



**know when to buy &  
which property is best**



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# how do I decide when to buy and **determine which property is best**

This is a difficult question which all buyers ask. So, in asking it, you are in very good company right from the start.

The answer is both easy and difficult and has many variances depending on your personal needs, finances, likes and dislikes.

Urgency may be an issue, time might be pressing, or, if you are simply wanting to upgrade, you may have months or even years to wait and watch. Your answer to timing will largely be determined by your circumstances.

Most people buy a residential property because they need a place to live and have already weighed the advantages of owning versus renting, with ownership ending up clearly the preferred option.

If you are like most Australians you will see that home ownership is a highly favoured method of building personal/family wealth over time. History has long shown that home-buying is a sound investment, particularly when viewed over many years.

Timing; the best time to buy is when your needs inspire action; when you need a home. This is because that whilst property cycles do fluctuate, the fluctuations tend to even out over time. All too often, whilst one waits for times to change, mortgage rates are altered and prices rise.

This is why we say that worrying about timing your purchase is generally not worth the trouble. Buying when prices are at rock bottom and getting out when the peak is extraordinarily difficult to do. Many people who start waiting for prices to fall are still waiting, whilst others are on the move.

Which property would suit your needs; this is largely dependent on your budget and the size of your family. Everyone wants the castle by the sea, but most of us will settle for a home or unit we can afford, in a suburb that suits and that is acceptable to our tastes.

By asking yourself a few practical and highly pertinent questions, you can start off on the right foot.

Some of the questions that a first time home buyer may ask:

- Where do I want to live?
- Can I afford to live there?
- How much do I want to spend?
- Are there homes/units for sale in the area that are within my price range?

The next step is to get one's financial house in order. Evaluate your spending & saving habits and check with your bank/mortgage broker to gain a general idea of your borrowing capacity and current mortgage costs. At the end of the day you should have a good feel for how much money you can borrow to purchase the property you want.

Gathering data can come next. Review real estate magazines, websites and read newspaper advertisements and establish contact with a real estate agent in the area where you would like to buy.

Knowledge is power. This is why establishing a link with a quality agent can help you gain awareness of what types of properties are available and their current selling prices.

Visit a number of real estate offices and select an agency with a sound reputation and an ability to listen as you explain your needs, your hopes and your budget.

The agent can then go to work on your behalf to find the right property at the right price. Having the agent do this work can save you time, trouble and money.

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# realistic steps toward fine tuning your purchase

Buying real estate can be a fun and exciting experience. But it takes proper planning and careful attention to make it so, and we are the key.

We've already told you about the need to get your financial house in order, so you will know by now what would be a minimum and maximum monthly loan repayment you feel you can afford.

At this stage you will need to arrange finance, so you might like to speak to a professional independent Mortgage Broker with access to a range of banking products. Brokers can source loans from most leading banks and up to 25 or more other lending institutions. Loans can be compared against one another allowing you to select the plan that best suits your needs and budget. Starr Partners can introduce you to a number of such brokers if you require assistance.

It is possible for a broker to come to your home, show you a range of possibilities and assist you in achieving a result within a much shorter time than normal, often hours rather than days. In most instances the loan costs are the same and in some instances may be cheaper. The choice, of course, is yours.

With finance now available the hunt for a suitable property can begin in earnest. But which type best suits your needs? Here again knowledge is king and we provide a brief outline of the various types to help you choose whether you want a unit, villa, townhouse, duplex, existing home, vacant land or a new house-land package. Each type offers benefits and disadvantages.

**Units** - these are multiple occupancy buildings, generally 2 to 3 storey developments depending on local council restrictions and can range from 2 to 20 stories high.

**Villas** - can be single storey dwellings but may be mixed with 2 storey townhouses, which share a common driveway.

**Townhouses** - usually two storey dwellings sometimes situated within a complex that contains villas. They too share a common driveway.

**Duplexes** - these are two linked dwellings situated on a single block.

**Strata Titled Properties** - are multiple occupancy buildings operating under the Strata Titles act and usually managed by a Strata Manager in consultation with an Executive Committee made up of owners of the development. Under Strata Title individual owners share the overall cost of upkeep and maintenance of common areas of the building.



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# types of strata titled properties

Owners are required to pay a scheduled maintenance and management fee called a strata levy (usually paid quarterly), to cover ongoing administration and maintenance costs of the building.

Owners normally have one General Meeting per year to reassess fees, elect a new committee and determine what major expenses, if any, are forecasted. Depending on age, this financial forecast may be required to extend up to 10 years ahead.

The committee may meet several times a year to discuss ongoing works required in and around the complex.

All external maintenance is paid from the quarterly levies and may include such items as:

- Lawn mowing and gardening of common garden areas
- External structural repairs
- External painting
- External plumbing (excepting damage caused by a single owner)
- Maintenance of common areas, including stairwells

Owners are required to maintain and insure their own interior spaces and contents, pay land and water rates.

There are often restrictions in place regarding renovations to individual areas. Prior approval by the Committee may be required before undertaking certain activities such as the installation of air conditioners.

By-laws (rules under which the buildings occupants will abide) are set by the building's Executive Committee. They may cover a variety of issues and can range from noise limitation and parking, to the keeping of pets. Buyers are advised to inspect current by-laws with care prior to any property purchase.



Strata Titled units, because of the cost sharing of common areas, such as gardens and swimming pools often afford a higher level of amenity than could be provided if costs were not shared, therefore, offering a cost effective option to first home buyers.

Villas and Townhouses, depending on their location and position, are generally more expensive than units. Retirees who no longer wish to support the maintenance requirements of a free standing home often find the purchase of a villa a preferable option.

Duplexes are becoming extremely popular with young couples as they give the appearance of a home, are relatively low maintenance, offer more privacy and generally don't experience the problems often associated with larger complexes. They are seldom managed by a Strata Manager and in most instances are managed by the owners.

### **Purchasing strata titled properties**

The purchase of a unit, villa or townhouse is a favorable choice for the first home buyer. This may result in a slightly smaller mortgage due to the elimination of some periodic fees, leaving more disposable income to put toward the mortgage. But normal maintenance costs still need to be factored in as part of any property purchase.

A major disadvantage of owning a strata property is limited space for children, an issue that could affect the buying decision of growing families.

Strata Title properties are a favourite choice of purchase for investors too as they can offer good returns and a sharing of maintenance costs.

As a general rule, Strata Title properties do not appreciate in value as quickly as house and land packages.

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# existing house, vacant land and house & land packages

These categories are the most popular and most highly sought after types of property. They range widely in price and can extend upwards from bare lots, the humble 'fixer upper' and ready to occupy residences of palatial design.

The obvious benefit of purchasing any of these styles is the potential for greater capital gain. Owners also enjoy the flexibility to undertake alterations or renovations, initiate landscaping or otherwise change their immediate environment to suit growth of a family or the need for safe play space for children, or simply to accommodate one's taste.

A drawback is that ownership of a freestanding home does entail maintenance, with costs appropriately more for larger residences. The maintenance issue, along with associated expenses, should be a consideration for any potential purchaser.

If maintenance costs are a major consideration, one might consider purchasing a low maintenance brick home in a less expensive location than to buy high maintenance home in a more expensive location.

It is a good idea to prepare a checklist that you can tick as you're viewing a home. It could include such things as:

- Price
- Address land size
- Qty. of bedrooms (adequate?)
- Number of living areas
- Number of bathrooms
- General condition (internal/external)
- General condition of paint/wallpaper
- Condition of floor coverings
- Storage space (internal/external)
- Landscaping
- Condition of fences
- Condition of paths
- Condition of paving
- Condition of driveway
- Sufficient space to extend?
- Distance from schools, shops, transport, parks etc.
- Inclusions that come with the home.



# buying an existing home

Buying an existing home is the choice for the large majority of people. One of the most favoured advantages to buying an existing home is that it exists in an already established neighbourhood, with trees and community already in place.

There is no waiting for building to take place, no site plans to review, and the buyer has no need to second-guess the quality of their purchase as it is already before their eyes. There are however many other aspects involved in the selection process. Some major considerations would include:

- The various types of dwellings available
- Their comparable affordability
- Suitability of location relative to work
- Availability of schooling, child care etc
- Nearness to public transport

Infrastructure and local amenities, such as parks, entertainment venues, sporting facilities, shopping centres, churches and social clubs can all come into the picture.

Owning one's own home has long been a leading element of the great Australian dream. Whilst this would hold true for most people in almost any land, the affinity for Australian's to own a small piece of their country is primary to our culture and extraordinarily strong.



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# vacant land

Vacant land purchases fall into a number of categories:

## **As an investment**

It was Mark Twain who said, "Buy land. They're not making it any more". For this very reason this type of property is usually purchased with the intent of keeping it; for years perhaps, with a view to the future, certainly, and the primary driving force is capital gain.

An eye toward the future will often look for land that may not yet be under development, but could or would be over time. To some, there is a strong element of speculation, for others this means doing homework.

Canny buyers of vacant land often study growth forecasts or closely follow how regions are expanding.

## **Buying with the view to build**

Purchasing vacant land with the view to build in the future certainly has its merits. Young couples starting life together may find their dream spot and invest in it knowing that sometime in the future it will be the resting place of their family home.

There are some pitfalls with this concept in that whilst they are paying off the land they are often still paying rent. This can make savings difficult. But some may continue to live with parents whilst they save, so they can accumulate funds more quickly.

There are a thousand variations to the story.

An alternative concept would be to consider buying an existing house and land package in an affordable area, using all disposable income to pay off the mortgage and then later upgrade to a more preferable area or home.



# building your dream home

A large proportion of those who decide to build their own home are people who have already owned a home and may be on their second, or even their third. If you have found the perfect design for your dream home and now need to find a block of land suitable to build upon, there are ways that can save you considerable time and trouble.

The quickest way to shop around for a suitable vacant home site is to email your home specifications to agents in the area where you wish to build. This can put professionals who know the district at work on your behalf. In essence, they will do your 'homework'.

## **House & land packages**

The house & land package is not only popular with first home buyers but also with home owners upgrading and who like the idea of a brand new home. They want the enjoyment of the new without concern for extensive maintenance or renovation.

The packages are often an attractive option with first home buyers because they are usually of brick veneer, of modern design and of course brand new.

A drawback may be that some are very large; others may appear rather small, so size can be important.

Another is their location, usually amidst a new subdivision where some elements of planned infrastructure are not yet in place. Unlike an established area, trees may be missing or newly planted and local shopping centres, street lights and other amenities have yet to be fully established. This takes time. Statistics have shown that the turnover of properties in new subdivisions is quite high, particularly during the first 3 to 7 years.

## **Conclusion**

After considering all of the above options and having picked one or two housing areas that appear attractive and meet your needs, the next phase is to select an agent.



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