

Key takeaways

- Negative gearing will be limited to new builds from 1 July 2027, with grandfathering for properties held before Budget night (and losses on established housing bought after Budget night no longer deductible against wages - carried forward instead)
- The Capital Gains Tax (CGT) discount will shift from a 50% discount to an inflation-based discount, alongside a minimum 30% tax on gains from 1 July 2027; investors in new builds can choose between the 50% CGT discount or the new settings. Exemptions for income support payment recipients (including pensioners)
- Pre-CGT assets to be taxed from 1 July 2027 under the inflation-based discount method, alongside the minimum 30% tax
- Minimum tax of 30% to be withheld on non fixed trust distributions. Potential for corporate beneficiaries to pay 60% tax post 1 July 2028
- \$2bn Local Infrastructure Fund to help local governments and state utilities deliver "last mile" infrastructure such as water, power, sewerage and roads, supporting up to 65,000 new homes over the decade and bringing housing-enabling infrastructure investment to \$6.3bn
- Major projects enable housing growth - investments like the Suburban Rail Loop East in Victoria are expected to support new housing development in well-connected areas, shaping how cities expand

Infrastructure projects

- \$8.6bn is allocated for new and ongoing nationally significant road and rail projects
- \$812.5m is provided for the Bruce Highway upgrade between the Gateway Motorway and Dohles Rocks Road (QLD)
- \$3.8bn is committed for Victoria's Suburban Rail Loop East, bringing the Government's total commitment to \$6.0bn (positioned to enable "more transport and homes in the right places")
- \$1.75bn (equity) is provided to the Australian Rail Track Corporation to upgrade Australia's rail freight network
- \$841.7m in community infrastructure funding is provided (including through Thriving Suburbs, Growing Regions and Stronger Communities programs) for projects such as libraries, parks, community centers, and sport/cultural facilities

Opportunities

- Tax settings are aimed at supporting first home buyers and new housing supply, with reforms expected to support 75,000 additional homeowners over the decade, while investors in new builds remain outside the negative gearing changes. More concessionary treatment for new builds may bolster the market for new development stock

Did the Budget measure up?

This Budget is trying to rebalance the housing market by shifting capital away from passive investment in existing properties and toward active development of new supply - but while the intent is clear, the settings don't yet fully bridge the feasibility gap.

We score it: **2/5**



A chipped stone - some value there, but it doesn't cut cleanly for developers.



Matt Birrell, Partner

E mbirrell@sw-au.com



Blake Rodgers, Partner

E brodgers@sw-au.com



Sejla Kadric, Partner

E skadric@sw-au.com



Dale Sloman, Associate Director

E dsloman@sw-au.com