

Housing Front and Centre: Round-Up of 2026-27 State Budgets



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As the dust settles on the 2026-27 state budget season, a powerful and unified theme is clear across Australia, fixing housing is a critical priority.

Faced with ongoing pressure on affordability and supply, state governments have handed down budgets with a suite of policies aimed at building more homes, faster, and creating new pathways to home ownership.

Across the country, the message is clear and governments are moving beyond talk and weighing options to commit billions to tackle the housing crisis head-on.

There are two dominant strategies being utilised, significantly boost housing supply by cutting red tape and funding the supporting infrastructure, and providing direct financial relief to help more people, especially first-home buyers, enter the market.

Here's a look at the key initiatives with some common threads from the budgets around the country and what they mean for you.

Supply is the solution: Nearly every state has allocated significant funding to unlock land, streamline planning approvals, and invest in enabling infrastructure like water, power, and transport. The goal is to reduce development bottlenecks and get new homes built more quickly, which if achieved will relieve market pressures.

More assistance for first home buyers: First home buyers are front of mind, with multiple states extending or boosting grants and stamp duty concessions. This direct financial support is designed to lower stubbornly high barriers to entry at a time of significant cost pressure.

Innovation in construction: Acknowledging that traditional building methods are struggling to keep up, governments in states like New South Wales and Western Australia are investing in Modern Methods of Construction (MMC), such as prefabrication, to improve productivity and speed up delivery.



State-by-State Highlights

New South Wales

The New South Wales budget builds on the last year's budget in accelerating development. Key measures include **\$32.3 million to modernise building approvals using AI** and a new framework for modern construction methods. For investors, the **removal of the 9% foreign purchaser surcharge on eligible build-to-rent projects** aims to stimulate the supply of high-quality rental housing. Infrastructure remains a priority, with **\$1.4 billion for the Parramatta Light Rail Stage 2** and major funding for the Sydney Metro West, connecting more communities to employment hubs.

Victoria

Victoria is also taking on the housing crisis with a major **\$860 million investment in its Social Housing Growth Fund**, aiming to deliver over 7,000 social homes. To continue efforts to stimulate the market, the **off-the-plan stamp duty concession has been extended to April 2027**, potentially providing a significant saving for buyers of eligible new homes. The government is also investing \$37 million to unlock land in Melbourne's greenfield development areas and fast-track major projects.

Queensland

Queensland's budget is heavy on housing supply to support its growing population. The **Residential Activation Fund has been doubled to \$1 billion** to prepare land for nearly 100,000 new homes. First home buyers received a major boost with the **\$30,000 First Home Owner Grant extended for another four years**. This is paired with a record \$5.7 billion investment to deliver over 53,500 social and community homes by 2044.

Western Australia

Leveraging its strong economic position, Western Australia has delivered a \$4.7 billion housing package. A new **\$250 million First Home Buyer Commercial Financing Facility** will provide low-cost finance to help multi-residential projects get started. For eligible buyers, **stamp duty exemption thresholds for first home buyers have been lifted to \$600,000**. The budget also allocates funds for advanced manufacturing facilities to scale up the use of prefabricated home components.

South Australia

South Australia has announced an ambitious **\$2.5 billion housing package** with a target of 13,500 new homes per year. Innovative policies include a **\$1.3 billion program to deliver 2,000 new rent-to-own homes** and a **\$500 million pre-sale guarantee fund for apartment projects**. In a move to help mobility in the market, stamp duty for eligible downsizers has been abolished.

State-by-State Highlights (cont.)

ACT

The ACT has made a bold move by **abolishing stamp duty for all first home buyers and for all new unit-titled properties**, a major reform aimed at improving affordability and market turnover. The government is also focused on delivering "missing middle" housing (townhouses and low-rise apartments) through initiatives like the pre-approved **Canberra House Pattern Book**.

Tasmania

Tasmania's budget delivers a powerful, temporary boost for first home buyers, **doubling the First Home Owner Grant to \$20,000 for 12 months**. This is paired with a **\$900 million investment to deliver more social and affordable homes**, supported by a major infrastructure program to improve roads and bridges statewide.

Northern Territory

While the budget prioritises community safety, it continues to support new housing by **extending its HomeGrown Territory grant for 12 months**. The scheme provides first home buyers with \$50,000 to build or purchase a new home, aiming to stimulate new supply in the Territory.

The Road Ahead

While these budget commitments represent a significant step in the right direction, the path forward is not without challenges.

The success of these supply-side measures will depend on execution and coordination between government and industry. Persistent issues like skilled labour shortages and rising construction costs will continue to test the capacity of the sector to deliver on these ambitious housing targets.

Furthermore, these initiatives are not happening in isolation. They are intersecting with major shifts at the federal level, most notably the changes to investment property taxation passed into law in the recent Federal budget. The reforms to Capital Gains Tax and new restrictions on negative gearing for future property investments represent a fundamental reshaping of the financial landscape for investors.

Complicating the picture further is the higher-interest rate environment, which continues to put pressure on borrowing capacity for both owner-occupiers and investors. This creates a complex dynamic where governments are pushing to increase housing supply, while federal tax reform and monetary policy are altering demand and investment incentives. With many variables changing at once, it is challenging to attribute emerging market trends to a single factor.

While the long-term policy goal for more housing is clear, the immediate and cumulative effect of these changes is less certain. Buyers, developers, and investors are all navigating a new set of state incentives, federal tax rules, and economic headwinds. The next few years will be critical, not just for construction, but for observing how these changes influence buyer behaviour, investor sentiment, and ultimately, the future direction of property values across the country.



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