

RENTVESTING

Live where you love. Invest where it pays.

A plain-English guide to renting where you want to live, and owning where the numbers work.

FREEDOM
Strategy Management



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IMPORTANT INFORMATION

This guide contains general information only. It does not take into account your objectives, financial situation or needs, and it is not a recommendation to buy any property or financial product.

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Information in this guide is current as at November 2026.



1. What rentvesting is

Rentvesting means you rent the home you live in, and you buy a property somewhere else as an investment.

You live where your life is: close to work, friends, good cafes or the kids' school. You buy where the numbers make sense: an area where land is still affordable, tenants want to live, and growth is expected.

The tenant's rent helps pay for the property you own. Meanwhile, you are in the property market, building equity, instead of waiting until you can afford to buy where you live.

It sounds backwards at first. The usual story is: save a deposit, buy where you want to live, then spend 30 years paying it off. Rentvesting separates two decisions that the usual story forces together: *where you live* and *what you own*.



2. Why people do it

Most rentvestors want two things at once: the lifestyle they have now, and a foot in the property market.

- **Keep your lifestyle.** The suburbs people love to live in are often the most expensive to buy in. Renting there can cost far less each week than owning there.
- **Get into the market sooner.** A smaller deposit goes further on a property in a growth area than on an inner-city home. That can mean buying years earlier.
- **Start building equity now.** Equity is what your property is worth minus what you owe on it. The sooner you own, the sooner any growth starts working for you.
- **Choose with your head, not your heart.** When you won't live in it, you can pick a property on rental demand, land and growth prospects, not on the kitchen tiles.

- **Stay flexible.** Renting lets you move for work, a relationship or a growing family without selling a home.

Rentvesting is popular with people in their late 20s to early 40s who earn a good income, have savings or family support, and like where they live now.



3. How it works, step by step

Rentvesting follows the same steps as any property purchase, with one difference: you plan for two sets of costs, your rent and the property you own.

1. **Work out what you can put in.** This is usually savings. Some buyers also have family support, such as a parent offering a limited guarantee that uses part of the value of their home as extra security. Keep a buffer aside for the unexpected.
2. **Find out what you can borrow.** A lender looks at your income, your spending, the rent you pay and the rent the property is expected to earn. Investment loans are assessed differently from home loans, and interest rates are often a little higher.

3. **Set the plan before the property.** Decide how long you expect to hold it, what you want it to do for you, and what happens if rates rise or it sits empty for a few weeks.
4. **Choose the property on investment merit.** Look for land in a growing area, strong rental demand, transport and services nearby or planned, and a home tenants will want. You don't have to like living there. You need others to.
5. **Buy it.** With a house-and-land package you usually buy the land first, then pay the builder in stages as the house goes up. There is no rent until the home is finished, so budget for that period.
6. **Find a tenant.** Most rentvestors use a property manager to find tenants, collect rent and arrange repairs. The rent goes towards the loan and running costs.
7. **Hold it, and keep living your life.** You keep renting where you love. Review the numbers each year: rent, interest rate, costs and the property's value.
8. **Decide what comes next.** Over time you might keep the property and buy another, sell it to help fund the home you want to live in, or move into it. Each path has different costs and tax outcomes, so plan it carefully before you act.



4. What changed in 2026, and why new builds matter

Since the 2026 Federal Budget, the type of property you buy matters more than ever. A newly built investment home keeps tax advantages that an established home bought today no longer has.

What changed

- **The changes are law.** Parliament passed them in June 2026. They take effect from 1 July 2027.
- **Established homes bought after Budget night lose out.** If you buy an existing home as an investment after 7:30pm on 12 May 2026, some long-standing tax advantages stop applying to it from 1 July 2027.

- **New builds keep them.** A newly built home that adds to Australia's housing supply keeps those advantages, whenever you buy it. When you sell, a new build also gets a choice in how the gain is worked out. An established home bought today does not.
- **What you already own is protected.** Investment properties owned before Budget night keep their current treatment.
- **Lenders have noticed.** Several major lenders now count a new build's tax position when working out how much you can borrow, but not an established home bought after Budget night.
- **Some detail is still being finalised.** Government has released further draft rules for consultation. Check the current position before you buy.

What counts as a new build

Generally counts	Generally does not count
A house-and-land package built on vacant land	An existing home, even if renovated or extended
A newly built home that no one has lived in	A granny flat added to an existing home
An apartment or townhouse bought off the plan	A knock-down rebuild that replaces one home with one home

Why this suits rentvesting

Rentvesting already asks you to buy on investment merit rather than for lifestyle. Since 2026, a new build is the investment that keeps the most in your favour.

New builds bring other advantages too:

- **Lower stamp duty, usually.** On a house-and-land package, stamp duty is generally charged on the land only, not the build, because the build is a separate contract.
- **Fewer repairs early on.** A new home comes with builder warranties and should need less maintenance in its first years.
- **Easier to rent.** Modern layouts and energy efficiency appeal to tenants.

A land rebate may apply. Many builders and vendors currently offer a rebate on new house-and-land packages, often around $10,000. It is typically paid at handover, when the home is finished, and is commonly used to ease holding costs in the first two years. It is an offer, not a guarantee: it may change or be withdrawn at any time, and it does not help during the build. Check how a rebate is treated in your situation.

Not every new build is a good investment. Location, the land, and how many similar homes are being built nearby all affect future value and rent. That is why the property choice matters as much as the strategy.



5. The pros

Done well, rentvesting gets you into the market sooner without giving up the life you have.

- **You live where you want.** Your home choice follows your life, not your borrowing limit.
- **A smaller, earlier entry.** A property in a growth area usually needs a smaller deposit and loan than an inner-city home.
- **Someone else helps pay it off.** The tenant's rent covers a large share of the property's costs.
- **Growth works for you sooner.** Any rise in value builds your equity from the day you own.
- **Equity you can use later.** As equity grows, it can help fund your next purchase, or the home you eventually live in.
- **A new build keeps more in your favour.** Since 2026, new builds keep tax advantages that established homes bought today don't (section 4).
- **Flexibility.** You can move for work or family without selling, and your investment stays put.



6. The cons and risks

Rentvesting is not right for everyone, and it carries real risks. Go in with your eyes open.

- **Two sets of costs.** You pay rent on your home and the costs of the property you own. If the rent you receive doesn't cover those costs, you make up the gap from your pay.
- **You are still a renter.** Leases end, landlords sell, and rent can rise. You may have to move when you'd rather not.
- **Interest rates can rise.** Higher rates raise your loan repayments, often faster than you can raise the rent.
- **The property can sit empty.** Between tenants, or while repairs are done, there is no rent coming in. Keep a buffer.

- **No rent while it's being built.** With a house-and-land package, you pay for the land and the builder's stages before any tenant moves in. Builds can also run late.
- **Growth isn't guaranteed.** Some areas grow slowly, and estates with many similar new homes can hold prices back when you sell. Choose the location carefully.
- **Selling is taxed differently.** A home you have never lived in is treated differently for tax when you sell it than the home you live in. Check how this applies to you before you buy.
- **Land tax may apply.** Each state charges its own yearly land tax on investment property, and the point where it starts differs widely between states. In some states, most investment properties pay it.
- **You may give up first home buyer support.** Owning an investment property can rule you out of some first home schemes and discounts later. Others depend on your state, or on whether you ever lived in the property (section 7).
- **It affects your next loan.** An investment loan counts when a lender works out what you can borrow for the home you eventually buy.



7. First home buyer support: what you could keep or give up

If you have never owned property, buying an investment first can cost you some first home buyer support later. It doesn't always, though: each scheme has its own rule, and some rules differ by state.

Support	What it does	Does owning an investment property affect it?
Australian Government 5% Deposit Scheme	Lets you buy your home with a 5% deposit and no lenders mortgage insurance	Usually yes. You must be a first home buyer, or not have owned property in Australia in the past 10 years.

Support	What it does	Does owning an investment property affect it?
Australian Government Help to Buy	The government buys a share of your home with you, so you need a smaller deposit and loan	You must not own property when you apply. Having owned property before doesn't rule you out.
First Home Super Saver scheme	Lets you save part of your deposit inside your super	Yes. You must never have owned property in Australia, including an investment. Each person is assessed separately.
State first home owner grants	A one-off payment towards a new home	Depends on the state. In some states, including Victoria, owning a property you never lived in may not rule you out.
State first home buyer stamp duty discounts	Less or no stamp duty on your first home	Often yes. In Victoria, for example, you can't get it once you've owned any residential property.

Three things decide what you could keep:

- **Whether you have owned property at all, and when.**
- **Whether you ever lived in it.**
- **Whose name is on the title.** Some schemes look at each buyer separately, so this matters for couples.

Sometimes this support is worth more than getting into the market sooner. Sometimes it isn't. We can show you both pathways side by side before you decide.

Each scheme's full rules are on the Australian Government's First Home Buyers website and your state revenue office's website. Check them before you buy.



8. Is it for you? A short self-check

If you can answer yes to most of these, rentvesting is worth exploring.

- ☐ I like where I live, and I'm happy to keep renting for at least the next few years.
- ☐ I have savings, or family support, to cover a deposit and buying costs.
- ☐ I could still put money aside after paying my rent and the property's costs.
- ☐ I could handle higher interest rates, or a few weeks without a tenant, without real stress.
- ☐ I'm thinking in years, not months.
- ☐ I'm comfortable choosing a property I may never live in.
- ☐ I understand I may give up some first home buyer support, and I want to see what that's worth before I decide.

If several answers are no, that's useful to know too. Buying a home to live in first may suit you better, and that's a conversation worth having.



9. Three examples

These three people are invented, and their numbers are rounded, to show how rentvesting can work in different situations.

Each example shows the weekly cost before and after tax, in the first year once the home is finished and tenanted. All three use an interest-only investment loan at 6.5% a year and 2026-27 tax rates, and the assumptions are printed under each table. Where a builder or vendor offers a land rebate, the last two lines show what a $10,000 rebate, spread over the first two years (104 weeks), could do. It may not be offered (see section 4). Tax depends on your income and situation, and the saving is usually highest in the first year: that is what we work through with you in a strategy session.



Example 1: The inner-city couple

Illustrative example only, not a real client.

Mia and Josh are both 32, earn $225,000 between them ($150,000 and $75,000), and have $110,000 saved. They rent a two-bedroom apartment in the inner city for $700 a week and love the area. Buying there would mean a home of around $1.1 million: years more saving.

Instead, they buy a new house-and-land package in a growth corridor for $600,000.

Upfront	Amount
Deposit (10%)	$60,000
Buying costs: stamp duty on the land, legal and loan costs, lenders mortgage insurance	about $30,000
Kept aside as a buffer	$20,000
Total from savings	**$110,000**

Each week, once tenanted	Amount
Rent received	$550
Loan interest ($540,000 at 6.5%)	−$675
Rates, insurance, management, maintenance and a vacancy allowance	−$150
Gap before tax	**−$275**
Estimated tax saving (year 1)	+$183
Gap after tax	**−$92**
Land rebate, if offered (first 2 years)	about +$96
After tax, with the rebate	**+$4**

Assumptions: incomes $150,000 and $75,000. The home is owned 90/10, with the larger share in the higher earner's name, as in the example on our website; at these incomes the split changes the tax saving by less than $1 a week. 2026-27 resident tax rates including the Medicare levy. Year 1, once tenanted. After tax: estimated tax saving on the interest, running costs and wear and tear on the building and its fittings, at 2026-27 rates. Buying costs are not counted in the saving.

While the house is being built, there's no rent, so they budget for that period from their buffer. Land tax may also apply, depending on the state. They keep living where they love, and own a property years sooner than they otherwise could.



Example 2: The single professional

Illustrative example only, not a real client.

Alex is 28, earns $120,000 and has $75,000 saved. Alex rents a one-bedroom apartment near work for $500 a week and has never owned property.

Alex buys a new three-bedroom townhouse in a growing outer suburb for $480,000.

Upfront	Amount
Deposit (10%)	$48,000
Buying costs: stamp duty, legal and loan costs, lenders mortgage insurance	about $17,000
Kept aside as a buffer	$10,000
Total from savings	**$75,000**

Each week, once tenanted	Amount
Rent received	$480
Loan interest ($432,000 at 6.5%)	−$540
Rates, insurance, owners corporation, management, maintenance and a vacancy allowance	−$130
Gap before tax	**−$190**
Estimated tax saving (year 1)	+$136
Gap after tax	**−$54**
Land rebate, if offered (first 2 years)	about +$96
After tax, with the rebate	**+$42**

Assumptions: income $120,000. Alex owns the home outright (100%). 2026-27 resident tax rates including the Medicare levy. Year 1, once tenanted. After tax: estimated tax saving on the interest, running costs and wear and tear on the building and its fittings, at 2026-27 rates. Buying costs are not counted in the saving.

The key decision for Alex is the trade-off in section 7. By buying an investment first, Alex gives up some first home buyer support for a future home, and may keep other support depending on the state. Alex compares this path against buying a first home to live in, with the numbers side by side, before deciding.



Example 3: The buyer with family support

Illustrative example only, not a real client.

Sam and Lee are 35, earn $225,000 between them ($150,000 and $75,000) and have $40,000 saved. They rent a house near Sam's parents for $650 a week. Sam's parents own their home and offer a limited guarantee, using part of their home's value as extra security.

With the guarantee, Sam and Lee can borrow the full price of a $550,000 house-and-land package, without a 20% deposit and without lenders mortgage insurance.

Upfront	Amount
Deposit	covered by the guarantee
Buying costs: stamp duty on the land, legal and loan costs	about $28,000
Kept aside as a buffer	$12,000
Total from savings	**$40,000**

Each week, once tenanted	Amount
Rent received	$520
Loan interest ($550,000 at 6.5%)	−$688
Rates, insurance, management, maintenance and a vacancy allowance	−$140
Gap before tax	**−$308**
Estimated tax saving (year 1)	+$194
Gap after tax	**−$114**
Land rebate, if offered (first 2 years)	about +$96
After tax, with the rebate	**−$18**

Assumptions: incomes $150,000 and $75,000. The home is owned 90/10, with the larger share in the higher earner's name, as in the example on our website; at these incomes the split changes the tax saving by less than $1 a week. 2026-27 resident tax rates including the Medicare levy. Year 1, once tenanted. After tax: estimated tax saving on the interest, running costs and wear and tear on the building and its fittings, at 2026-27 rates. Buying costs are not counted in the saving.

A guarantee puts part of the parents' home on the line if things go wrong, so the parents should get their own independent legal advice. The goal is to release the guarantee once the loan falls to a safe share of the property's value, through growth, repayments or both.



10. Mistakes to avoid

Most rentvesting problems come from a handful of avoidable mistakes.

- **Buying where you'd like to live, not where the numbers work.** The point is to choose on investment merit.
- **Buying an established home without checking the 2026 changes.** An existing home bought today misses out on advantages a new build keeps.
- **No buffer.** Vacancies, repairs and rate rises happen. Keep money aside for them.
- **Forgetting the build period.** A house-and-land package earns no rent until it's finished.
- **Not checking first home buyer support first.** Know what you might give up, in your state, before you sign.

- **Not thinking about whose name goes on the title.** It can affect scheme eligibility, tax and your next loan.
- **Stretching too far on rent.** A high rent leaves less to cover the property's costs and build savings.
- **Going it alone.** Lending, tax and scheme rules interact. A mistake early can be expensive to undo.

11. In summary

01

Rent where you love, own where the numbers work. Keep your lifestyle and get into the market sooner.

02

Plan for two sets of costs. Your rent, plus the property's costs once rent comes in, plus a buffer.

03

Choose a new build. Since the 2026 changes, new builds keep advantages established homes bought today don't.

04

Choose the location carefully. Land, rental demand, transport and services drive long-term value.

05

Weigh your first home buyer support. See what you might give up, and what it's worth, before you buy.

06

Get the structure right from the start. Loans, ownership and tax are much easier to set up well than to fix later.

12. What to do next

The best way to know whether rentvesting works for you is to see it with your own numbers.

At Freedom Strategy Management, we specialise in new builds and house-and-land packages. We'll look at your income, savings and goals, show you the rentvesting path side by side with buying a home to live in, and tell you honestly if it doesn't stack up.

Two ways to start:

- **A free 10-minute discovery call.** A quick chat about where you are and whether rentvesting is worth a closer look.
- **A strategy session.** We run your numbers across different scenarios, including the first home buyer trade-off, so you can decide with confidence.

We're paid by the providers, not by you.

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Financial freedom, sooner. Talk to us today to take care of tomorrow.

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The examples in this guide are invented and illustrative only. They are not real clients, and your results will differ. Figures are rounded and relate to year 1 only, once the home is tenanted. After-tax figures are estimates at 2026-27 rates. The tax saving is usually highest in the first year, because the claim for wear and tear on fittings is largest then and falls in later years, and it changes as rent, interest, costs and your income change. Tax, lending and government scheme rules change, differ between states, and depend on your circumstances.

A land rebate is a builder or vendor offer, not guaranteed. It may change or be withdrawn at any time, and it is paid at handover, so it does not help during the build. How a rebate is treated for tax or stamp duty depends on your circumstances: ask your accountant.

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