Safa Pacific
Financial Services

As we step into **2026**, the housing and financing environment continues to evolve and for those seeking Islamic financing, understanding how **Islamic lenders operate within broader market conditions** is more important than ever.

While Islamic finance does not rely on interest, it is still influenced by **institutional funding costs, liquidity conditions, and housing market dynamics**. This update outlines what we're seeing across Islamic lenders and what it may mean for buyers, homeowners, and self-employed Australians in the year ahead.

Islamic Lender Landscape in 2026

Islamic lenders in Australia continue to operate in a constrained but maturing market. Demand for Shariah-compliant home financing remains strong, while funding capacity, pricing competitiveness, and product availability are shaped by broader capital market conditions.

Entering 2026, Islamic lenders are expected to:

- Maintain disciplined pricing on Ijarah structures
- Prioritise high-quality applications and strong documentation
- Focus on sustainable growth rather than volume-driven expansion

This reinforces the importance of **early assessment, clean documentation, and structured applications** when engaging with Islamic lenders.

Housing Market Context

Australia's housing supply remains structurally tight. Population growth continues to exceed new dwelling completions, particularly in major metropolitan areas. Industry projections suggest **continued price growth in the low to mid single digits nationally through 2026**, with variations by region.In this environment, buyers who are prepared and informed —rather than reactive —will be best positioned to move forward with confidence.

First Home Buyers

For first home buyers, 2026 is shaping up to reward preparation over speed. Competition remains present, but lenders are placing increased emphasis on serviceability, stability, and structure.

First home buyers who:

- Understand their eligibility early
- Plan deposits strategically
- Choose appropriate Islamic financing structures

will be far better positioned than those entering the market without clarity.

Purchase Clients

For purchase and upgrader clients, decision-making in 2026 is increasingly centred on **long-term affordability and predictability** rather than short-term timing. With moderate price growth expected, financing structure plays a critical role in managing long-term financial commitments. Islamic purchase financing continues to suit buyers seeking transparency and clearly defined ownership pathways from the outset.

Refinance Clients

Refinancing is expected to remain one of the most active segments in 2026. A significant proportion of homeowners are still operating under arrangements structured several years ago, despite changes in household expenses and market conditions.

A refinance into an Ijarah-based structure may help:

- Improve long-term cost efficiency
- Increase predictability of payments
- Better align financing with current circumstances

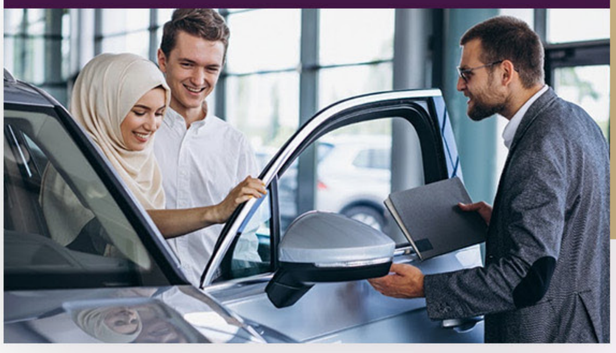
Early review is particularly important as Islamic lenders periodically reassess pricing and funding availability.

Low Doc & Self-Employed Clients

Self-employed Australians represent a growing share of the workforce, yet many remain underserved. Islamic lenders continue to support Low Doc pathways, but **documentation quality and preparation** are increasingly critical.Clients who prepare early and understand assessment requirements are far more likely to secure successful outcomes.

Car Financing

Car financing demand is expected to remain steady in 2026, with households takinga more deliberate approach to managing overall financial commitments. Structured, transparent car financing solutions continue to appeal to clients seeking clarity and predictability.



Key Themes for 2026

Across all segments, the defining themes for the year ahead are:

- Preparation over urgency
- Structure over speculation
- Clarity before commitment

Islamic financing remains resilient, but success in 2026 will increasingly depend on **early planning, education, and informed decision-making.**

At Safa, our focus this year remains unchanged: providing clear guidance, structured support, and transparent advice to help you move forward with confidence.

Warm regards,
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