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Australia Sees 26% Surge in Property Investment Loans.

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Investment property demand is climbing sharply across Australia, with the value of investment loans rising 26% year-on-year as more homeowners focus on property as a wealth-building tool.

According to Mortgage Choice's latest Home Loan Report, nearly half of existing homeowners (45%) now cite investment potential as the main reason for purchasing their next property. This is up from 42% in the previous quarter.

“Homeowners’ growing appetite for investment property is reflected in our home loan submission data,” said Mortgage Choice CEO Anthony Waldron. “Australians aren’t just buying homes for their lifestyle, they’re buying them for long-term financial gain.”

Western Australia led the country in investment loan growth, posting a 33.7% increase compared to the previous year. New South Wales and the ACT followed closely, with investment loan values up 32.3%. All other regions also recorded year-on-year growth during the June quarter.

The report highlights a shift in buyer behaviour, with younger generations taking a strategic view of property ownership. One in three Generation Z buyers listed property investment as a key reason for their purchase. Falling home loan interest rates and tight rental market conditions are continuing to push demand upward.

Buyers are targeting properties in growth corridors and regional areas that offer both manageable entry prices and strong potential for rental income and capital gains.

While investment remains a leading driver, other motivations were also reported. Twenty-two percent of homeowners looking to buy another property said they needed more space, 19% sought improved features or amenities, 15% wanted to be closer to the CBD, and 14% were looking for better work-from-home setups.

The surge in investment activity is matched by a rise in refinancing, with the value of refinance loans up 22.4% year-on-year. Recent interest rate cuts by the Reserve Bank have encouraged borrowers to seek better terms on existing loans.

South Australia and the Northern Territory recorded the fastest growth in refinancing, both rising 28.6% over the past year.

Based on Mortgage Choice submission data and a survey of 1,000 Australians, the findings suggest a more calculated approach to property ownership is taking hold nationwide.

“As Australians take a more considered approach to buying property, the case for expert guidance from mortgage brokers is critical,” Waldron said.