



HOUSE HUNTERS AU
We HUNT. You CHOOSE.

COMPREHENSIVE GUIDE TO BUYING PROPERTY IN AUSTRALIA



A COMPREHENSIVE GUIDE TO BUYING PROPERTY IN AUSTRALIA

Buying a home is an exciting process, giving you the opportunity for a great new start or investment vehicle. But it can also be quite overwhelming, even for those who have bought property before and especially daunting for those that have not.

We've put together this guide to aid in all the different aspects of buying a home, to help you navigate the property market and end up with the right result at the right price.

Buying and Selling property in Australia is not difficult but it is intricate in its moving parts. In this guide, you will find tips and steps to help you navigate towards a successful purchase.

Please read carefully as there are many helpful tips that you may already know but need reminding, and there are many others that are lesser known yet invaluable on this journey.

Let's get started.



CONTENTS

1. Why are you buying?
2. Preparing Financially for the Purchase
3. Understanding the Property Market
4. Types of Properties
5. Determining What Kind of Property to Buy
6. Engaging with Professionals
7. Navigating the Buying Process
8. Understanding Ownership Structures
9. Crunching the Numbers
10. Ways to Buy
11. Making an Offer
12. The Legal Process
13. About Us

1. WHY ARE YOU BUYING?

There are numerous reasons why you might want to buy a property.

- You want to enjoy more space.
- You want to move away from or be closer to the action.
- You want a base closer to family members such as parents or grandchildren.
- You want to move somewhere that offers better career opportunities.
- You want to move to an area with better schools for your children.
- You want to buy an investment property to give yourself long-term potential for financial security.

Or, it could simply be that you don't want to look back on life with regret, never having made the move you always dreamed of.

Whatever your reason for buying, it is important to know exactly what you're looking for. What are your must-haves and what are your nice-to-haves are. For example, the number of bedrooms might be a must-have, which may mean a compromise on having a swimming pool. A good school within walking distance might take priority over the shops being five minutes closer by car.

It is important to stay realistic and prioritise your top three must-haves rather than expecting perfection. Otherwise, you might never find what you're looking for.



2. PREPARING FINANCIALLY FOR THE PURCHASE

The journey to buying a property in Australia begins with meticulous financial planning. Here's what you need to do:

Establish a Budget

Formulating a budget is an essential first step in the process. By identifying your income, expenditures, and savings, you can determine your financial capacity to afford a property.

There are many FREE Online Budgeting Planners and Calculators to choose from or speak to your broker or financial planner.

Save for a House Deposit

The next step involves setting a savings goal for your house deposit. Generally, a savings goal of 20% of the property's purchase price is considered ideal. This ensures that you have a significant portion of the property's cost upfront, reducing your loan amount and potentially saving you thousands mortgage insurance and in interest over the life of your loan.

Improve your Credit Score

Maintaining a healthy credit score is crucial as it impacts your borrowing capacity. A high score can open doors to better loan options and interest rates.



Obtain Home Loan Pre-Approval

Pre-approval from a lender provides an estimate of how much you can borrow, helping you set a realistic price range for your property search. Remember, pre-approval is not a loan guarantee, but a conditional approval based on your financial situation.

Once you have your loan approval its important to note that they expire so you'll need to get another pre-approval before making an offer, don't forget rising interest rates reduce your borrowing capacity.

Remember:

If you're considering buying a property, getting your finances in order should be your first step. Buyer's Agency, House Hunters, can recommend a great Mortgage broker if you don't already have one. They can provide expert advice and support to ensure you're financially prepared to buy a property.



3. Understanding the Property Market

Once your finances are in order, it's time to understand the property market dynamics. This involves researching different property types, their prices, and the potential return on investment.

Residential vs. Commercial Property

Both residential and commercial properties offer different benefits. While residential properties offer stability and consistent capital growth, commercial properties can offer higher return rates and longer lease terms.

Market Stability

Australia's property market is known for its stability, making it a safe bet for investors. Factors contributing to this stability include responsible lending legislation, a consistent undersupply of housing, and a majority of homeowners rather than speculators.

Location

Location plays a significant role in the value and potential return on investment of a property. Consider factors like proximity to amenities, employment opportunities, and future development plans in the area.

Pro Tip: Engage with real estate agents or buyer's agents like House Hunters to get local advice that can help you select an affordable area with great returns.



4. TYPES OF PROPERTIES

What type of property do you want to buy?

Pre-existing home

This is a home which someone else currently owns and is selling.

House and land package

You buy a plot of land and have a home built for you on that land.

Off-the-plan apartment

The development is not yet built or finished. You buy it based on the plans and marketing materials. It is especially important in off-the-plan purchases to check the contract to make sure you are actually purchasing what you believe you are.

A property on title

When you purchase a property, you purchase the title. This is the legal document which explains the type of ownership you have.

Torrens Title – You are registered on the title as the guaranteed owner of the property. This is the most common type of property title.

Strata Title – This recognises you as the owner of an individual unit within an apartment block or townhouse complex. It enables you to purchase that unit and lease or sell it in the future. You also become a member of the owners' corporation which is responsible for the funding and maintenance of common areas within the block or complex.

Common Law Title – This is a series of documents known as a "chain of title" which is then converted to a qualified Torrens Title following the purchase of the property.

Community Title – This enables common land to be subdivided so the owners of individual units within a community scheme can take shared ownership of common facilities. You receive a full Torrens Title for your own unit.

Company Title – Instead of receiving a title for your unit, you become a shareholder in a private company. You buy a certain number of shares which entitle you to exclusive possession of your unit. As there is no actual title involved, it can be harder to get a mortgage for this type of property.



5. Determining What Kind of Property to Buy

This will depend on your budget, lifestyle preferences, and investment goals. Here are the PROS AND CONS of each type of property.

New Builds

Acquiring land and embarking on a house construction project has its pros and cons.

Pros:

Customisation: You have the liberty to select the size and location of your land, design your house, and tailor the interiors to match your personal preferences.

Energy Efficiency: New builds typically boast superior energy efficiency compared to existing properties, promising long-term cost savings.

Financial Incentives: Some state governments offer financial incentives, especially for first-time homebuyers, who opt to construct a property rather than purchasing an existing one.

Staged Payments: Construction costs are typically disbursed in stages, affording you extra time to accumulate the necessary funds.

Warranty Protection: Your newly constructed house will come with a warranty, providing structural defect coverage for a specified number of years, with variations among states.

Cons:

Construction Delays: Potential construction delays can result in your house costing more than initially budgeted, and securing additional funding from your lender may not be feasible.

Council Approval: The process of gaining approval for your building design from the local council can be time-consuming and may lead to project delays.

Move-In Delay: Unlike purchasing an existing property, you'll need to wait until your house is constructed before moving in, requiring patience.

Builder Bankruptcy: There's a risk of an unfinished property if your chosen builder experiences bankruptcy during the construction process, potentially leaving you in a precarious situation.

Off-the-Plan Properties

Buying off-the-plan involves purchasing a property before it is built. This allows you to lock in today's prices, potentially benefiting from any increase in property value by the time the property is completed.

Pros:

Deferred Deposit: When buying off-the-plan, you only need to pay the deposit upfront. This allows you more time to save before settlement.

Price Lock-In: You can secure the property at today's prices, and it may appreciate in value by the time you take possession.

Reduced Stamp Duty: In certain circumstances, some states may require you to pay stamp duty only on the land's value, potentially reducing your expenses.

Customisation Options: You may have the opportunity to select fixtures and fittings that align with your personal preferences, customizing the property to suit your tastes.

Simplified Approvals: Developers typically handle the council approval process, sparing you from this administrative burden.

Cons:

Market Price Fluctuations: If property prices decline during construction, you might end up paying more than the property's current market value. Additionally, your lender may be hesitant to provide the previously agreed-upon loan amount.

Developer Bankruptcy: In the unfortunate event of the developer going bankrupt, there's a risk of losing your deposit and being left with an incomplete property. This is a biggie, choose a well-known respected developer.

Extended Construction: Construction may take longer than initially projected, potentially delaying your move-in date.

Mismatched Expectations: The final property may not align with your preferences, potentially resulting in dissatisfaction with the finished product.

Established Properties

Purchasing an EXISTING HOME has its advantages and drawbacks:

Advantages:

Quick Move-In: Typically, you can move into the property within one to three months after agreeing to buy it.

Visible Assessment: You have the advantage of inspecting the property before purchase, avoiding unexpected surprises.

Established Infrastructure: Buying a house in an established area usually means that essential amenities, transportation links, and shops are conveniently nearby.

Disadvantages:

Upfront Costs: Consider upfront expenses like obtaining building and pest reports, which may reveal property issues that need addressing if you decide to proceed with the purchase.

Excluded Fixtures: Ensure to thoroughly review the sales contract, as certain fittings and fixtures may not be part of the sale.

Interior Modifications: Depending on your preferences, you may need to make interior changes to modernize or personalize the property, incurring additional costs and effort.



When purchasing an **ESTABLISHED TOWNHOUSE, APARTMENT OR VILLA**, we have the added complexity of strata title. Therefore, it's important to weigh the following advantages and disadvantages:

Pros:

Reduced Maintenance: These properties are generally smaller in size compared to houses and have smaller land parcels, making them more manageable in terms of maintenance.

Close Neighbours: They are constructed with adjoining walls, offering the benefit of security and a sense of community with neighbours in close proximity.

Cons:

Strata Fees: Apartment, townhouse, or villa complexes often come with ongoing strata fees, which you must include in your budget. These fees cover shared expenses for the maintenance and management of common areas.

It is so important to have your Buyer's Agent scrutinise the strata report and understand and convey the consequences of impending capital works to you. Don't get bitten here without a full understanding of what you are buying.

Noise Transfer: Because you'll share at least one common wall with a neighbour, there's a potential for noise transfer, which can affect your living experience.

Strata Bylaws: Be aware that there may be rules outlined in the strata bylaws that could restrict what you're allowed to do with your property, limiting your freedom for customisation and modifications.



HOUSE AND LAND PACKAGES

House and land packages are a popular choice among first-time homebuyers. They offer the convenience of buying the land and building a house in a single deal, usually at a lower cost than buying land and building separately.

Pros:

Stamp Duty: Generally, when you purchase a house and land package, you only pay stamp duty on the land, not the house, saving you money.

Council Assistance: The developer typically assists with council approval, simplifying the process of obtaining necessary permits.

Cost Efficiency: This option is usually more cost-effective than acquiring land and constructing a house separately.

Price Lock-In: You have the opportunity to secure the property at today's prices, and its value may appreciate by the time you move in.

Cons:

Distance from Cities: In many parts of metropolitan Australia, vacant land is often located a considerable distance from major cities, potentially impacting your commute.

Design Limitations: Developers may impose restrictions on the number of housing designs you can choose from, limiting your customization options.

Lack of Infrastructure: Essential amenities like shops, schools, childcare facilities, healthcare services, and transportation links may not yet be established in the area.

Smaller Block Sizes: New housing estates often offer smaller land parcels compared to established homes.

Additional Costs: Certain expenses such as landscaping, fencing, and driveways may not be included in the purchase price, necessitating a thorough review of the contract.

Construction Activity: You might experience living in an area surrounded by ongoing construction as other houses are being built.

Key Tip:

Consider your lifestyle and financial goals when choosing the type of property to buy. Buyer's agencies like House Hunters can provide valuable insights to help you make an informed decision.



6. ENGAGE WITH PROFESSIONALS

To navigate the property market successfully, you will need a team of trusted, experienced real estate professionals around you.

Buyer's Agent

A buyer's agent searches for suitable properties on your behalf, based on the criteria you have given them. They understand the property market and the area in which you're searching, so they are better placed to secure you a good deal. They may also have access to properties which are not currently listed on the market.

Mortgage Broker

A mortgage broker will consult with you about your property goals so they can understand exactly what you need from a home loan. They will find a range of mortgage products that suit your needs and help you make the right decision. They will also help you put together your application.

Pest and Building inspector

Before you sign a contract on a property, you need to have building and pest inspections carried out. A building inspector will check the structural condition of all aspects of the property, as well as the wiring and plumbing. A pest inspector will check that there are no infestations within the property.

Conveyancer

A conveyancer is licensed to undertake property conveyancing work and offer legal advice on the subject. They are responsible for checking the terms and conditions of the contract when you find a property you want to buy.

Accountant and Financial Planners

Accountants and Financial Planners can help you manage your finances, save on taxes, and structure your financials for property investment. Cannot stress enough to see a property accountant and/or financial planner to make sure that your structure is right for your time in life

Valeria Davis | House Hunters



househunters.com.au



7. NAVIGATING THE BUYING PROCESS

Once you're financially prepared, and have a team of professionals by your side, you're ready to navigate the buying process.

You can do this yourself, or you can engage a **BUYER'S AGENT**.

A buyer's agent, such as **HOUSE HUNTERS**, can connect you with a team of trusted professionals. If you already have your team, that's great too! This is where the enjoyable (and occasionally stressful) part of the process begins. It's also why having a Buyer's Agent is a wise choice – they can free up your weekends, ensure you're making a smart investment, and reduce the risks associated with your purchase.

A reliable buyer's agent is well-versed in your chosen suburbs, neighbourhood, amenities, streets, real estate insights, local agents, and up-to-date market data, including recent sales. Their extensive experience and knowledge across various markets, particularly in competitive markets, are invaluable assets.

Here's how to do it:

Researching Properties

Start your property search by browsing online listings, attending open houses, and speaking to real estate agents. Consider factors like location, property type, price, and potential growth when researching. Ask us for A SUBURB GUIDE or if you engage us, we can provide you with COMPARABLE SALES DATA for a house, building or suburb.

Checking the Contract of Sale

Once you find a property you're interested in, request a contract of sale from the real estate agent. Have your solicitor or conveyancer review the contract before you sign it.

Arranging Property Inspections

Before finalising your purchase, arrange for building and pest inspections to ensure the property is in good condition. For strata properties, get a strata report to identify any potential issues with impending capital works planned for the building..

Finalising the Purchase

After inspections, if you're satisfied with the property, proceed to finalise the purchase. This involves signing the contract of sale, paying the deposit, and waiting for the settlement date.





8. UNDERSTANDING OWNERSHIP STRUCTURES

If you're buying a property with someone else, it's important to determine the ownership structure. The two most common structures are 'joint tenants' and 'tenants in common'.

Joint Tenants

In this structure, each buyer owns an equal share of the property. If one owner dies, their share automatically passes to the surviving owner.

Tenants in Common

In this structure, buyers can own unequal shares of the property. If one owner dies, their share becomes part of their estate and is dealt with according to their will.



9. CRUNCHING THE NUMBERS

Before you even think about looking at properties, you need to work out what you can realistically afford. There are a number of areas you need to look at, such as:

Grants

You might be eligible for some help from the government, such as the First Home Owner Grant. However, different rules and regulations apply in different states and territories, so you need to check what support is available in your area and whether you are eligible.

Deposits

Most lenders require you to have saved a deposit worth 20 per cent of the property price. They will then give you a mortgage for the remaining 80 per cent. Some lenders may offer you up to a 95 per cent mortgage, but you will need to take out mortgage insurance if you are paying less than a 20 per cent deposit.

Mortgages

Home loans, also known as mortgages, can be extremely confusing as there are so many different products available. The main types are:

- **Principal and interest** – You are paying off some of the actual cost of the property each month as well as the interest.
- **Interest-only** – For a fixed period, you are only paying off the interest on your mortgage, rather than the cost of the property itself.

It is important to talk to your mortgage broker about the right type of home loan for your circumstances.

Mortgage Insurance

This is optional, unless you have taken out a mortgage which is over 80 per cent of the property price, which is when it usually becomes mandatory.





Stamp duty

This is a tax that applies to certain property purchases. Stamp duty regulations differ between Australian states and territories, so contact your local revenue office to find out how much you should pay.

Rates

Rates are payable to your local council, usually quarterly. They cover the costs of general services such as waste disposal and amenities such as the maintenance of local facilities. Again, you need to check how much the rates are in your area.

Utilities

The cost of water supply, gas, electricity, and other utilities such as broadband internet will need to be factored into your budget.

Insurance

You will need building and contents insurance to protect your property and everything you own within it. Additionally, if you are purchasing an investment property, you should consider landlord insurance to protect you against damage caused by tenants.

10. WAYS TO BUY

There are a number of different ways a home seller can choose to sell their property. You need to be aware of the process you will need to go through for each.

Private Sale

This is the standard home-buying process of making an offer and having it accepted by the vendor. It is sometimes known as a private treaty.

This process gives you a degree of control and flexibility, as you might be able to put in a number of different offers until you and the vendor agree on a price. You may also have the option of changing your mind during a cooling-off period.

However, other interested parties could be making higher offers to the vendor, so there is no guarantee of success.

Auction

This is a public sale where you are bidding against other buyers face-to-face, so you know how much they are offering. This gives you the option of increasing your bid if you really want the property.

The downside is that there is no cooling-off period with an auction sale. You have to pay the deposit there and then, so you can't change your mind.

Silent Auction

In a silent auction, bidders submit their best offers to the selling agent in private, with the highest bid "winning" the property. You do not get to find out the amounts that your competitors are bidding.

You have to be prepared for the fact that your offer might not be the highest, so it is important not to get too emotionally attached to the property, as you won't get another chance to put in a higher offer.



11. MAKING AN OFFER

Down to business, here's how you negotiate like a professional:

Get your finances in order

Be clear in your budget and have your pre-approval ready.

Do your local research

Understand the local market demand. Look at comparative sales and listings. Go to a zillion open homes. Do not just rely on the selling agent's estimate, compare and contrast – become the expert.

Learn the vendor's motivation

It's not just about price, you can negotiate timing and sentiment. Having a positive relationship with the selling agent can help you learn about the seller's requirements.

Be prepared to compromise

Negotiation is about give and take, and price isn't the only thing on the table. Other areas for negotiation include the length of settlement, deposit, existing tenancy, and fixtures or inclusion. Everything is up for discussion.

Leave your emotions at the door

Emotions and urgency can take you over your budget, and it can have you purchase a property without first doing your all-important due diligence. So beware. Negotiating can be daunting and stressful. Best to use a buyer's agent who can keep you focused on your property brief and on the property's real value.

Remember: if you miss out, there is ALWAYS another home or investment property around the corner.





12. THE LEGAL PROCESS

Once you've decided to buy a particular property, your conveyancer will look at the terms and conditions of the contract to make sure everything is legal and fair.

They may also arrange building and pest inspections for you. If everyone is satisfied that the property is sound, you can sign and exchange contracts. At this point, the deposit becomes payable.

There is then a period of around four to eight weeks before you become the legal owner of the property. Following this, on settlement day, you will receive the title and the keys, and the property is yours.

Congratulations!



ABOUT US

Buying a property can be a complicated process, but it is also extremely rewarding when you get it right. We hope this guide has helped you to feel more prepared.

As highly experienced buyer's agents, we help homebuyers just like you to find the perfect property at the right price. With thorough market knowledge and an understanding of the area, we can help you find exactly what you're looking for.

Engage us as your agents early in the home-buying process so we can potentially save you months of fruitless house hunting, as well as the cost of making a mistake.

If you would like more information and support, please reach out. We are always happy to help you find the perfect home and begin an exciting new chapter in your life.

Important Information

This guide contains general information only. The information in this guide is no substitute for professional advice. We encourage you to seek professional advice before making any business decisions. You should consult a suitably qualified real estate professional in person. We would obviously love the opportunity to have that conversation with you, and you can reach us at:

Valeria Davis

107/24-30 Springfield Avenue, POTTS POINT NSW 2011

Phone: 0414 747 848

Email: valeria@househunters.com.au

Web: www.househunters.com.au

© 2020 Hoole Marketing Pty Ltd | www.hoole.co

This publication is protected by copyright. Subject to the conditions prescribed under the Copyright Act 1968 (Cth), no part of it may be reproduced, adapted, stored in a retrieval system, transmitted or communicated by any means; or otherwise used without prior express permission. Enquiries for permission to use or reproduce this publication or any part of it must be addressed to melanie@hoole.co.