TULIPWOOD ECONOMICS
Creating value through better public policy

2026/27 FEDERAL BUDGET

THE IMPACT OF CHANGES TO RESIDENTIAL PROPERTY INVESTMENTS FOR SELF MANAGED SUPER FUNDS

Supplementary Modelling Brief
3 September, 2026

Qaive and Tulipwood Economics

Summary of approach

- Qaive and Tulipwood Economics (we) have been commissioned by the Real Estate Institute of Australia (including on behalf of Master Builders Australia, the Housing Industry Association, and the Property Council of Australia) to undertake supplementary modelling of the impact of prohibiting the use of limited recourse borrowing arrangements (LRBAs) for the purchase of ordinary residential investment property by Self Managed Super Funds (SMSFs) (the SMSF amendment).
- This modelling has been undertaken as a supplementary exercise to our analysis of 27 May 2026, in which we measured the impact of the (then) proposed changes to negative gearing and capital gains tax (CGT) concession arrangements and the $2 billion Housing Support Program (HSP). The results of this analysis should be read in conjunction with our report of 27 May 2026.
- To measure the impacts of the amendment we have undertaken analysis of the number and value of residential property investments impacted, including the potential for reduced investment by SMSFs to be taken up by other investors in the residential investment property market. Key data sources to calibrate this estimate include:
    - **ATO SMSF Annual Overview 2023–24** is used to estimate the number and value of SMSF residential property investments held through LRBAs, including the share of SMSFs using LRBAs.
    - **ATO SMSF Quarterly Statistics** are used to update the SMSF population, total assets and LRBA assets to March 2026.
    - **APRA Quarterly Superannuation Statistics** provide the broader superannuation asset totals used to place SMSF investment in context.
    - **ATO Taxation Statistics** provide cross-checks on the number of SMSFs receiving rental and leasing income.
    - **ABS Lending Indicators** are used to estimate total annual new dwelling lending, providing the housing-credit denominator used in the modelling.
    - **ABS Building Activity** provides the value of new residential construction, used to translate the estimated change in residential investment into a construction-sector shock.
- The shocks are then implemented in QGEM and housing specific ex-post disaggregation to estimate broader effects on dwelling construction, rents, prices and the wider economy.

Results

- Tables 1 and 2 show respectively the additional impact of the SMSF amendment in isolation, and the total impact of the negative gearing and CGT changes, the HSP and the SMSF amendment. All results are presented using the central case efficiency specification.
- In summary we found that over the period from 2026/27 to 2029/30, the impact of the SMSF amendment in isolation is to:
    - Reduce housing supply by nearly 2,000 dwellings
    - Increase average weekly rents by approximately $1.15
    - Reduce total GDP over the period by $182 million; and
    - Reduce construction jobs by 886 FTE years over the period.

Table 1 - Impact of the SMSF amendment, in isolation

	2026/27	2027/28	2028/29	2029/30
GDP ($m)	-$30	-$44	-$52	-$56
GDP (%)	-0.00	-0.00	-0.00	-0.00
Construction output ($m)	-$66	-$74	-$69	-$62
Construction employment (FTE)	-217	-242	-226	-201
Impact on government revenue ($m)	-$9	-$13	-$15	-$17
New dwelling starts				
Detached	-301	-361	-361	-344
Non detached	-126	-153	-155	-150
Total	-427	-514	-516	-494
New home prices (%)	-0.01	-0.02	-0.02	-0.02
Established home prices (%)	-0.01	-0.02	-0.02	-0.02
Rental price (%)	0.12	0.15	0.16	0.16
Rent component of CPI (%)	0.01	0.01	0.01	0.01
Aggregate rent change ($m)	$95	$125	$136	$140
Dwellings - value of work done ($m)	-$220	-$264	-$265	-$254
Alterations and additions - value of work done ($m)	-$37	-$44	-$44	-$43

Source: Qaive and Tulipwood estimates

- Table 2 presents the combined impact of the changes to negative gearing and CGT arrangements, the Housing Support Program and the SMSF amendment. The annual results are measured relative to the no-policy-change baseline. Over the period from 2026/27 to 2029/30, the combined measures are estimated to:
    - Reduce new dwelling starts by approximately 10,700, including around 1,950 attributable to the SMSF amendment.

- Reduce cumulative GDP by approximately $1.05 billion, of which $182 million is attributable to the SMSF amendment.
- Reduce construction employment by approximately 4,740 FTE-years over the period, including 886 FTE-years attributable to the SMSF amendment.
- Increase rental prices by approximately 1.69 per cent by 2029/30, including around 0.16 percentage points attributable to the SMSF amendment.

Table 2 – Combined impact of Negative Gearing and CGT changes, HSP and SMSF amendment

	2026/27	2027/28	2028/29	2029/30
GDP ($m)	-$100	-$202	-$308	-$436
GDP (%)	-0.00	-0.01	-0.01	-0.01
Construction output ($m)	-$219	-$337	-$411	-$485
Construction employment (FTE)	-725	-1,107	-1,340	-1,569
Impact on government revenue ($m)	-$29	$633	$1,067	$1,509
New dwelling starts				
Detached	-1,003	-1,650	-2,145	-2,682
Non detached	-421	-701	-922	-1,169
Total	-1,424	-2,351	-3,067	-3,851
New home prices (%)	-0.10	-0.19	-0.23	-0.27
Established home prices (%)	-0.26	-0.49	-0.64	-0.78
Rental price (%)	0.58	1.05	1.36	1.69
Rent component of CPI (%)	0.03	0.06	0.08	0.10
Aggregate rent change ($m)	451	852	1,149	1,467
Dwellings - value of work done ($m)	-732	-1,208	-1,576	-1,979
Alterations and additions - value of work done ($m)	-123	-202	-264	-332

Source: Qaive and Tulipwood estimates