

FREE GUIDE

Commercial vs Residential Lending, Explained Plainly

If you've bought a home before, you already know half of this. Here's the other half - what actually changes when the property is a warehouse, shop, office or investment building, written for business owners, not brokers.

The one-line version

A home loan is mostly about **you** - your income and your ability to repay. A commercial loan is about you **and the property** - what it is, where it is, who occupies it and what it would be worth to a lender if things went wrong. That second half is why commercial lending feels less standardised: there's more to assess, and every lender weighs it differently.

What actually changes

	RESIDENTIAL	COMMERCIAL
Maximum LVR	Fairly consistent across lenders for a standard home	Set by each lender, and usually lower than residential. It moves with the property type, location, lease and your financials - two lenders can land in very different places on the same deal
Loan term	Commonly up to 30 years	Each lender sets its own maximum, often shorter than a home loan. Some loans are also written for a set period and then reviewed or renewed
Your age	Considered against the loan term	Also considered against the term, with the focus on a sensible exit plan - how the loan gets repaid (sale, refinance, business sale, other assets). Each lender has its own approach
What's assessed	Your income and expenses	Business cash flow and/or rental income from the property, the lease, the tenant, and your wider position
Valuation	Usually quick and inexpensive	A full commercial valuation - takes longer and typically costs more, and the lender relies heavily on it
Pricing	Published rate cards	Often priced deal by deal, with establishment and valuation fees to factor in
Documents	Payslips, statements	Financials or alternatives (BAS, accountant's declaration, bank statements), entity documents, leases and property details

Why this guide has no "maximum LVR is X%" figures. There isn't one honest number. Every lender sets its own LVR, maximum term and age/exit policy, and each of those shifts again with the property type, the lease, the location and your file. A figure printed here would be wrong for most readers. The useful question isn't "what's the rule?" - it's "which lender's rules fit my deal?"

What moves the answer most

- **Property type.** A standard warehouse, office or shop is easier to lend against than specialised property (a purpose-built venue, a childcare centre, rural or mixed use). Specialised doesn't mean impossible - it means a narrower set of lenders.
- **Location.** Metro and major regional centres generally attract more lender appetite than smaller towns.
- **The lease.** If you're buying an investment, the tenant's quality and how long the lease has left matter a lot. If you're buying to occupy it yourself, your business's cash flow does that job instead.
- **Your financials and structure.** Companies, trusts and SMSFs are all normal territory - they just need presenting properly.
- **Term and exit plan.** How long you want the loan for, and how it eventually gets repaid, shapes which lenders fit.
- **Other security.** Equity in another property can change the LVR picture entirely.

What stays the same

Lenders still want to see that the repayments are comfortable, that your credit history is in reasonable shape, and that the numbers make sense. None of that is new - there's just more context around it.

One thing worth knowing before you sign

Because commercial valuations and approvals take longer, allow a realistic finance clause in the contract and talk to a broker **before** you commit, not after. Knowing which lenders will look at your deal, and roughly on what terms, is far cheaper before the contract than during it.

Not sure what's actually standing in your way? [Take the free Commercial Loan Check at smartcommercial.com.au](#) - about 30 seconds, no obligation. Or call or text Dragan on 0403 343 177.

This guide provides general information only and does not constitute credit, tax or legal advice. Lending criteria (including LVR, loan term and age/exit requirements) differ between lenders and change over time, and depend on your individual circumstances. Current as at September 2026 - confirm exact requirements before making a decision.

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