



PROPERTYBUYER

EBOOK



TOP TEN TIPS FOR BUYING YOUR NEXT HOME

*Australia's Most Awarded
Buyers' Agents*

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CONTENTS



- 02 Decide Your Needs & Wants
- 03 Money, Money, Money
- 04 Research
- 05 Shortlist
- 06 What It's Worth
- 07 The Legal's - Check the Contract of Sale
- 07 Negotiations
- 08 Exchanging Contracts
- 09 Pest & Building Inspections
- 10 Settlement



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1. Needs, wants and future proofing
 2. Money, Money, Money
 3. Research
 4. Shortlist
 5. What's it worth?
 6. The legal's
 7. Negotiations
 8. Exchange contracts
 9. Cracks appearing?
 10. Settlement

Buying your next home is both exciting and daunting. Lots of questions may be running through your mind as you start the search....will I find my "ideal home", how many weekends will I have to look, what is the property market doing, how much should I pay, what if I have to go to auction and...can I trust what the agent is telling me?

While there are several shortcuts, searching for the "right" property does take considerable time. This guide will give you excellent tips to ensure you are well on your way to becoming a happy home owner! Searching for the ideal home may seem like hard work, but taking a few moments to consider your plan of attack will make the whole process a lot easier.

1. DECIDE YOUR NEEDS & WANTS



There are two things to work out upfront. Which suburb and what type of house or apartment?

Before jumping online to view hundreds of properties, step back and develop a one page checklist of things you really need and want. Setting your goals and deciding what you want upfront will save you lots of time during the searching process.

Think about what life stage you are at. Can you purchase your next home and “future proof” for the next 5 or 10 years? Are you planning a family, moving jobs, moving cities, starting a home business, downsizing, want more lifestyle or lower maintenance.

Deciding which suburb to live in can also be a challenge. Take a drive around the areas you like. Eat in the cafes and restaurants, go to the shops and talk to the locals. Find out what attracts people to the suburb. Do you like the inner city vibe, trendy cafes and walk to everything, or do you prefer the leafy suburbs? Perhaps you like being close to the beach, harbour or water ways or you might like being on the train line or close your children’s schools. Your budget will also help you determine which suburbs will best suit.

At propertybuyer, we call this first step creating the “property brief” – it becomes the guiding compass that our buyers’ advocates use to assess and shortlist suitable properties.

2. MONEY, MONEY, MONEY



Second step is to get your finances in order. No point going shopping for property without money in your pocket. Speak to your finance broker or bank and get a finance pre-approval confirmed. Don't just focus on getting the best interest rate, look at the features of the loan – its flexibility and the total borrowing amount.

The mortgage market is highly competitive and finance brokers can assist you in selecting the best option. It doesn't cost anything to get finance pre-approval and this will put you in a good position to act on a property if a suitable opportunity arises. Most pre-approvals are valid for at least 3 months. Knowing your borrowing capacity helps you narrow your property search to properties within your price range. propertybuyer can recommend a savvy mortgage broker if you need one.

Another tip is to make sure you have your deposit available in “clear funds” ready to put down a 10% deposit. Don't have them tied up in shares or term deposits if you intend to purchase in the short term.

3. RESEARCH



Starting your search online is the best way to begin. You can set up property alerts for new listings on the two main web portals with domain and real estate. Using your search criteria from step 1 you can begin to shortlist possible properties. But the most important task is the physical inspection – this is where you really appreciate what a home has to offer. You'll soon discover that the wide angled lens used for online photos makes small rooms look larger!

You will need to set aside time to research and inspect every weekend. By looking at between 50 to 100 properties, you will start to get a real feel for the market. I recommend you track recent auction events and private treaty results. By forming a relationship with local agents you can also be alerted to new listings before they appear on the market. As you inspect each property, jot down some notes of what you like and dislike. Keeping simple notes is very important as it's easy to forget what you looked at 4 weeks earlier.

For properties you like, arrange an inspection at different times of the day. Listen for traffic noise, check out if the neighbours' are noisy, look for overhead wires, note down what you observe.

4. SHORTLIST



Once you've looked at a reasonable number of properties you might need to refine your preferences. Are you being realistic? Perhaps a 3 bedroom apartment is not going to magically appear for under \$500k and you instead need to settle for a 2 bedroom. Or maybe a compromise is required for a car space instead of a lock up garage. You might want to also consider widening your suburb search.

Now it's time to get decisive and dismiss those properties that don't stack up. Review your notes and come up with a list of just 3 or fewer properties that could work for you. Consider the following features and evaluate:

- Asking price
- Proximity to shops, schools, transport links
- Age and condition
- Street appeal
- Aspect and light
- Floor plan – does it have a good layout
- Construction type (brick, clad etc)
- Renovation potential
- Kitchen and bathroom style
- Room sizes
- Living spaces
- Block size
- Maintenance
- Potential capital growth from this suburb.

This step will help you refine your needs and wants and come up with a true shortlist.

5. WHAT IT'S WORTH



Now it's time to appraise the value of your preferred home. Look at the results of recent sales and auction in the suburb. Make sure you compare like properties. Ask local agents for recent sale results. There is a time lag from when properties are sold and when they appear on the public register.

A bank valuer will consider these items when calculating a property value:

- Land size, building size (or internal apartment size)
- Beds/ bath/ garage
- Age of the property/ Condition
- Views, proximity to amenities
- Functionality
- Ability to add value
- Land value
- State of the local market
- Whether the property is inferior, superior or similar

The property market is constantly changing and supply and demand determine what people are ultimately willing to pay. There are also larger factors at play including consumer sentiment, seasonal factors, interest rate movements and economic growth.

6. THE LEGAL'S – CHECK THE CONTRACT OF SALE



You should select a solicitor early in the search process and notify them of your intention to purchase a new home. Your solicitor is an invaluable ally in the process as they will review the contract of sale and check for any adverse contract conditions or problems relating to the title of the property. Your solicitor may also negotiate with the vendor's solicitor to agree on terms such as the settlement period, default rates of interest, deposit amount, inclusions or other items.

Tip: Make sure your solicitor is available to review a contract at short notice in case you have to exchange contracts in a hurry.

7. NEGOTIATIONS

Negotiating to buy your own home can be a time of high emotions. You've found your dream home after months of searching, but the agent has said there are two other buyers "very interested" and they are also making offers. What should you do? Is it real or a ploy to bid you up?

Negotiation is an art – it's where deals are won and lost. Understanding the vendors' motivation for selling is a useful starting point. Even more important is knowing the true value of the property in the current market. You need to have a clear strategy for securing a desirable property ahead of other buyers. First impressions with an agent do count.



You can attempt to work out the value yourself or you could engage a Buyers' Advocate to both Appraise and Negotiate the property for you. Getting independent advice and removing the emotion has proven very successful for propertybuyer clients.

8. EXCHANGING CONTRACTS

Once your solicitor has reviewed the contract, you can sign the contract and pay a small deposit of 0.25% of the purchase price with a 5 day cooling off period. The seller also signs a copy of the contract and the solicitors then “exchange” contracts to verify the sale. The remainder of the 10% deposit is due on the 5th day after signing.

If it is an auction property, you will have to pay 10% deposit on the day of the auction if successful (and there is no cooling off period).



9. PEST & BUILDING INSPECTIONS



Pest and building inspections are usually completed during the 5 day cooling off period and highlight all the problems with the property. This may discourage you from going ahead. Most houses will have some problems and it is important to identify if they are simply cosmetic issues or whether they require major works at great expense. While it's important to watch out for the cracks, don't get too worried by minor faults. Every house would have some minor settlement cracking and a few "drummy" tiles. The key items to look out for are evidence of active termite damage and evidence of serious structural movement which could cause problems later.

Engage a professional building and pest inspector to assess your chosen property. It may cost between \$500 and \$700 to get a quality inspection report. This report can be done either during the cooling off period or prior to exchange.



10. SETTLEMENT



The final settlement normally takes place at 6 weeks after exchange. Your solicitor will attend settlement and arrange payment to allow transfer of title into your name.

You need to make sure you have any funds or equity available for the final settlement.

The bank will provide cheques (up to the agreed limit) for the balance owing (less the deposit paid). Various adjustments need to be made for stamp duty, solicitor's fees, council and water rates, mortgage duty etc.

You should also arrange a “pre-settlement” inspection, to ensure that the vendor has left the agreed inclusions in the property.

Don't forget to download our Moving Checklist to help you remember all those important loose ends!



If you would like us to help and assist you in buying a home or investment property, then please call us today on 1300 655 615 or tell us your enquiry / wishlist today. We'd be delighted to be on your team.



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