



MAY - JULY 2007

Moving house – to sell first or to buy first

The 'buy first' or 'sell first' decision can be a real dilemma for homeowners.

Unlike first-time buyers who are focused on scraping together enough for a deposit, existing homeowners have to consider:

- the process of selling their existing house;
- making ongoing mortgage repayments; and
- the deposit for the new house.



If you sell first, the benefits include:

- you know how much you can spend on your next home;
- you're unlikely to take the first offer that comes along as you have time on your side. You're in a better position to negotiate a higher sale price or wait for a better offer;
- you have a ready made deposit; and
- you can avoid having two mortgages at once.



But you will need to consider where you will live once you sell and before you buy again. There is a lot of competition for rental properties right now so you need to factor in the time it will take to find alternative accommodation, especially if you have pets, and the cost.

If you buy first, the benefits are:

- you won't miss out on properties as might happen if you're waiting to sell your property; and
- you only need to move once. You can set the date for the sale of your property after you move out.

This means you will need to consider whether you can afford mortgage repayments on two properties until your place sells. If push comes to shove, you can always rent one out (for say six months) which will ease cash flow until your place sells and settles.

And by the way, if you're going to buy first and sell second you don't need to have a 10% cash deposit as many people think. There's a thing called a deposit bond which is a way around this. We can arrange this for you.

If you're going to buy first you can also ask the agent of the home you're buying whether the vendors would consider a delayed settlement (say six months). This can allow you to exchange contracts on the new place and still give you ample time to sell.

Everyone's circumstances are different and that's why we're here. We take great pride in not just helping you to get your loan approved but in helping you to decide the most suitable way to go about things.

Buying: don't get too emotional

If you've done your research and been to plenty of home inspections, odds on you'll know in minutes whether the property you've found is "the one".

But it's times like these that you must ensure your head, not your heart, rules the day.

It can be tempting to rush into the purchase of a property that you've fallen in love with. Things like your budget and checklist can go out the window.

Some simple tips are:

- ✓ Inspect the property more than once. You'll be amazed all the things you miss during the first inspection and what you'll pick up during the second and third inspections. Be sure to visit at different times of the day and night to get a better idea of traffic and other neighbourhood noises;
- ✓ You won't get everything on your checklist but you should ensure you get the majority of 'must haves'. List these items in order of importance whether it's the number of bedrooms, a lock up garage or proximity to parks or transport. Don't underestimate the true cost of renovations if your dream house needs a new kitchen or bathroom. It might be double what you think;
- ✓ Don't forgo building and pest inspections to rush into a sale. These inspections are vital for uncovering damp, shifting foundations, faults with wiring and plumbing etc;
- ✓ Stick to your budget. Do your research and find out what houses in the area sold for so you are looking in suburbs where you can afford to buy. Remember if you miss out there will be other houses you'll fall in love with; and
- ✓ Keep searching in the meantime. You don't want to put all your eggs in one basket. There is always the chance that you'll be outbid or miss out.

When selling – first impressions count

As a seller, it's in your best interest to do what you can to ensure you get the best possible price for your home.

Prospective buyers will either be interested or dismiss your property as an option within seconds.

Preparing a property for sale does require work and attention to detail. You may need to plan ahead and commit several weekends to undertake the work required on the inside and the outside of your home.

The result will be worthwhile and the extra money you get for your efforts may just pay for a nice getaway once you've sold.



Some tips on how to present your property include:

- Make it stand out from the other properties on the market by highlighting the best features;
- Keep it spotless including dusting and vacuuming before each inspection, wipe down walls and windows, wash curtains or blinds, get rid of pet hair;
- Store excess furniture and belongings to make it look as spacious as possible;
- Ensure all available natural light is maximised and windows are open
- Make it welcoming with background music, flower arrangements, pleasant smells etc;
- Make it easy to inspect every room and allow plenty of time for inspecting;
- Ensure your gardens and landscaping are neat and tidy by mowing lawns, pruning and weeding;
- Bring some of the outdoors indoors with strategically placed plants or flower arrangements;
- Undertake minor repairs such as cracks in tiles and plaster, replace blown light bulbs and light fittings;
- Ensure there is no washing – clothes or dishes – in sight;
- Put fresh towels in bathrooms and linen on beds;
- Ensure sticky windows or squeaky doors are repaired; and
- Get rid of spider webs and dead bugs.

Other tips include:

- Leave the house during an inspection;
- Put personal items out of sight including photos, bills, valuables, medication; and
- Have floor plans available.



BUYER CONFIDENCE ON THE RISE

The most recent Australian Bureau of Statistics report on home loans showed a significant increase in the total value of loans arranged.

While the number of first home buyers remained stable, buyer confidence among those purchasing investment properties was on the rise.

Loans taken out by property investors were up by 8.9% on a seasonally adjusted basis – one of the strongest increases for some time.

The end appears to be in sight to a recent reticence toward investment property.



Personal debt tips the scales

Personal bankruptcies in NSW have reached record levels and are predicted to continue climbing.

While some blame higher interest rates, a Mortgage and Finance Association of Australia (MFAA) commissioned survey found the predominant cause of individual bankruptcies was personal unsecured debt often associated with out of control credit and store card use.

The MFAA says where people go wrong is taking on additional personal debt on top of mortgage repayments which, for many, are already taking up a sizeable part of income, and not making any budget cuts or lifestyle sacrifices.

The 'buy now, pay it off later' mentality, coupled with the 'have it all' attitude that is becoming more prevalent in society is seen to be at the root of many financial problems. However, it is usually an unexpected life crisis that reduces income and tips people into default and bankruptcy, MFAA says.

We recommend that you guard against the spiral into debt by consolidating your debts, making regular payments on loans and changing your lifestyle or spending habits to ensure you are living within your means.

Should you be having difficulty, let us assess your current situation and help find a solution to your debt issues.