



This month has been one of the most significant in recent memory for Australian property owners and buyers. The RBA lifted the cash rate for the third time this year, and Treasurer Jim Chalmers handed down a Federal Budget that reshapes the rules for investors, first home buyers, and everyday Australians alike. We've pulled together the key updates below.

Federal Budget 2026–27

The [Federal Budget](#) was handed down on 12 May. Here's what matters most if you own property, are looking to buy, or run your own business.

Negative gearing and capital gains tax

From 1 July 2027, negative gearing will be limited to new residential builds only. The existing 50% CGT discount will be replaced with an inflation-adjusted cost base, and a 30% minimum tax rate on capital gains will apply to individuals, trusts and partnerships.

The important thing for existing investors: your current properties are fully grandfathered. The new rules only apply to residential properties purchased after 12 May 2026. If you have questions about what this means for your situation, it's worth speaking to your accountant or financial adviser.

First home buyers

The 5% deposit Home Guarantee Scheme continues, meaning eligible buyers can enter the market without paying Lenders Mortgage Insurance (LMI). The Budget also commits \$2 billion to housing infrastructure, targeting 65,000 new homes, and extends the ban on foreign investors purchasing existing homes.

Cost-of-living relief

A new \$1,000 instant tax deduction for work-related expenses removes the receipt burden for individuals and sole traders. A Working Australians Tax Offset (WATO) of up to \$250 provides additional relief from 1 July 2027. Personal income tax rates will also fall – the 16% marginal rate drops to 15% from 1 July 2026, and to 14% from 1 July 2027.

Small business and self-employed

The \$20,000 instant asset write-off is now permanent for businesses with a turnover up to \$10 million – meaning eligible purchases can be fully deducted in the same year rather than depreciated over time. From 1 July 2026, companies with turnover up to \$1 billion will also be able to carry back tax losses from the previous two years. Again, your accountant will be best placed to advise on how these changes apply to your circumstances.

Interest rate news

The RBA raised the cash rate by 0.25 percentage points to 4.35% on 5 May – the third consecutive rise for 2026. The decision was voted 8–1 by the Board, a decisive shift from the narrow 5–4 split in March.

Australia's annual Consumer Price Index (CPI) rose to 4.6% in March, up from 3.7% in February and marking its highest level since September 2023. The RBA's preferred measure, underlying inflation, held at 3.3%, still above its 2–3% target band.

RBA governor Michele Bullock attributed the surge in Australian inflation to the oil price shock linked to the Middle East conflict and warned more cash rate hikes could be needed.

“It’s a real income shock for Australia and the world,” she said. “Australians are poorer because of this shock to oil, energy and other commodity prices that are being impacted.”

The next cash rate decision will be announced on [16 June](#). Some economists are anticipating we could see two more cash rate hikes in June and August due to the persistent inflationary pressures.

If you’re curious where your home loan stands, talk to us for a review and we’ll let you know if there’s a more competitive option available.

Home value movements

National home values increased by [0.3% in April](#), representing the slowest pace of growth in more than a year.

The decline was largely driven by property price falls in Melbourne and Sydney, where property values dropped 0.6% over the month, pulling down overall market performance. Growth in the mid-sized capitals also began to lose momentum in April, signalling a broader cooling trend.

According to Cotality research director Tim Lawless, this shift has been building for some time.

“The housing market has been losing momentum since late last year, as affordability and serviceability constraints weigh on demand,” he said.

“Now, with the added pressure of higher interest rates, sentiment has dropped sharply, and rising inflation is likely to push borrowing costs higher still.”

Regional markets have held up better, with prices rising 4.2% over the first four months of the year, compared to 1.8% across the combined capital cities.

However, even regional growth is starting to ease. Prices rose 0.9% in April—the slowest monthly increase in nine months—suggesting the pace of growth is beginning to moderate.

Home Value Index

All dwellings	Auctions	Clearance Rate	Private Sale	Monthly home values change
VIC	1172	57%	1350	▼ - 0.6%
NSW	992	49%	1339	▼ - 0.6%
ACT	95	62%	106	0%
QLD	235	40%	903	▲ 1.3%
WA	4	25%	477	▲ 2.1%
NT	1	—	9	▲ 1.3%
TAS	1	100%	161	▲ 0.2%
SA	147	59%	309	▲ 1.1%

* Monthly Home Values figures as of 30 April 2026

* Australian auction results, clearance rates and recent sales for the week ending 3 May 2026

* The clearance rate is preliminary and current as of 3:00 pm AEST on 4 May 2026

Ready to buy?

Between the Budget, rising rates and a shifting market, there's a lot to weigh up. Whether you're reviewing your current loan, thinking about your next purchase, or just want to understand where you stand, we're here to help you with the next step.

Additional sources

[Cotality Data Daily Home Value Index: Monthly Values](https://www.cotality.com/au/our-data/auction-results)

<https://www.cotality.com/au/our-data/auction-results>

<https://www.realestate.com.au/auction-results/>



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