

Construction Loans Australia | Rates from 5.25% p.a. - Natloans

Canonical: <https://www.natloans.com.au/home-loans/construction-loans/>

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Construction Loans

Experienced construction loan brokers guiding you through finance for your new build.

[Apply Now Book a Free Consultation](#)

What is a Construction Loan?

A construction loan is a type of financing that funds the building or major renovation of a property.

Unlike standard home loans, construction loans release funds in stages aligned with the completion of specific building milestones.

This approach ensures that you only pay interest on the funds you use, making it a cost-effective solution for your project.

Step 1

Calculate

See your estimated repayments

Calculate

Step 2

We Compare and You Select

Book a free consultation to review your options

Book Now

Step 3

Get Approved

Approval means you're good to go Apply Now

How Does a Construction Loan Work?

A construction loan is a specialised home loan designed to fund the building of a new home or major renovation. Unlike a traditional home loan, funds are released in stages—called progress payments—as each phase of the construction is completed.

During the build, you typically only pay interest on the amount drawn down, helping to manage cash flow. Once construction is complete, the loan often converts to a standard home loan. At Natloans, we work closely with builders, lenders and you to ensure a smooth process from approval to completion.”

Approval Process

Secure your construction loan based on your project plans, budget, and financial position.

Progressive Payments

Funds are released in stages, typically matching the five construction phases:

Foundation

Frame

Lockup

Fit-out

Completion

Interest Payments

Pay interest only on the funds drawn during the construction period.

Loan Conversion

Upon project completion, the loan converts to a standard home loan with principal and interest repayments.

Step By Step Guide to a Hassle-Free Construction Loans

1. Planning Your Project

Prepare detailed building plans and a cost estimate from a licensed builder. Ensure all permits and approvals are ready.

2. Speak to a Natloans

Specialist Book a consultation with one of our experts. We'll assess your needs, recommend suitable lenders, and guide you through the application process.

3. Pre-Approval

Submit your financial documents and project details to get pre-approved for a construction loan.

4. Final Approval & Valuation

Provide your builder's contract, project timeline, and costs. The lender will arrange a valuation to confirm the property's projected value.

5. Drawdown Process

Funds will be released in stages as your builder completes each milestone. You'll submit progress invoices for each stage, which the lender will verify before releasing payments.

6. Completion & Loan Conversion

Once construction is complete, your loan converts to a standard home loan, and regular repayments commence.

Why Choose Natloans for Construction Loans?

Personalised Solutions: We tailor loan options to match your budget and goals.

Expert Guidance: Our team handles the complexity so you can focus on your project.

Access to Leading Lenders: We compare multiple lenders to secure the most competitive rates.

Seamless Process: From pre-approval to drawdown, we make the entire process hassle-free.

Construction loans for Multi-Unit Developments

Building multi-unit developments, such as 2-4 units or townhouses, can be an excellent strategy to maximise property investment returns. Whether you're subdividing an existing block or developing a vacant lot, Natloans provides expert guidance and tailored financing solutions to turn your project into a profitable reality.

Why Multi-Unit Developments?

Developing multiple units on a single property offers several advantages:

Maximise Land Use: Optimise your property's potential by accommodating more dwellings.

Increase Rental Income: Generate multiple income streams from tenants.

Enhanced Property Value: Multiply your investment with higher overall property value.

Flexibility: Sell individual units or retain them for long-term capital growth.

Financing Multi-Unit Developments

When developing multiple dwellings, securing the right finance is critical. Multi-unit development loans, like construction loans, provide progressive payments aligned with building milestones, but they are specifically designed for projects involving 2-4 units.

At Natloans, we:

Help you navigate lending requirements unique to multi-unit developments.

Compare loan options to secure the most competitive interest rates.

Work with you to structure the loan based on your goals, whether that's retaining the units, selling them, or a combination of both.

Step-by-Step Guide to Building Multi-Unit Developments

1. Property Assessment & Feasibility

Determine if the land is suitable for multi-unit development.

Engage a town planner or architect to ensure compliance with local zoning laws and building codes.

2. Speak to a Natloans Specialist

Discuss your goals and financial capacity with our team.

We'll connect you with the best lenders for your development needs.

3. Development Planning

Finalise building plans, secure permits, and hire a licensed builder.

Prepare a detailed cost estimate and project timeline.

4. Loan Pre-Approval

Submit your financial details and development plans for pre-approval.

5. Construction Phase

Draw funds progressively as each building milestone is completed.

Submit progress invoices for lender verification before each payment release.

6. Completion & Strategy

Once the project is complete, decide whether to sell, lease, or a mix of both.

Natloans can help you explore refinancing options or additional funding for future developments.

Why Choose Natloans for Construction Loans and Multi-Unit Developments?

Specialist Expertise: We understand the complexities of financing construction loans and multi-unit projects.

Wide Lender Network: Access competitive rates and terms from Australia's leading lenders.

Tailored Solutions: Our experts work to structure loans based on your unique investment goals.

End-to-End Support: From initial planning to project completion, we're with you every step of the way, and can liaise with your other project specialists such as architects and builders.

What Are My Repayments?

See your estimated repayments weekly/fortnightly/monthly.

Ready For The Next Step?

Let our expert mortgage brokers compare home loans across our home loan panel of over 50 banks and non-bank lenders. [Apply Now](#)

Lenders Panel

We provide flexible solutions and competitive rates by partnering with a diverse range of banks and non-bank lenders. [Our Home Lenders](#)

Frequently Asked Questions

Construction Loans

How much deposit do I need for a construction loan?

Most lenders require a deposit of 20%, but some may accept less with lenders mortgage insurance (LMI).

Can I use a construction loan for renovations?

Yes! Construction loans can fund renovations if they meet certain criteria, such as being structural or involving significant changes.

What documents do I need to apply?

You'll need building plans, a fixed-price building contract, proof of income, and any permits or approvals.

What happens if my construction project goes over budget?

You'll need to fund the extra costs yourself, so it's important to budget carefully and include a contingency fund.

Do I pay interest during construction? Yes, but you only pay interest on the funds drawn for each completed stage.

Multi-Unit Developments

How much deposit do I need for a multi-unit development loan? Typically, you'll need at least 20-30% of the total project cost, though this can vary by lender. Can I subdivide and sell the units separately? Yes, but you'll need council approval and separate titles for each unit. Do I need a fixed-price building contract?

Yes, most lenders require a fixed-price contract to mitigate risk.

However, if you have strong serviceability and equity in other property, you may be able to secure a loan sizeable enough to complete the project without a formal construction loan.

Are multi-unit development loans different from standard construction loans? Yes, they are designed for projects with multiple dwellings, which may have stricter requirements and higher loan limits. What happens if the project timeline extends? It's essential to work with a lender who offers flexible terms. Natloans can help secure such arrangements.

What our valued customers say about us

Trusted by thousands of Australians for exceptional results and personalised service.

EXCELLENT Based on 925 reviews Posted on Google Hayley Patterson 8 October 2026 Trustindex verifies that the original source of the review is Google. Lizzy was helpful and made the process streamlined and easy to follow. The turnaround from first contact to payout of financing was very quick

and Lizzy constantly kept me in the loop and was quick to respond and answer question for me. Thanks Lizzy Posted on Google Laura Ferlazzo 6 October 2026 Trustindex verifies that the original source of the review is Google. Declan was fantastic, he is knowledgeable, responsive and efficient. He made the whole process very straight forward, I would definitely recommend Natloans. Posted on Google Yoganand Ramphul 1 October 2026 Trustindex verifies that the original source of the review is Google. Amazing Broker ,Very helpful this is my fifth Loan from Natloan ,always gives you good advice and right products for your needs. Posted on Google Kimberlyn Wise 30 September 2026 Trustindex verifies that the original source of the review is Google. Lizzy Lawrence did a great job getting us a low interest loan for our car. She had great communication and any queries thrown at her were answered promptly. Thanks for helping us out! Posted on Google Erika Ruppig 29 September 2026 Trustindex verifies that the original source of the review is Google. We've used NatLoans for our loan applications for over five years, and they've always been professional, helpful and easy to work with. They take the time to listen, understand what we need and find a loan that fits our circumstances. We've had a great experience with them and would happily recommend them. Posted on Google Scott Quilliam 23 September 2026 Trustindex verifies that the original source of the review is Google. I have high praise for Michelle. Warm, professional, and great attention to detail. Super easy process and well communicated throughout. Thanks Michelle, you're a great broker!! Posted on Google Shining Bee Cleaners 11 September 2026 Trustindex verifies that the original source of the review is Google. Jonathan Dhondee is the best ! Thank you to you and Nat loans. i'm looking forward to drive my merc this weekend! Great Communication , Excellent service & rapid delivery! Jonathan Dhondee & Nat Loans highly recommend! Posted on Google Junior Crichton 11 September 2026 Trustindex verifies that the original source of the review is Google. Dealt with Jonathan and communication was very thorough and helped me every step of the way. Prompt respond and attention to detail explaining every bit for me. Very easy to deal with and will definitely reach out to Jonathan again in the future when needed also will recommend to my friends and families. We need more people like Jonathan making everything as smooth as possible for me! Thank you for your help and you deserve a pay rise my bro. Posted on Google janice kerr 11 September 2026 Trustindex verifies that the original source of the review is Google. My dealings with broker Michelle Douthie was absolutely wonderful. She was very patient and more than helpful. Would highly recommend her Posted on Google Saief Subakat Chowdhury 6 September 2026 Trustindex verifies that the original source of the review is Google. On 21st August at 10:11am I requested for a quote then just after 20 min I got a call from Michelle and she's amazing. From start to finish Michelle guided me and clarified everything and give me the best deal from Alex Bank. I also had few other quotes from other car finance companies but her deal is the best. On 25th August the dealer received the fund. Thanks Michelle for the excellent job ■ Verified by Trustindex Trustindex verified badge is the Universal Symbol of Trust. Only the greatest companies can get the verified badge who has a review score above 4.5, based on customer reviews over the past 12 months. Read more <https://www.natloans.com.au>

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