

BTA MONTHLY

Before The Agent MAY MARKET REPORT



beforetheagent.com.au



info@beforetheagent.com.au




BEFORE THE AGENT



Welcome to our monthly newsletter, and thank you for staying connected with us.

Each month, we'll bring you a curated update on the Melbourne real estate market, including key trends, price movements, and insights into what's shaping buyer and seller activity.

We'll also highlight important policy changes and regulatory updates that may impact your property decisions, along with other relevant news and opportunities across the market.

Our aim is to provide clear, practical information to help you navigate the evolving property landscape with confidence.

If there are specific topics you'd like us to cover, we'd love to hear from you.

KEY DATA - MAY 2026



RESIDENTIAL

May 2026 will be remembered as a pivotal month for Australian residential property with major announcements that have altered the playing field for a large portion of the population.

Overall market confidence fell and inspection numbers followed suit. The sudden shift has seen one of the largest disconnects between vendor expectations and market prices that we have seen in over a decade.

Well presented and strategically priced properties with motivated sellers are still performing well, whilst some other homes are struggling.



COMMERCIAL

Industrial/Warehousing continues to be the stand out asset class in Melbourne.

We anticipate investors will begin favouring commercial property over residential due to the likelihood that negative gearing will remain, investors can secure more secure long term leases and overall higher net yields.



FINANCE & POLICY

The cash rate sits at 4.35%, up 25 basis points from last month and marking the third consecutive rise in 2026, adding further pressure to the property market and businesses. The federal budget has been one of the month's biggest talking points, with significant changes announced.

Negative gearing will be abolished for residential investment properties purchased on or after 1 July 2027. New builds and some commercial assets will remain under the existing rules.

The Capital Gains Tax discount will also be reduced for certain investment assets, increasing the tax payable when selling property or businesses.

While the changes have been positioned as a way to improve housing affordability, we expect they may discourage new investment, place upward pressure on rents and ultimately contribute to a higher cost of living.

PROPERTY OF THE MONTH

279 ELDER STREET, GREENSBOROUGH

Client: Interstate Investor

Price: \$1,400,000 to \$1,500,000

Pre Sale: Home styling coordinated, two agents interviewed, and all marketing managed from onboarding through to launch within a two week timeframe.



NICK & EXPERTS

Your Lending Solutions

The Budget Is Still Proposed, But Borrowing Power Is Already Shifting

When the Federal Budget was announced, most of the headlines focused on proposed changes to negative gearing and capital gains tax.

However, the more immediate impact may not come from the legislation itself. It may come from how lenders are responding to it.

While the proposed changes are still subject to the legislative process, many lenders have already begun adjusting how they assess borrowing capacity for certain investment property purchases.

For prospective buyers, this means the amount they can borrow today may differ from what was available only a few months ago potentially even effecting the current pre-approval they have in place.

Why Is This Happening?

Lenders assess applications based on a borrower's ability to meet repayments both now and into the future.

As part of that assessment, some lenders have already adjusted their servicing models to reflect the potential removal of negative gearing benefits for purchasers of established investment properties after Budget night.

While the impact will vary depending on an individual's circumstances, the result is that many investors will most likely experience a noticeable reduction in borrowing capacity compared to previous assessments.

This is evidenced by the fact that lenders have already adjusted and provided new serviceability calculators to reflect these changes even before they have become law.



NICK & EXPERTS

Your Lending Solutions

What Does This Mean for Property Buyers?

At Your Lending Solutions, we have gone back and reviewed all our clients' pre-approvals and informed them of the risk of making any offers on property until their servicing has been reviewed to confirm what impact the new servicing calculator has on their borrowing capacity.

Unfortunately, in conducting this exercise, the majority of our clients with a pre-approval to purchase an established investment property now have a significantly reduced purchase limit compared to pre-budget. As a broad example, we have seen reductions of anywhere between 20-40%, subject to the adjusted calculator and the clients' marginal tax rate.

Case Study:

- Single applicant
- Income: PAYG Salary - \$250,000
- Pre budget was pre-approved to purchase an investment property for a maximum of \$1,200,000
- Upon review, new maximum purchase price was \$850,000.

This client has now had to adjust the type and location of the investment property to invest in.

It is also critical to highlight the importance of having a formal pre-approval in the current environment before making an unconditional offer on a property.

Unfortunately, we have encountered many situations where purchasers have relied on a verbal indication of borrowing capacity and proceeded unconditionally, only to be advised later that the lender was unable to approve the application following formal assessment.

The consequences can be significant, exposing buyers to unnecessary stress, financial uncertainty, and in some cases, the risk of forfeiting their deposit.



NICK & EXPERTS

Your Lending Solutions

What Does This Mean for the Property Market?

Changes in borrowing capacity can influence purchasing power, buyer confidence and ultimately market activity.

While these proposed tax reforms were designed to influence long-term housing outcomes, lender responses are already creating immediate effects for some buyers.

This does not mean property opportunities have disappeared. Rather, it highlights the importance of understanding the current lending landscape and ensuring decisions are being made based on today's lending policies and market conditions.

The Key Takeaway

The Federal Budget may have introduced proposed changes to the property market, but for many buyers the real impact is already being felt through lending assessments.

Whether you're considering purchasing your first investment property, expanding an existing portfolio, or simply exploring your options, now more than ever it is critical to revisit your borrowing capacity and ensure your plans remain aligned with the current lending environment.

As always, obtaining professional advice tailored to your circumstances remains essential before making any financial or property-related decisions.

George Lambadaridis

Credit Representative Number: 485426

Licensee Name: Connective Credit Services Pty Ltd

Australian Credit Licence Number: 389328

Disclaimer: This article contains general information only and does not constitute financial, tax, legal or investment advice. The information has been prepared without regard to your personal objectives, financial situation or needs. You should seek professional advice tailored to your individual circumstances before making any financial decisions.



HOW WE WORK:

01 Engagement

We will shortly provide a brief engagement letter for your review and signature so we can formally commence the process.

02 Property Walk-Through

We will arrange a suitable time to conduct a walk-through of your property. This allows us to gain a detailed understanding of the home and identify opportunities to maximise its presentation and market appeal.

03 Pre-sale Presentation

Following the inspection, we will identify and oversee any recommended pre-sale presentation improvements. Our role is to ensure the property is positioned to achieve the strongest possible result in the market.

04 Agent Selection Process

Once the property is prepared, we will introduce your home to a carefully selected shortlist of suitable agents. We will review their proposals, assess their strategies, and guide you through the selection process to ensure the right agent is appointed.

05 Listing the Property for Sale

After an agent has been engaged and the campaign strategy agreed, the property will be launched to market.

06 Duing the Sales Campaign

Once your property is on the market, we will continue to oversee the process to ensure the appointed agent meets agreed service standards and expectations.

We will provide ongoing advice and guidance as required and act as your conduit to the agent, ensuring clear communication and accountability throughout the campaign.

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