

Are you buying your first home?



Have you considered all of the options? Maybe there are some things to consider that you have not done so previously. It is always best to buy well within your means.

Standalone Home –v- apartment

The First home Grants vary from State to State but usually it needs to be house and land package in order to obtain a first home owners Grant.

Thus what you will need to find is something that is in an area that you can afford within the grant.

In many cases this means moving further out. Make sure you are not buying the dream home for your first home. Do you really need all those bells and whistles in the construction package or can you make do and upgrade or renovate later or if there is even some growth you can sell and upgrade. Do you really need that McMansion that you have your heart set on?

One of the advantages with the First Home buyer is the stamp duty advantages to a certain limit.

Borrowing the money to purchase:

The most that you can borrow is 95% including Lenders Mortgage Insurance

If your parents own their home ask them if they could assist with a Parental Guarantee. This is where they can secure the 20% against their home.

Can you buy your first home by buying an off the plan apartment.

Yes but the first home owners grant is unlikely to apply to off the plan purchases as you are not entering into a construction facility with the Developer. You will need to check the updated regulations in this regard.

Buying off-the-plan means entering into a contract to purchase a property prior to, or in some cases during, the construction phase of the development.

Whilst some people might find the idea of purchasing a property sight unseen a little scary, here are four benefits of purchasing a property off-the-plan.

1. Stamp Duty Savings

Stamp duty is a government tax applied to the purchase of a property. The costs vary per state and can be substantial; however concessions apply for off-the-plan purchases. Stamp duty in off the plan is usually calculated in accordance with the land value and the level of construction that has been undertaken at the time of purchase in calculating the dutiable value.

2. Potential Capital Gains

When you purchase off-the-plan you lock in today's price. Once construction on the development has been completed, which could take up to 18 months, the value of your property may have increased. You won't have to pay any more, but you may end up with additional equity to put towards your next property purchase. It is however unlikely that when you come to settle that the Valuer will attach a valuation higher than purchase price being the contract price. However some astute purchases have managed to on sell at a profit. It depends on where you buy.

3. More Time to Save

Whilst a 10% deposit is typically required upfront, savvy buyers can use the time it takes to construct the property and reach settlement to save an additional deposit. A greater deposit means you can borrow less and reduce your long term debt.

4. Greater Choice

Buying off-the-plan offers a greater choice of location. Whether it's an apartment on the top floor with water views or a house and land package on a corner block, the earlier you get in the more options you have available to choose from.

View your first home purchase as you first step in the climb to where you want to be. You do not have to get there straight away.

Monitor your lifestyle. Do you really need all of those "things". Minimisation has its advantages in all things in life. The old saying less is more may be a lot truer than we think, especially when you are buying a home.