INVESTOR LENDING ECLIPSES OWNER OCCUPIER DEMAND

Investor loans are powering ahead of owner occupier loans in Australia's housing market. This dynamic is reshaping the lending landscape in 2025 and sparking plenty of industry conversation.

So, why are investor loans outpacing their owner occupier cousins, and what does it mean for borrowers, property strategists and the real estate market as a whole?

Investor appetite is surging by the numbers

The Australian Bureau of Statistics reports that the number of new investor loan approvals jumped by 3.5% over the June 2025 quarter (reaching 49,065 loans) compared to a less fiery 0.9% rise for owner occupier loans (80,929 approvals).

Even more telling, over the past year investor loan growth increased by 22%- more than three times the 6% growth for owner occupiers.

Forecasters estimate a continuation of this trend with investor loans expected to climb to around 234,000 by the end of the year compared to approximately 341,000 owner occupier loans.

What's driving the investor surge?

Several powerful factors are fuelling this investor revival:

- **Low vacancy rates and strong rental demand**
  Australia's rental markets are being stretched to their limits, leaving renters with fewer options than ever. Vacancy rates are at historic lows, especially in capital cities, leading to higher rents and attractive rental yields. Investors are spotting opportunities where tenants are clamouring for a place to call home.
- **Monetary policy shift**
  The Reserve Bank of Australia has moved to a more growth supportive stance with a cash rate reduction last month- the third rate cut this year. Lower interest rates aren't just good news for monthly repayments. They've also boosted borrowing power by up to 7% making property investment increasingly attractive.
- **Rising house prices and equity unlocks**
  With national house prices touching new highs (median is now over $800,000), long time owners are cashing in on their home equity to fund investment purchases. An 'equity harvest' is a trending move for those wanting to build multi property portfolios.

State level incentives and tax dynamics

Across Australia, governments are actively shaping property investment opportunities through a mix of incentives and tax settings. New South Wales, for example, has unveiled initiatives designed to encourage housing supply and streamline property investment such as extending discounted land tax for build to rent developments and introducing finance guarantees for new projects.

Meanwhile, Victoria continues to support investors and owner occupiers with expanded stamp duty concessions- especially for off the plan apartments and townhouses. The latest 2025 changes have made these discounts accessible to a broader range of buyers, not just first home buyers.

Rather than seeing one state as 'better' or 'worse', savvy investors are taking a nationwide perspective, comparing the latest incentives and ongoing holding costs to find the right mix for their portfolios.

No state is standing still

Where next?
All states are presenting strong opportunities for property investors, each with distinct advantages matching different investment strategies and risk appetites.

New South Wales
NSW's market is stabilising with improved buyer sentiment led by recent rate cuts and targeted incentives. Sydney's high median values favour capital growth, especially in blue chip suburbs or new developments. Regional markets offer attractive yields and affordability for those willing to look beyond the big smoke.

Victoria
Victoria remains a key destination for diverse property purchases. Melbourne's renowned liveability, combined with regional hubs such as Ballarat and Geelong, attract high demand and government support. The ongoing infrastructure investments and targeted concessions position Victoria well for both steady returns and long term growth.

Queensland
Queensland is hot for investors seeking affordability and rental yields. Markets in Brisbane and regional hubs such as Townsville are forecast to enjoy robust price growth, capitalising on infrastructure developments and population migration trends. The Sunshine State continues to dominate surveys of investment prospects.

South Australia
Adelaide boasts affordability and resilience, underpinned by major infrastructure projects such as the AUKUS submarine initiative and tech investments. Regional SA offers consistent rental demand and stable prices making it a compelling option for investors who value steady and risk moderated returns.

Western Australia
Perth leads the country in capital growth with median prices rising sharply over recent years. Investors can find high yields in suburbs undergoing gentrification and infrastructure upgrades with regional markets also showing promise.

Tasmania
Tasmania's market is seeing a recovery, especially in Hobart. Affordability challenges persist, however rental vacancy remains tight. Policy moves and new infrastructure are gradually improving the outlook.

Northern Territory
Darwin is posting moderate growth, driven by increased affordability relative to other capitals and a steady rental market. Smaller population and stock can mean quick swings that encourage nimble, informed investing.

Australian Capital Territory
Canberra's market is steady, anchored by strong job security and resilience to interest rate shifts. The Tuggeranong and Belconnen regions are highlighted for growth and strong socioeconomic indicators.

There's no 'one size fits all' answer. Each state shines in its own way.

Whether you're chasing yields, growth or stability, Australia's property market in 2025 is all about matching your goals to the most suitable location and having a trusted expert guide you through the subtle differences.

Ready to map out your next move? Let's sit down and talk strategies.

Lenders are playing the game
Lenders are actively managing their loan books to entice customers with average investment loan rates only about 0.25% higher than owner occupier rates.

However, some lenders are leaning hard into investor lending, a few with over 37% of their loan books directed at investment loans, reflecting the market's hunger for investment property.

What does it mean for you?

If you're considering entering (or expanding in) the investment market, now's a strategic time to review your numbers and allow us to check our lender panel who are hungry for investor business.

And if you're an owner occupier feeling like the party is running away from you, don't lose heart. Lower rates and shifting market cycles could bring new opportunities your way soon.

If you want to navigate the fast changing lending landscape, become clever about loan structuring, or plot your own property ladder leap, now could be the time to explore your options.

So reach out for us to help you on your property portfolio journey.

Contact us to read **'How to avoid costly mistakes as a property investor in 2025'.**

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