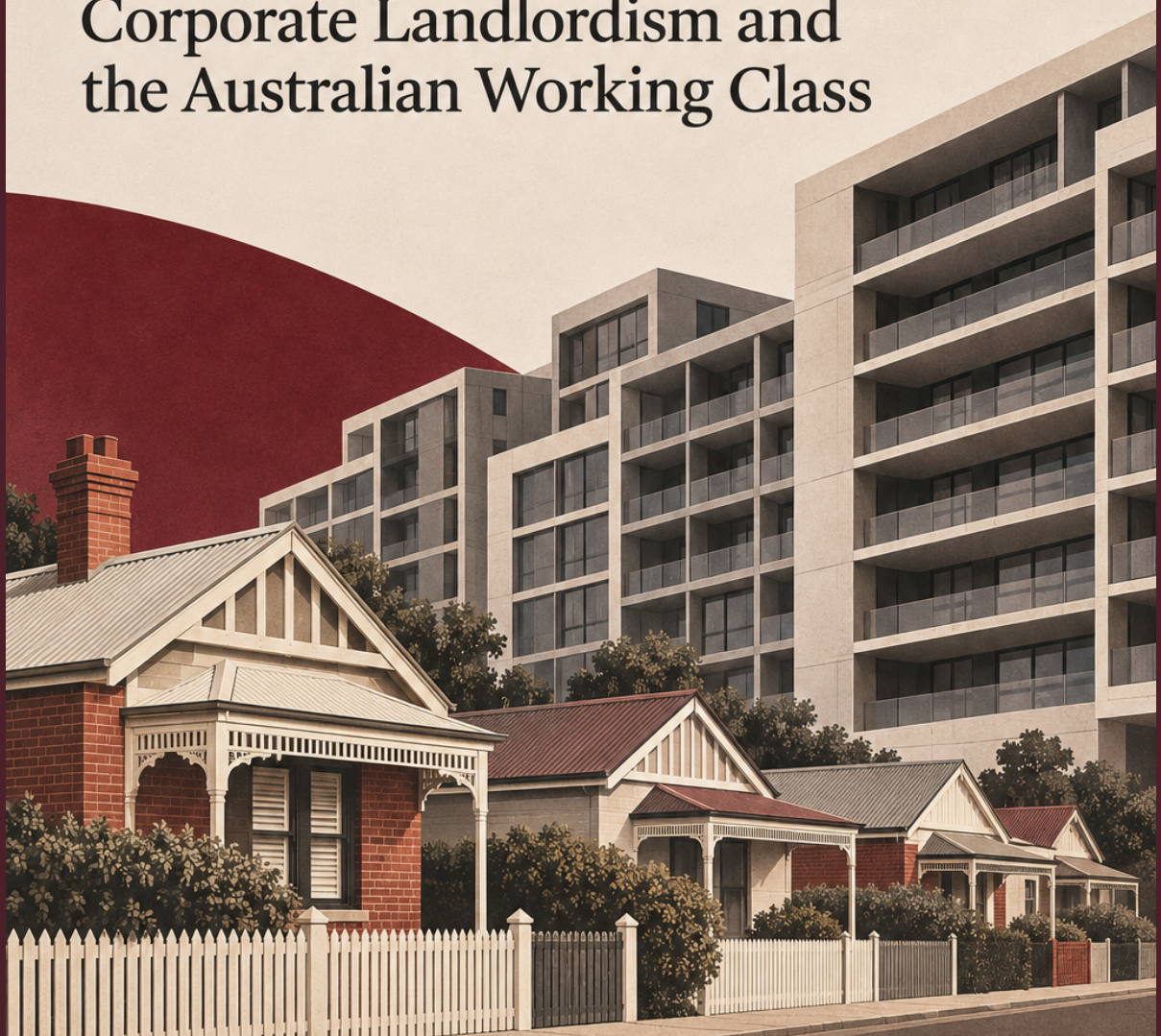
HOUSING TAX REFORM

Corporate Landlordism and the Australian Working Class



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ABSTRACT

Australia's 2026–27 federal housing tax reforms restrict the use of losses from certain established residential investments, change capital gains taxation and coexist with incentives for institutional build-to-rent development. The reforms seek to reduce tax-supported demand for existing dwellings, improve opportunities for first-home buyers and redirect investment towards new supply. Yet their effects may differ sharply across wage-dependent investors, owners of diversified portfolios and qualifying institutional entities.

This book evaluates the possibility that reforms intended to improve housing affordability could also increase the relative role of specialist landlords. It examines statutory exclusions, cash-flow mechanics, the time value of tax deductions, build-to-rent concessions, and evidence on household wealth and rental markets. Counterarguments are integrated: pre-reform concessions disproportionately benefited higher-income taxpayers, and some modelling suggests less pronounced effects on investors and rents than popular commentary implies.

The main conclusion is conditional rather than deterministic. The reforms create identifiable differences in financing capacity and tax treatment. Whether these produce greater ownership concentration depends on housing supply, first-home-buyer participation, construction feasibility and market regulation. Evaluation should therefore measure both the number of dwellings delivered and the distribution of housing ownership and security.

Keywords

Australian housing policy · negative gearing · capital gains tax · build-to-rent · institutional landlords · financialisation · working-class households · homeownership · distributive equity

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PREFACE

The Australian housing debate is often conducted in absolutes. Tax concessions are described as either the foundation of ordinary family wealth or the source of an unfair advantage for property investors. Institutional landlords are described as either the answer to a rental supply shortage or a threat to community control over homes. Neither account is sufficient by itself.

The purpose of this book is to distinguish the legal design of the 2026 reforms from their possible distributional consequences. It takes seriously the concern that access to tax deductions, financing and institutional structures may become increasingly important in determining who can participate in residential investment. It also takes seriously the opposing concern that earlier tax concessions helped established investors compete with households trying to buy their first home.

The word "working-class" is used analytically to refer primarily to households dependent on labour income and without substantial discretionary capital. It is not used to suggest that every owner of a single investment property is low-income or that every institutional owner behaves in the same way. Policy assessment should attend to income, wealth, age and debt rather than rely on attractive labels.

The discussion is intended for readers in public policy, accounting, finance, housing research, journalism and the wider community. It is a book-length, referenced treatment of an original article, not a prediction that institutional ownership is inevitable. The decisive question is whether the policy mix produces additional housing, fairer access to homeownership and rental security without unnecessarily concentrating control of the housing stock.

RESEARCH APPROACH AND EVIDENCE STANDARD

Legislation and official tax guidance establish enacted rules and policy design. Central-bank and tax data establish historical investor characteristics. Bank forecasts estimate possible market responses, and international research identifies associations within specific rental markets. The book deliberately marks hypothetical examples,

historical simulations and projections as distinct from observed outcomes. Unless otherwise stated, all monetary values are Australian dollars.

PART 1

THE TAX ARCHITECTURE

Legal design and unequal financing capacity

01 Housing as Shelter, Investment and Economic Power

Australian housing policy sits at the intersection of two economic systems. In one, a dwelling is a place to live, providing stability, access to employment and a foundation for family life. In the other, the same dwelling is a financial asset, purchased to produce rental income, capital gains or both. Neither function is intrinsically illegitimate. The difficulty is that demand for shelter and demand for investment returns interact within a housing stock that adjusts slowly.

The resulting conflict is often presented as a contest between renters and landlords, or younger and older generations. Such labels obscure important differences within each group. An investor who owns one highly leveraged property while earning wages has a different balance sheet from a family office that can purchase entire developments. A first-home buyer competing for an established house is affected differently from a tenant who values additional purpose-built rental apartments.

1.1 Three positions in the housing economy

A useful analytical framework separates (1) households attempting to purchase their first home, (2) wage-dependent households investing in one or two dwellings, and (3) diversified portfolio or institutional investors. The first group seeks access to an owner-occupied asset; the second combines employment income with housing investment; the third may treat housing as a substantial business activity. These categories can overlap, but their financing constraints remain different.

The Reserve Bank of Australia's May 2026 analysis offers an important baseline. In 2022–23, approximately 70% of individual housing investors owned one investment property, while the other 30% owned about half of all individually held investment properties. Nearly 40% of investors were drawn from the highest income quintile (Michielsen, 2026). Thus, widespread individual participation does not mean tax preferences are uniformly distributed to low-income households.

1.2 The distributional question

The core inquiry of this book is not simply whether the 2026 reforms make property investment less attractive. It is whether the reforms alter who can afford to invest and, ultimately, who owns the housing stock. An incentive may diminish for one group but remain usable through another group's diversified cash flows, alternative legal structures or stronger balance sheet.

The most defensible hypothesis is conditional: reforms that limit salary-offset deductions on established housing could increase the relative importance of liquidity and existing rental income, while exemptions and concessions for specific institutional structures may improve their competitive position. Whether this leads to substantial ownership concentration depends on first-home-buyer demand, new supply, credit conditions and investor responses. These channels must be evaluated together, not treated as a predetermined outcome.

02 What the 2026 Tax Reforms Actually Change

Australia's federal housing-tax package was announced on 12 May 2026 and enacted through the Treasury Laws Amendment (Tax Reform No. 1) Act 2026 and associated legislation, assented to on 26 June 2026. The key economic changes discussed here generally affect investment decisions from the 2027–28 income year, with grandfathering determined by the acquisition cut-off of 7:30 pm AEST on 12 May 2026 (Australian Treasury, 2026a; Commonwealth of Australia, 2026).

2.1 Negative gearing and acquisition dates

For an investor acquiring an affected established dwelling after the budget cut-off, rental losses are generally no longer available as an immediate offset against wages or other non-residential income from 1 July 2027. Relevant losses may instead be offset against income arising from residential properties, including eligible gains, and excess amounts may be carried forward. Qualifying pre-announcement holdings are grandfathered; eligible newly constructed housing retains negative-gearing treatment.

2.2 Capital gains taxation

For relevant gains accruing from 1 July 2027, the general 50% capital gains tax discount for eligible taxpayers is replaced by inflation-based cost-base indexation and a minimum 30% tax rate on applicable gains. Transitional arrangements matter: the reform does not simply impose the new method retrospectively on all appreciation since acquisition. Eligible new residential builds may retain a choice between the former discount and the indexation regime (Australian Treasury, 2026a).

2.3 Institutional exclusions and definitional limits

Schedule 2 of the Act includes exceptions for widely held unit trusts and complying superannuation entities, as well as specified activities and other prescribed classes. It would be inaccurate to describe every company or family trust as exempt. Exemption attaches to legal categories and statutory conditions, not merely the label 'corporate'. Parliamentary analysis also noted delegated powers governing certain exemptions and definitions (Parliamentary Library, 2026).

2.4 Legislative status and the date of this book

The 2026 legislation is in force, but the economic effects of major tax provisions will depend on the applicable future income years, investment transactions and detailed administration. This book uses the law and policy publications available as at 4 November 2026. Where a legal measure is enacted but its economic impact remains unknown, the text distinguishes the two.

TABLE 1 | Principal housing-tax changes

Tax mechanism	Previous general rule	Treatment under 2026 reforms	Distributional issue
Negative gearing, affected established dwellings	Eligible net losses could reduce other assessable income	Residential-income offsets and carry-forward instead of salary offsets	Time and liquidity cost for some investors
Grandfathered established dwellings	General eligible treatment	Relevant pre-budget holdings protected	Advantages incumbents relative to new entrants
Newly constructed dwellings	General eligible treatment	Negative gearing retained for eligible new builds	Encourages additional construction
Capital gains	Eligible 50% nominal-gain discount	Inflation indexation and 30% minimum tax on relevant future gains	Depends on inflation, real gains and tax position
Certain institutional vehicles	Ordinary entity-specific treatment	Express exclusions for certain trusts and super entities	Legal-structure asymmetry

SOURCE: Australian Treasury (2026a); Commonwealth of Australia (2026); Parliamentary Library (2026).

03 Negative Gearing, Liquidity and the Cost of Waiting

Negative gearing is frequently discussed as though a tax deduction were equivalent to a cash subsidy. In practice, it is a rule governing the recognition and use of net investment losses. Its value depends on the investor's marginal tax rate, the amount and timing of the deductible loss and the other income against which the deduction can legally be applied.

3.1 A wage-dependent investor's annual cash flow

Consider a hypothetical investor receiving $28,000 in annual rent and incurring $38,000 of deductible rental expenses, including interest. The annual deductible net rental loss is $10,000. Under an illustrative 30% marginal tax rate, immediate salary offsetting would reduce income tax by $3,000; without that offset, the household needs an additional $3,000 in cash during the year, even if the loss can later be utilised.

TABLE 2 | Annual cash-flow example

Annual measure	Previous illustrative treatment	Affected new acquisition
Rental income	$28,000	$28,000
Deductible rental expenses	$38,000	$38,000
Net rental loss	($10,000)	($10,000)
Immediate deduction against salary	$10,000	$0
Illustrative current tax saving, 30%	$3,000	$0
After-tax cash shortfall	$7,000	$10,000

NOTE: A simplified pedagogical example, not a personal tax calculation. Assumes sufficient salary income, eligibility of expenses, no other residential property income and excludes Medicare levy, depreciation-specific cash-flow differences and other tax provisions.

3.2 The time value of a deferred deduction

A tax benefit received later is economically less valuable than the same nominal benefit received immediately. If an investor must borrow, reduce savings or forgo other opportunities to fund a recurring loss, the lost current deduction increases holding costs. Under a hypothetical 6% discount rate, a $3,000 tax benefit delayed five years has a present value of approximately $2,242: the funding difference is not eliminated merely because the future deduction remains legally available.

3.3 Sensitivity to marginal tax rates

The annual liquidity effect rises with the marginal rate where a deduction against salary would otherwise have been available. For the same $10,000 annual loss, illustrative immediate tax relief could be $2,000 at 20%, $3,000 at 30%, $3,700 at 37% or $4,500 at 45%. These are scenario calculations, not assertions about any particular taxpayer's applicable bracket.

3.4 Why investor size is not sufficient

The effect cannot be inferred from the number of properties alone. An unleveraged single-property investor earning positive rental income may face little or no lost annual tax offset. A large investor with a heavily indebted, uniformly loss-making portfolio may still accumulate quarantined losses. It is the combination of leverage, current taxable income, cash reserves and portfolio profitability that determines sensitivity. This distinction is central to evaluating unequal economic burdens.

04 The Portfolio Advantage and the Institutional Exception

The revised rules permit eligible net losses from an affected residential investment to be offset against income from other residential properties. This makes the composition of a portfolio economically relevant. A diversified landlord with some profitable properties can potentially absorb a loss that a single-property investor must carry forward (Hassan, Ellis, & Vanagas, 2026).

4.1 Rental-profit offsets and portfolio diversification

Suppose Investor A owns one established property that generates an annual net loss of $10,000. If Investor A has no other residential property income, the loss is carried forward. Investor B owns four properties: three generate combined eligible net rental income of $18,000, while the fourth generates a $10,000 loss. Subject to the statutory rules, Investor B may have income against which the affected loss can be used in the current period.

The distinction is a portfolio-income advantage, not a blanket exemption. It can coexist with higher borrowing costs, operational risks and regulatory obligations for the larger owner. Nevertheless, it demonstrates why tax policy can change the relative attractiveness of investing without simply eliminating investment demand.

4.2 The statutory distinction between entity types

The law excludes certain widely held unit trusts and complying superannuation entities from the particular residential-loss restriction. Ordinary closely held companies and family trusts should not be presumed exempt. Thus, the relevant question is the structure actually used and the conditions it satisfies, not whether a landlord has a business logo or employs a property manager.

4.3 Tax design and the composition of ownership

An investor with a diversified balance sheet can finance a temporary loss from profitable assets, retained earnings or other capital. Institutions may be able to secure diversified funding that ordinary households cannot access on similar terms. These differences could become more consequential as the tax treatment of a new established-dwelling purchase becomes less favourable relative to grandfathered and qualifying new-build investments.

TABLE 3 | Investor financing and tax flexibility

Investor attribute	Single affected property	Diversified rental portfolio	Qualifying institutional structure
Income against which affected loss can be used	Often none	May have eligible property income	Depends on statutory exclusion and structure
Diversification of vacancy risk	Low	Potentially higher	Potentially higher
Financing sources	Mainly personal income, deposits and credit	Property cash flows and credit	May include fund capital and institutional debt
Access to scale benefits	Limited	Moderate to high	Potentially substantial
Uniform immunity from reform	No	No	No: depends on legal conditions

The analytical conclusion is limited but significant: losses quarantined against wages can operate differently across balance sheets and legal entities. The subsequent issue is whether these differences materially change who owns Australian rental housing.

PART 2

THE OWNERSHIP ECONOMY

Institutions, incentives and wealth

05 Build-to-Rent and the Architecture of Institutional Incentives

Build-to-rent (BTR) developments are purpose-built residential projects designed for long-term rental ownership, commonly managed within a single investment structure. They can create additional housing and can offer professional maintenance and tenancy management. They can also concentrate ownership of many dwellings in a single legal entity or investment fund.

5.1 Federal incentives and their purpose

The Australian Government has introduced tax incentives to encourage investment in eligible newly constructed BTR projects. Treasury identifies a reduction in the managed investment trust withholding rate on qualifying fund payments from 30% to 15%, and an increase in the annual capital works deduction from 2.5% to 4%. These concessions seek to improve after-tax development returns and expand private rental supply (Australian Treasury, 2025).

They are targeted concessions, not unconditional grants or automatic refunds. Their value depends on investment structure, qualifying assets, taxable amounts and compliance. Nevertheless, their scale-based eligibility means they are not the same as incentives available to someone buying a single existing house.

5.2 A threshold for participation

Federal BTR concessions generally require developments meeting a minimum dwelling count and affordable-housing conditions. Large development thresholds reflect a supply-side rationale, but they also mean that the policy chiefly attracts organisations capable of assembling substantial land, debt and equity funding. The state therefore supports a particular model of producing rental housing, not merely the act of being a landlord.

5.3 Public benefit versus private return

The central evaluation is whether additional dwellings, improved tenancy security and affordability outcomes justify the fiscal cost. A project that would not otherwise be constructed may provide a substantial public benefit. A concession awarded to a project that would have proceeded regardless may deliver a smaller additional benefit. Evidence of genuinely additional supply is therefore necessary to judge effectiveness.

The Property Council, citing BDO research, reported a national BTR development pipeline of approximately 51,000 apartments with an estimated value of $40.1 billion in May 2026. The number describes a development pipeline, not completed homes; conflating the two would overstate immediate housing supply (Property Council of Australia, 2026).

06 New South Wales as a Case Study

New South Wales provides a useful illustration of the relationship between land taxation, institutional investment and public policy objectives. Under the Land Tax (Build-to-rent Concessions) Amendment Act 2025, eligible developments can receive a 50% reduction in taxable land value for land-tax purposes. Revenue NSW distinguishes an ongoing concession under section 9F of the Land Tax Management Act 1956 from the earlier time-limited scheme, with continuing eligibility requirements (Revenue NSW, 2026).

6.1 Why land-tax design matters

Land tax is a recurring cost linked to property ownership. Reducing the assessed taxable land value can improve the after-tax economics of a large, long-lived rental development. For an individual buying an existing dwelling outside the BTR framework, no corresponding BTR-specific concession generally applies.

This asymmetry must be evaluated alongside the different economic activity being subsidised: construction of new long-term rental stock rather than purchase of existing stock. It would be analytically incorrect to treat a tax incentive for new construction as directly interchangeable with the tax treatment of speculative demand for existing homes.

6.2 Additional concessions and conditions

NSW also provides exemptions or refunds from particular foreign-investor surcharge arrangements for eligible BTR projects. These measures can help attract capital for development, but their effects depend on eligibility, actual project delivery and the local rental market. They should not be described as universally available benefits to any company owning housing.

TABLE 4 | NSW established investment versus build-to-rent

Policy feature	Standard established investment purchase	Qualifying NSW build-to-rent development

Policy feature	Standard established investment purchase	Qualifying NSW build-to-rent development
NSW BTR land-value reduction	Generally unavailable	50% taxable land-value reduction where eligible
Relevant surcharge exemptions/refunds	Ordinary applicable rules	May be available subject to conditions
New dwelling production	Usually no net increase on acquisition	May add dwellings if constructed and completed
Typical ownership structure	Household or small entity	Usually large development entity or fund
Public policy rationale	Ordinary private investment	Increase purpose-built rental supply and investment

6.3 Lessons for federal policy

The broader issue is not whether development incentives are inherently inappropriate. It is whether their distribution should be matched by transparent evidence of social benefit. Independent reporting could compare tax expenditures with completed dwellings, affordable rental allocations, rent trajectories and tenancy stability. Such reporting would clarify whether government support increases housing options, institutional returns or both.

07 Financialisation, Scale and Concentrated Ownership

Financialisation describes the increasing treatment of housing as a financial asset managed through capital markets, investment funds, portfolio targets and institutional risk models. It can bring professional management and financing capacity, but it can also alter the relationship between housing as a social necessity and housing as an investment class.

7.1 The mechanisms of scale

Large investors may obtain debt finance, capital, administration and procurement on terms that cannot easily be replicated by a single-household landlord. Standardised maintenance contracts, centralised leasing systems, property analytics and portfolio diversification can lower costs per dwelling. Yet the same features may strengthen bargaining power, facilitate expansion and raise barriers to market entry.

7.2 Concentration is a local as well as national phenomenon

National ownership shares may conceal local market effects. A fund holding a modest share of Australian housing might still own a high proportion of apartments in a particular precinct. Conversely, a large national portfolio spread across many competitive areas may have little ability to influence local rents. A credible concentration test therefore needs geographic and property-type detail as well as measures of ultimate beneficial ownership.

7.3 The distinction between stock acquisition and new supply

An institution acquiring 300 existing dwellings transfers ownership of 300 assets but adds no physical dwellings. A development that completes 300 additional homes increases supply. Institutional activity should therefore be divided between purchases of existing properties, redevelopment and net new building. Failure to

separate these activities risks treating an ownership transfer as though it were a housing-supply outcome.

7.4 A forecast, not an established destination

Westpac's 26 May 2026 housing outlook described a potential gradual shift towards ‘landlordism’: a larger share of market rental housing supplied by specialist landlords and institutions. The report did not establish that Australia's rental sector will inevitably resemble the United States or any particular European system. Outcomes remain conditional on land-use planning, credit costs, construction capacity, regulatory design and household demand.

08 Capital Gains Tax and Intergenerational Wealth

Capital gains tax is relevant to housing investment because many households accept low or negative current yields in expectation of future appreciation. The 2026 reforms change the treatment of gains that accrue after the transition date, substituting inflation-based adjustment and a minimum tax rule for the former general 50% discount.

8.1 Inflation protection versus preferential treatment of large gains

A nominal capital gain may partly reflect inflation rather than increased purchasing power. Indexation seeks to exclude the inflation component from taxable gains. The former 50% discount, by contrast, disregarded half of an eligible nominal gain regardless of actual inflation. Which arrangement produces less tax depends on the relationship between inflation, holding period, real appreciation and the minimum tax rule.

8.2 The asymmetry of successful and unsuccessful investments

Investments with modest real appreciation may be treated more favourably under indexation. Investments with very large real gains may face higher tax than under a flat 50% discount. The reforms therefore alter not only average after-tax returns but also the distribution of possible outcomes. This has implications for investors whose retirement plans depend on large realised gains from one property.

8.3 Evidence from historical modelling

Garvin and Dwyer (2026) applied the proposed rules to a historical dataset covering Australian sales and rental outcomes between July 2007 and June 2025. Their estimate was that approximately 53% of property investments would have paid more total tax under the new system, while 47% would have paid the same or less. They

also estimated that the CGT component alone would have been more favourable for about 54% of investments in the study period.

These are retrospective counterfactual results, not forecasts of the realised tax liability of future investors. Their chief importance is methodological: a universal claim that all small investors lose under the reforms is not supported.

8.4 Retirees and timing of gains

A 30% minimum tax on relevant realised gains may reduce the previous incentive to sell in a year of low taxable income, such as retirement. Researchers identify retired investors and highly leveraged investors as groups potentially exposed to less favourable outcomes in particular scenarios. Any policy evaluation should examine the distribution of gains across life stages and income groups rather than only aggregate tax receipts.

PART 3

HOUSEHOLDS AND MARKET OUTCOMES

International evidence and Australian trade-offs

09 The Working-Class Paradox

The category ‘working-class Australians’ includes households with very different relationships to housing assets. Some rent and have never been able to save a deposit; some own a mortgaged home; some have purchased a rental property while continuing to rely on wages; some live in a rented dwelling while owning an investment property elsewhere. Each may experience the reform differently.

9.1 The aspiring homeowner

A prospective first-home buyer may benefit when tax reform reduces the willingness of leveraged investors to bid for established houses. In that scenario, an investment concession removed from one type of purchaser can improve the relative competitiveness of a household intending to occupy the property. This is an important distributional gain even if it reduces opportunities for another group of wage-dependent investors.

9.2 The employed small investor

A teacher, tradesperson, healthcare worker or employee holding one leveraged rental property may lose immediate tax relief on an affected new purchase. The additional annual cash-flow requirement can change whether the investment is feasible. This effect is real, but it does not prove the household is among the least wealthy Australians: the ability to finance an additional dwelling already signals a different starting position from households shut out of ownership.

9.3 The capital-rich investor

The ability to sustain losses, diversify revenue and access larger funding pools can make investment less sensitive to restrictions on offsets against wages. Some entity-level exclusions add to the difference. In assessing equity, however, size alone is not the decisive variable; legal category, leverage, liquidity and current rental profitability matter.

TABLE 5 | Potential distributional effects by household

Household group	Possible benefit	Possible constraint
First-home buyers	Lower competition from some investors in established housing	Deposits, credit access and supply constraints remain
Non-owner-occupier renters	New BTR stock may expand choice	Local rents, security and market power remain concerns
Wage-dependent single-property investors	Loss carry-forward preserves possible future relief	Lower immediate after-tax cash flow
Existing qualifying investors	Grandfathered treatment protects earlier decisions	Different tax on future gains may apply
Large diversified investors	Broader rental income and financing opportunities	Still exposed to tax rules, borrowing costs and vacancies
Qualifying institutions	Select exclusions and development concessions	Project eligibility and development risks

9.4 Existing inequality must be measured, not assumed away

Grattan Institute's 2026 analysis showed that approximately 17% of taxpayers in the highest income decile reported a rental loss in 2023, compared with roughly 7% overall. That pattern demonstrates that the prior negative-gearing regime disproportionately benefited higher-income taxpayers. Preserving that regime would not automatically protect the least wealthy households (Shortridge & Bowes, 2026).

The equity assessment should therefore compare changes in homeownership access, housing costs and wealth accumulation across income and age groups, rather than assuming every 'mum-and-dad' investor is economically disadvantaged.

10 International Evidence: Risks and Counterarguments

International research offers evidence about institutional rental ownership, but it must be interpreted cautiously. Tenant protections, development patterns, vacancy rates, finance and landlord concentration differ between cities and countries. Australia cannot be assumed to reproduce overseas outcomes merely because its institutions expand.

10.1 United States: institutional purchases after foreclosure

The US Government Accountability Office documented how institutional investors accumulated large single-family rental portfolios following the 2007–09 financial crisis. Some studies reviewed by the agency found associations with higher house prices and rents in certain markets. The agency also stressed that the effects on tenants and homeownership were unclear because available studies and definitions vary (GAO, 2024).

The case demonstrates that access to capital can enable investors to purchase housing at scale during periods of market distress. It does not establish a universal effect of corporate ownership on all renters.

10.2 Toronto: financial landlords and rent premiums

August and St-Hilaire (2025) studied financialised rental housing in Toronto and found that financial firms were associated with higher asking rents and premiums to neighbourhood benchmarks within their dataset. Their study combines qualitative evidence about financial investment practices with an analysis of observed rents. Its relevance lies in identifying mechanisms through which a financial-return strategy may influence rental outcomes.

10.3 New York: differences after controlling for building quality

Harwood, Ellen and O'Regan (2026) found corporate ownership associated with higher asking rents and more eviction filings in New York City's multifamily market. Many differences decreased after controlling for building characteristics. This is a methodological warning: comparisons that ignore what kinds of buildings owners hold can wrongly attribute every observed difference to ownership structure alone.

10.4 Pricing technology and competition

US antitrust proceedings involving rental-pricing platforms have highlighted risks associated with exchanges of competitively sensitive information. These cases concern specific alleged practices rather than proof that corporate landlords as a class unlawfully coordinate prices. Strong competition oversight and meaningful ownership transparency are appropriate concerns where rental markets become more concentrated.

TABLE 6 | What international studies establish

International evidence	What it supports	What it does not establish
US GAO review (2024)	Scale-related financing advantages and possible higher prices/rents in some markets	That institutional investment invariably reduces homeownership
Toronto study (2025)	Higher rent premiums associated with financial landlords in a studied market	That every Australian BTR project would behave similarly
New York study (2026)	Some observed corporate-ownership differences persist after controls	That ownership structure explains all tenant outcomes

International findings support scrutiny, not deterministic predictions.

11 First-Home Buyers, Tenants and Competing Objectives

The principal argument in favour of restricting investor concessions is that the tax system should not unnecessarily subsidise demand for existing dwellings when many working households cannot afford to become homeowners. Reducing the after-tax return to leveraged investment can reduce some investors' willingness to bid for established housing. The benefit may appear as slower price growth relative to a baseline rather than falling nominal prices.

11.1 What economic forecasts actually say

Commonwealth Bank's May 2026 housing analysis suggested prices could be about 3% below what they otherwise would have been, while estimating comparatively modest rental impacts. Westpac's May 2026 outlook forecast a sharp near-term reduction in new investor activity and a larger share directed towards new builds. These are dated model-based forecasts and should not be presented as observed price changes (Commonwealth Bank, 2026; Hassan et al., 2026).

11.2 Rental adjustment depends on who buys and builds

The sale of a rental property to an owner-occupier does not destroy the dwelling. If the purchaser was previously renting, there can also be an offsetting reduction in rental demand. Nevertheless, individual tenants may be displaced, neighbourhood choices can change and the transition may cause friction. Where new apartment construction is slow, rental pressures may persist even if investor competition for established dwellings diminishes.

11.3 Tenancy stability under corporate and individual ownership

Long-term institutional management can support longer leases, maintenance programmes and consistent service standards. Grandfathering may likewise encourage existing individual investors to hold properties longer, reducing tenant

turnover associated with sales. However, concentrated ownership and automated pricing can introduce different risks. The policy question is which rights and market institutions provide secure, affordable accommodation independent of the landlord's identity.

11.4 A double test of success

A housing reform should be evaluated on two dimensions: whether it expands real housing opportunities for those previously excluded, and whether the distribution of ownership becomes more or less concentrated. Improvements on one dimension should not be assumed to imply improvements on the other.

12 New Construction Versus the Transfer of Existing Homes

The supply question cannot be separated from the ownership question. New construction increases the housing stock; acquisition of an existing dwelling transfers a claim over the current stock. Both may affect prices and rental arrangements, but through different channels.

12.1 The counterfactual problem

A build-to-rent project reporting 200 apartments is not necessarily evidence that a tax concession caused 200 additional apartments. If the same project would have proceeded without the concession, the increment attributable to public support may be smaller. Conversely, if financing otherwise failed, a concession may have enabled genuine new supply.

12.2 Supply bottlenecks

Planning delays, infrastructure provision, skilled labour, materials, construction financing and development feasibility can constrain new supply independently of investor demand. Redirecting tax preferences towards new builds can only increase completed housing if the construction system responds. Westpac noted uncertainty about the elasticity of substitution between new and existing dwellings and about the construction response.

12.3 Tenant outcomes and supply quality

New dwellings can improve rental choice, but aggregate quantity does not settle questions of accessibility. Affordability requirements, location near employment and transport, accessibility standards and lease security matter. A well-located new apartment and a detached family house in an established suburb are not perfectly interchangeable.

12.4 Four outcomes that should be kept separate

TABLE 7 | Four distinct housing metrics

Metric	What it measures	Common misinterpretation
Dwelling completions	Additional housing delivered	A planned project is already completed
Rental stock	Dwellings offered for rent	Every transfer to an owner-occupier reduces housing available to households in net terms
Ownership concentration	Distribution of control and asset claims	Large ownership necessarily means high local market power
Housing affordability	Relationship between housing costs and household means	Price growth below forecast means nominal prices have fallen

Distinguishing these outcomes is essential to a credible evaluation of tax reform.

PART 4

MEASUREMENT AND CONCLUSIONS

From diagnosis to public accountability

13 An Evidence-Based Policy Evaluation Framework

The literature and legal analysis identify risks, mechanisms and countervailing benefits. The remaining task is to translate these into measurable outcomes. A credible assessment should compare the new system not merely with a romanticised image of small landlords, but with the actual distribution of housing wealth under the previous rules.

13.1 Ownership transparency

National and state data could identify beneficial owners, group holdings across legal entities and report institutional holdings by local market and property type. A landlord with many companies should not appear as dozens of unrelated small owners simply because assets are held through special-purpose vehicles.

13.2 Fiscal accountability for concessions

Public reporting should estimate tax expenditure per net additional dwelling, identify completed versus pipeline projects and monitor the affordability commitments attached to eligible BTR developments. A concession can be justified by social outcomes, but the public should be able to observe those outcomes.

13.3 Equity across the household life cycle

Distributional evaluation should distinguish first-home buyers, younger renters, existing homeowners, single-property investors, retirees and institutional beneficiaries. Household income, wealth, age, debt and current homeownership should be analysed together. A tax change may help a household as a buyer while harming a different household as an investor.

13.4 Competition and tenant security

Competition authorities can scrutinise local concentration and pricing conduct. Tenancy protections, maintenance standards and accessible dispute resolution remain important regardless of ownership type. They should not be weakened because housing providers are large, nor assumed unnecessary when providers are small.

TABLE 8 | Indicators for ongoing policy evaluation

Measurement domain	Suggested indicators	Main policy question
Ownership concentration	Beneficial-owner share by postcode and dwelling type	Is control becoming concentrated locally?
Housing additions	Completed net new dwellings, not just pipeline	Is subsidised investment creating stock?
Affordability	Rent-to-income, deposit-to-income and borrowing constraints	Who can afford secure housing?
Tax distribution	Benefits by wealth, income and legal entity	Who receives fiscal support?
Tenant welfare	Rent rises, repairs, disputes, displacement, lease duration	Are residents better protected?
First-home access	Share of purchases by first-home buyers and their incomes	Are excluded households entering ownership?

13.5 Appropriate standards of evidence

Official legislation establishes what the rules are. Treasury policy papers explain government objectives. Economic forecasts estimate possible behaviour. Academic studies identify associations and, in some cases, causal effects within defined markets. An argument about future concentration must not convert the latter three into a legal certainty. Distinguishing these levels of evidence is a condition of scholarly credibility.

14 Conclusion: Who Will Own Australia's Housing?

The 2026 housing-tax reforms change the relationship between employment income, property investment and accumulated capital. They restrict immediate wage offsets on affected purchases of established dwellings, preserve grandfathered holdings and retain incentives for qualifying new construction. At the same time, the capital gains rules are changing and eligible institutional build-to-rent projects continue to receive targeted concessions.

These arrangements create different financing conditions. A wage-dependent household with one leveraged property may face an immediate liquidity constraint. A landlord with profitable rental properties may be able to use affected losses more flexibly. Certain qualifying trusts and superannuation entities are excluded from the restriction, while eligible large development projects can access construction incentives.

Such differences make ownership concentration a credible research question. They do not prove that corporations will dominate Australian renting. The effects must be weighed against potential benefits to first-home buyers, additional dwellings and professionally managed tenancy options.

The debate is poorly framed as a contest between benevolent small landlords and harmful institutions. The old system already directed substantial tax advantages towards high-income investors, while some large developments contribute genuinely new homes. Yet increasing housing supply does not automatically distribute ownership more broadly. Both propositions can be true.

Policy should therefore be judged against three tests: whether it creates additional homes and improves access to ownership; whether it makes renting more secure and affordable; and whether ordinary households retain realistic routes to long-term asset accumulation. Evaluations should track beneficial ownership, completed supply, tax expenditure, rents and the distribution of household wealth.

Housing is more than an investment class. It provides the infrastructure of ordinary life. The ultimate aim should be a system in which public support for housing supply also advances fair access, tenant security and economic opportunity, without unnecessarily concentrating control of the housing stock.

GLOSSARY

Beneficial ownership — The natural persons or ultimate controllers that economically own an asset, including where legal title is held through companies or trusts.

Build-to-rent (BTR) — Rental housing intentionally built for long-term rental operation, usually under common ownership and professional management.

Capital gains tax (CGT) — Tax treatment applying to qualifying net gains realised when assets are disposed of or other relevant events occur.

Cost-base indexation — A method for adjusting allowable asset costs for inflation when calculating a taxable capital gain.

Financialisation — The growing organisation of assets and activities around capital markets, financial investors and investment-return targets.

Grandfathering — A transitional legal arrangement that preserves earlier treatment for specified assets or decisions entered into before a cut-off.

Institutional landlord — A large specialist owner or investment organisation holding housing as a professional portfolio activity.

Landlordism — In the Westpac usage, a shift toward rental supply by specialist individuals or businesses for whom property is a principal source of income.

Managed investment trust (MIT) — An investment trust structure that may access specific tax treatment where statutory eligibility conditions are satisfied.

Negative gearing — A situation in which deductible investment expenses exceed assessable investment income, potentially generating losses for tax purposes.

Quarantined loss — A deduction amount legally restricted to specified income or future periods rather than usable against all income immediately.

Tax expenditure — Government revenue foregone through a concession relative to a benchmark tax system.

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Housing Tax Reform, Corporate Landlordism and the Australian Working Class

Housing reform changes more than the return on an investment. It can also change who has the cash, borrowing capacity and legal structure to participate. Ahmad Ramay's research monograph examines Australia's 2026 housing-tax reforms alongside build-to-rent incentives, institutional ownership and the circumstances of wage-dependent households. Its central question is whether improved affordability and additional supply can be achieved while preserving broad access to ownership and secure renting.

The author's conclusion is conditional: differences in liquidity, portfolio income and statutory treatment make ownership concentration a credible question to investigate. They do not establish that institutions will dominate renting. Reform should be assessed through completed supply, access to ownership, rental affordability, tenant security and the distribution of housing wealth.

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