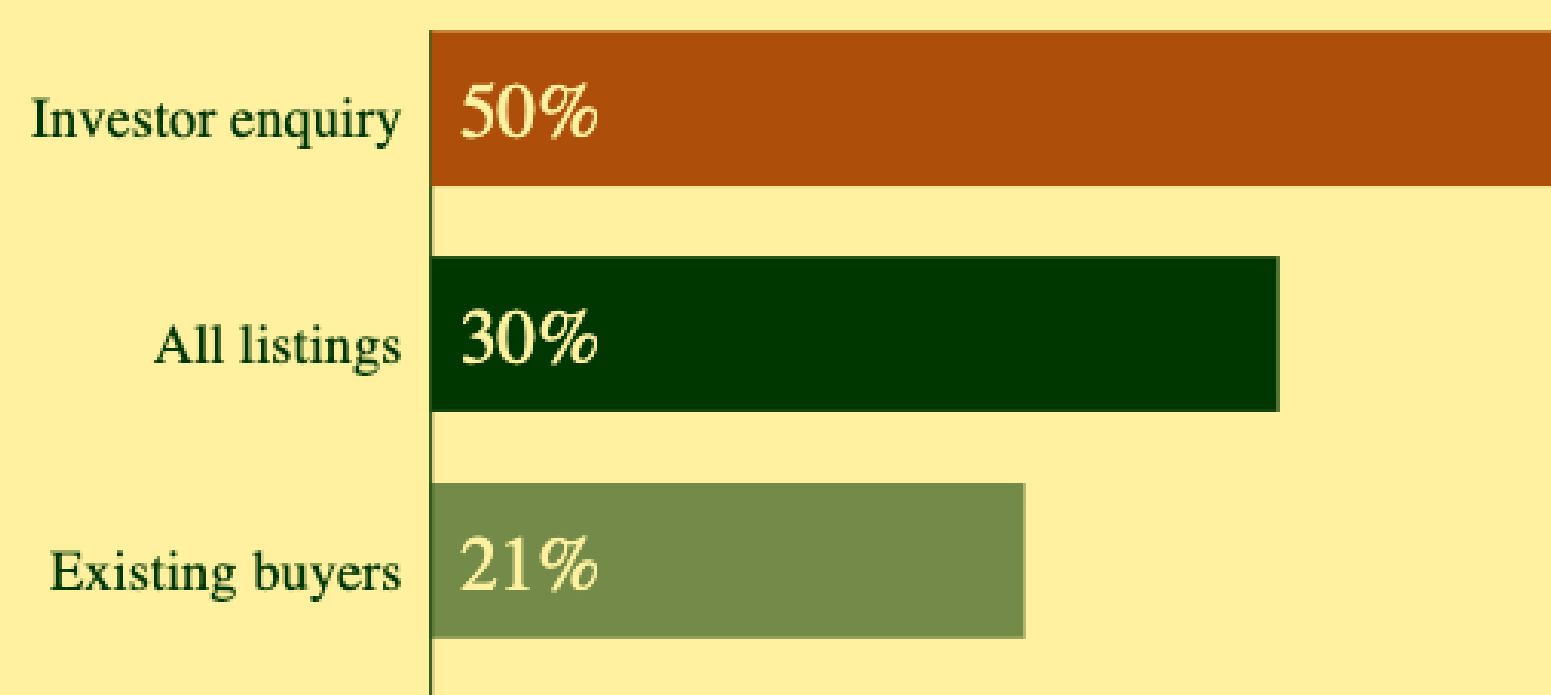
Current plans to change negative gearing are on top of this tightening.



Sources: APRA, RBA. The relevance is not a forecast of further tightening — it is that investor borrowing capacity is now explicitly part of the macroprudential conversation.

INVESTOR ENQUIRY CONCENTRATION

50% of enquiry for properties under \$700k.



Investor enquiry on realestate.com.au clusters at lower price points. Enquiries, not purchases. Source: PropTrack-Westpac Investor Report 2026.

APPROVALS DON'T EQUAL COMPLETIONS

Higher-density approvals are running well ahead of what is actually getting built.

Year-rolling dwelling totals, national.

Higher-density

Approvals (year to Feb 2026)



Completions (year to Dec 2025)



THE GAP
19,000
dwellings per year

Detached

Approvals (year to Feb 2026)



Completions (year to Dec 2025)



Source: ABS Building Activity 2026 and ABS Building Approvals 2026, via NHSAC State of the Housing System 2026 (p. 28).

09

New property incentives do not equal investment quality.

New property has received meaningful policy support.

Under current law, depreciation in new property can be claimed in ways second-hand assets cannot. APRA's debt-to-income cap exempts new dwellings. Some states support new construction with stamp-duty discounts.

Those have been real positive effects as they improve the investor cash flow. They lift borrowing capacity at the margin but they are not the same thing as investment quality for the investor.

By targeting tax benefits, they can encourage more investors but it does not mean they are buying quality investments.

It does not create scarcity or ensure price growth. It does not make a reproducible dwelling unique, or automatically create deep owner-occupier demand that can stand the test of against established property when it is a few years old.

The harder question for new property is not the investor who buys it today but the person who buys it second since it is no longer new.

Tax incentives can help create the first buyer but are a concern if they are not offered to the second.

A new property on a constrained, owner-occupier site is structurally different from one competing with repeatable supply nearby built for investors.

Policy support can improve the math for new investor but it may change who buys it from you.

10

Scarce property.

Established property can sit differently.

For genuine scarce, owner-occupier homes, this can be it's strength because the property value is not supported by changes to investor taxes.

If future investor settings tighten, owner-occupiers often stay in the market, they need to live somewhere and rarely rush to sell.

In fact, many will likely decide to invest further in their home rather than other investments, as the tax advantages become more attractive.

For current investors with scarce properties with grandfathered tax benefits, their desire to sell may be small. They will often want to hold, try to afford and keep properties they believe are good assets.

But this does not mean all established property driven by owner-occupiers are automatically safe.

A poorly chosen, compromised, or overpriced established property is still poorly chosen, compromised, or overpriced.

Rising markets make all ordinary assets look better than they are.

Selective market expose the difference.

11

Asset quality inside the suburb.

A city or a suburb is not an asset. The asset is the street, the block, the dwelling, the light, the privacy, the floor plan, the land and the supply around it. It is what the buyer still wants when they have choices. Median sale prices do not tell you what your property is worth.

Street. Quiet, accessible streets support broader demand than main roads, rat-runs and compromised suburb positions.

Dwelling. Floor plan, light, build quality, maintenance — does it feel like a home or a product?

Supply competition. Is similar stock easy to find nearby, or is genuinely hard to buy?

Local buyer depth. Do changing local incomes, household types, and recent comparable sales plausibly support the price?

Block. Usable land, orientation, privacy, gradient, flooding, easements.

Tenure appeal. Would aspirational owner-occupiers genuinely want this as their long term home or a stepping stone?

Strata + holding. Body corporate fees, defects, capital works, special levies.

Future Change – Do changing zoning, developments and suburbs protect or expose the property?

Would someone still compete strongly on this property, if they had choice?

12

Debt: what most commentary misses.

An investment property is only as comfortable as the loan attached to it.

FOR THE CURRENT INVESTOR

When interest rates, repayments and refinance options change, so does their ability to hold and desire to sell.

FOR THE FUTURE INVESTOR

When borrowing capacity, policy and interest rates change, so does their appetite and ability to invest.

Every year, 2,200,000 Investors who currently own over 3,250,000 investment properties are having conversations on whether it is better to hold or sell.

Since 2022, while widely reported that an investor boom has taken place in parts of the country, it is rarely acknowledged how many have sold.

In 2026, the future investor has different circumstances, but the current investor is facing significant challenges.

The long period of higher interest rates, cost of living pressures, rising property maintenance costs, property taxes and combined with the reduction in borrowing capacity has made the ability for investors to hold more challenging than it has ever been.

13

Six tests.

01

The Next Buyer Test

Who is the most likely buyer when you eventually sell? An investor, a first-home buyer, a family, a downsizer, a mix? If the answer is mainly "another investor," ask whether their numbers would still work under future rules.

03

The Owner-Occupier Test

Would local families genuinely want to live there long term, and can they afford to own at current prices? Is this a good option to raise children, walk to a coffee, come home at the end of a long day? Speak to a local specialist Buyers Agent

05

The Sentiment Test

Attend comparable open homes. Watch auction depth. Speak with local agents and property managers. Compare what is listed with what is actually selling

02

The No-Tax-Story Test

Could you explain why this is a good property without mentioning tax, depreciation, negative gearing or past growth? If the story falls apart without those, the story may have been the tax all along.

04

The Investor Test

How many properties around you are owned by investors? How many have been buying recently? If many decide to sell, are there enough owner-occupiers to buy?

06

The Debt Comfort Test

Would the debt of the next investor make sense. Would they be able to service the loan and negative cashflow comfortably at current rates and at 105% of the purchase price.

If a property passes all five tests comfortably, that is useful information.

If it limps through one or two, that is also useful information.

14

Helpful websites

01

Rental Bond Data

Helps estimate rental concentration and investor activity.

[NSW – Rental bond data and interactive map](#)

[NSW – Rental Bond Lodgement](#)

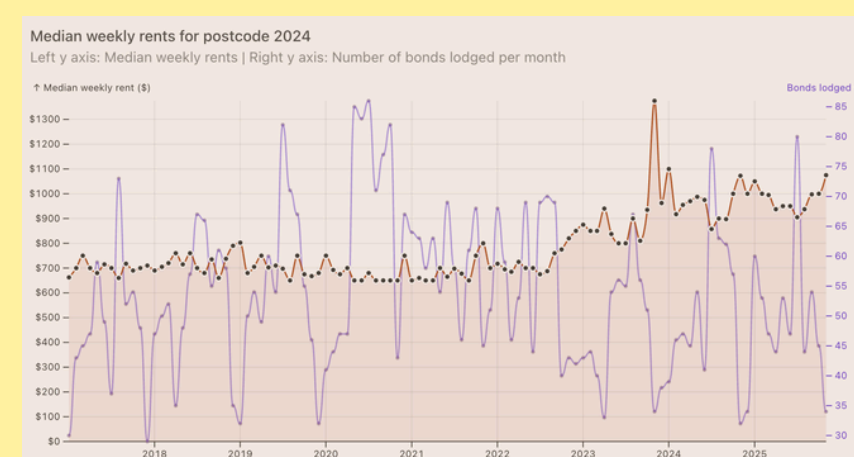
[WA Rental Bond](#)

[Queensland – Median Rents](#)

[Victoria – Rental Report Quarterly](#)

[SA – Private Rent Report](#)

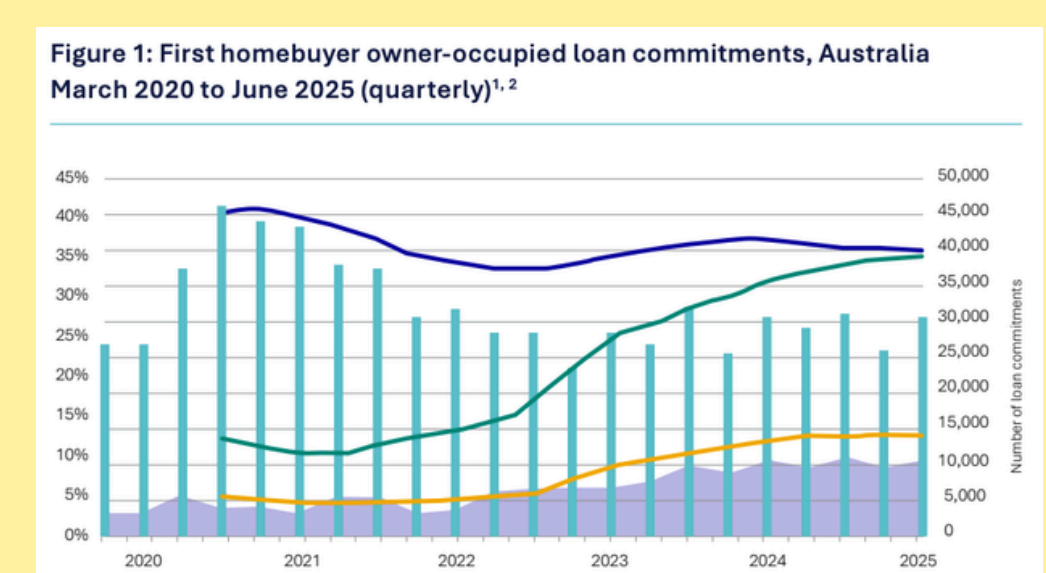
[Tasmania – Rental Bond Stats](#)



02

First Home Guarantee Scheme

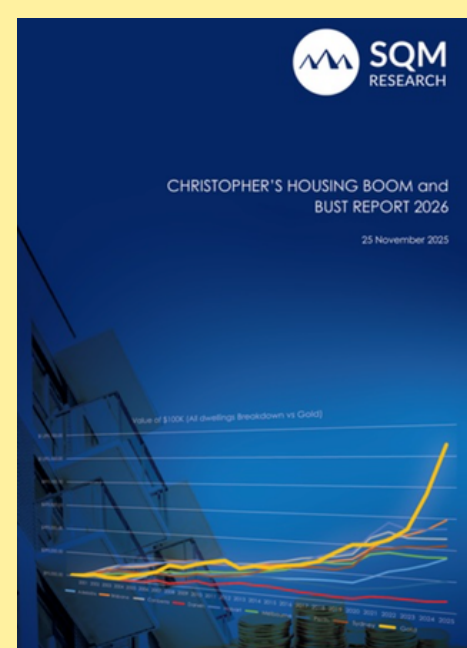
The last five years of data shows where First Home Buyers are using the scheme. [Link](#)



03

SQM research

To delve deep in to the local market data, houses vs apartments, listings over the longer term and rental vacancy.

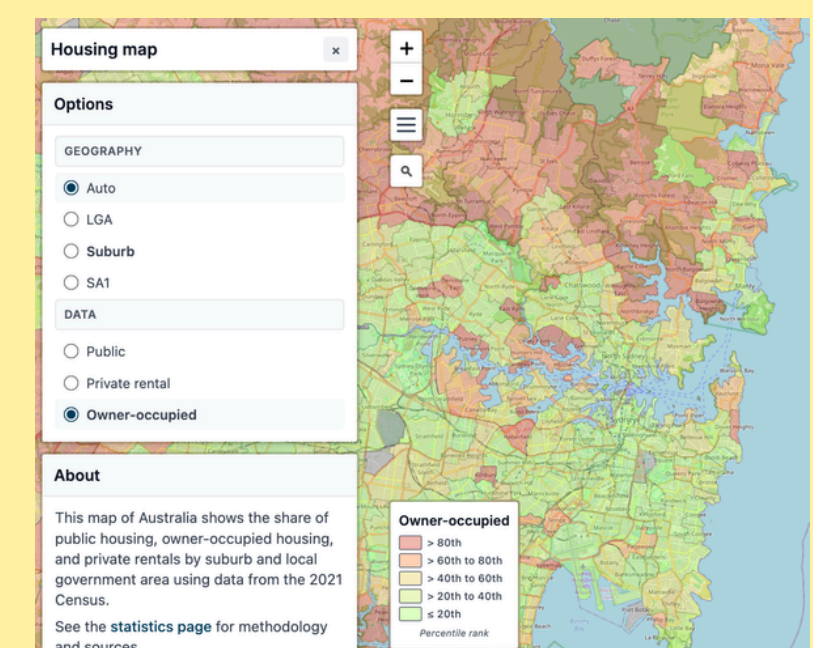


[Link](#)

04

Owner Occupier Vs Investor

Open Stats provide a detailed map on pocket by pocket owner occupier percentage.



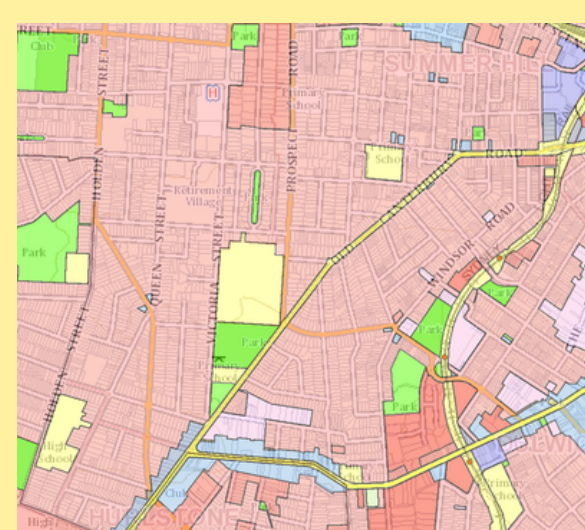
Source: <https://openstats.com.au/maps/housing> (2021 Census data - new Census in 2026)

05

State Planning Portals

What is going to change in your property location. Is it a little or a lot.

- [NSW Planning Portal](#) and [DA Tracker](#)
- [VicPlan](#) and [map](#)
- [QLD Development](#) and [map](#)
- [PlanSA](#) and [map](#)
- [WA Plan](#) and [map](#)

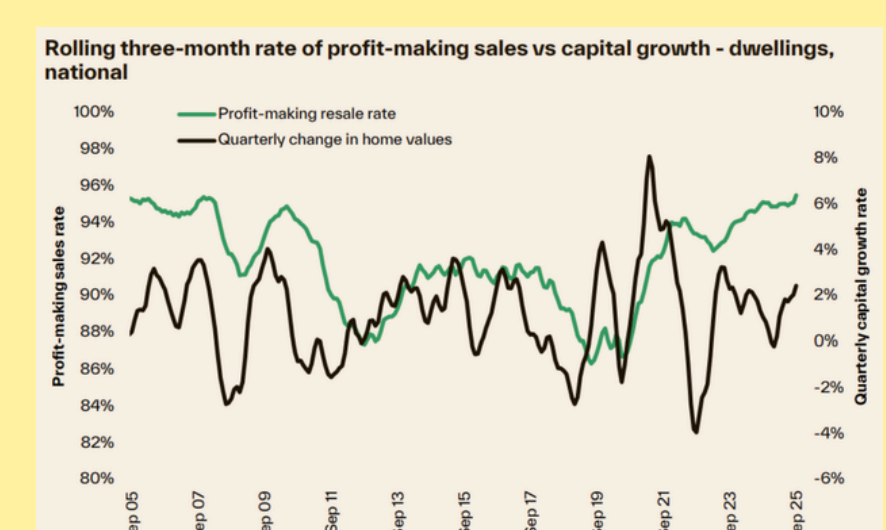


06

Cotality Monthly & Pain Gain

Data and analysis on market sentiment, movement and change. Pain and Gain explains how many are losing money on poor property decisions.

[Here](#)



15

What current owners should review.

- 01 The property. Street, block, layout, land, build quality, privacy, light, strata, defects, oversupply risk, owner-occupier appeal.
- 02 The likely future buyer. Mostly investors, mostly owner-occupiers, or genuinely mixed?
- 03 The original reason. Asset quality, or mainly tax, depreciation, yield, affordability or hotspot growth? Does the reason still hold?
- 04 The debt structure. Sensibly structured? Enough buffer? Helping the broader plan, or restricting it?
- 05 The tax position. With a registered tax agent especially if rules change, or if selling, refinancing or restructuring is on the table.
- 06 The opportunity cost. Best use of capital, borrowing capacity and risk — or a default position because it is easier to keep than to question?
- 07 The family + life plan. Does holding this property support the next stage of life, or has it quietly become a problem.

16

How Alcove helps clients think this through.

Alcove's role is not to pick the property. It is to help you understand whether the property, the debt, and the plan work together.

A mortgage strategy is not just "how much can I borrow?". It is:

"What does this debt help me do and what happens if things do not go to plan?"

Great mortgage strategy gives you comfort, control and confidence.

Alcove is not a property advisory or a buyer's agency, and does not provide financial, tax, legal, or property-selection advice. Where appropriate, we work alongside registered tax agents, financial advisers, accountants, solicitors and including buyer's agents where property-selection advice is required.

What that usually looks like in practice is a calm conversation about what you own, why you own it, how it is financed, what you are trying to achieve. We will then provide realistic strategic options.

If this report raised questions about the asset, the debt, the tax position or the family plan, the next step is not panic.

It is to review the property, the loan, and the plan together, with the right professionals around the table.

17

Final note.

Most of the political noise after the Budget is about what new rules do to current owners.

The more important question is what the new rules do to future owners, they set the price of property.

Grandfathering may protect the current owner's tax position but it does not protect the next buyer.

Strong assets have more than one story. They appeal to broad pool of buyers, not just investors.

The deeper question all investors must ask is not whether the market likes the suburb but would the next buyer compete for your asset when they have choice under new rules.

Hot markets hide asset quality. Selective market force assets to stand up for themselves.

18

What is your next move?

Book a 30-minute private call with Alcove.



A calm conversation about the property, the debt and the plan.
No upfront cost. No pressure to act.

[Book a call](#)

OR GET IN TOUCH DIRECTLY

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General information only. Not personal financial, tax, legal, credit or property advice. Not a recommendation about any specific property decision.

Sources and limitations.

This report prioritises official and regulator sources for tax law, lending data and credit settings; institutional research for market behaviour, enquiries, listings, vacancy and resale context; and industry surveys as sentiment evidence only.

PRACTICAL LIMITATIONS

ATO data is annual tax-return data, not a live ownership register. ABS lending data is flow, not stock. PropTrack enquiry data describes online behaviour on one platform. Cotality and SQM vacancy series use different methodologies and do not always agree. PIPA reflects respondents, not every investor. Behavioural responses to any future tax reform are particularly uncertain. For any Budget measure not yet enacted, the practical effect depends on the bill, the explanatory memorandum, any amendments, Royal Assent, commencement, and ATO guidance.

OFFICIAL GOVERNMENT AND REGULATOR

[Budget papers](#)

[The Treasury](#)

[Parliament of Australia – bills](#)

[ATO Taxation Statistics 2022–23](#)

[ATO – rental expenses](#)

[ATO – CGT discount method](#)

[ATO – main residence exemption](#)

[ATO – depreciating assets](#)

[ABS Lending Indicators](#)

[RBA SMP, May 2026](#)

[RBA Financial Stability Review, Mar 2026](#)

[APRA – DTI limits](#)

[PBO – negative gearing & CGT](#)

INSTITUTIONAL RESEARCH

[PropTrack–Westpac Investor Report 2026](#)

[Cotality rental review, Q1 2026](#)

[SQM Research – vacancy](#)

INDUSTRY SURVEYS

[PIPA Investor Sentiment Survey 2025](#)

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