

Buying CBD Property?? What you need to know!

... Part 1

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Buying a CBD apartment is so much more than inspecting and signing on the dotted line! There are a range of important issues potential CBD buyers need to consider - whether you're an owner occupier or investor.

In Part 1 of this series we examine issues that can frequently arise until the contract is signed. Part 2 will look at what happens after signing and costs involved in buying your CBD apartment.

- **Research & inspections** - Internet is the main research tool for CBD buyers. www.realestate.com.au and www.domain.com.au are the main players, with recently-launched www.reiq.com.au more Queensland focused.
 - ✓ Take the time to **view a large range of similar units** (same building; same CBD area) on the Internet then start inspecting - we'd recommend 10-20 inspections - BUT be aware that a good property will go fairly quickly so don't miss out if the apartment ticks all your boxes and you've done your research!
 - ✓ Ask real estate agents with **extensive CBD experience** - remember, the CBD marketplace has very different dynamics to suburban markets!
 - ✓ Obtain information (Building Property Managers or Real Estate Agent) regarding **rental history, vacancy rates, potential returns and capital growth history**.
 - ✓ Check Brisbane City Council **Development Approvals** (DAs) for buildings being built nearby or in direct line of view from the unit/balcony as this could affect the property's future capital gains.
 - ✓ **Lease (Tenancy Agreement) / Management** - How long is the lease? Is it fixed or periodic (seller gives 4 weeks' notice)? Investors: Carefully examine the tenancy (RTA Form 18a) & management (PAMD Form 20a) agreements; How much are the management fees? What other conditions are stated in the agreements – e.g. is furniture to be renewed periodically (every xx years) and what are the costs?
- **Finance in place** - You should aim for **20% deposit** (or other equity such as assets, loans from family etc.), and have pre-approval from **2 lenders**. Lending institutions use different valuation companies so valuations may differ. Your house bank may be excellent for your every-day banking, however they may not necessarily be the best choice for your property mortgage. Shop around and don't forget that mortgage brokers offer a range of different options and lending institutions.
- **Solicitor/Conveyancer** - Make sure you have a solicitor or conveyancer ready for when you sign a contract. Starting your search for a legal representative after the contract is signed may lead to delays and potentially threaten an early settlement date.
- **I want to buy it!**
 - ✓ **Make an offer** - By law, all offers must be presented to the seller until a contract is signed. Even if the seller has accepted your offer, unless you have a fully signed contract you have no certainty that you have bought the property as a higher offer could be made and accepted by the seller.
 - ✓ **Negotiate the price, settlement date & conditions** - using the Real Estate agent as an intermediary to the seller. Remember, the Real Estate agent works for the seller! Typical conditions for CBD properties may be: **settlement date** (shorter or longer than the usual '30 day from Contract') period; and **furniture** (how much it is worth). Be aware that valuers can deduct \$15-20K from the property's value for the furniture.
 - ✓ **REIQ Contract** - is recommended for all Queensland Real Estate. Developed by the Real Estate Institute of Queensland (REIQ) it presents a fair contract, protecting both buyers and sellers. In Queensland the Real Estate agent prepares the contract, not the conveyancer / lawyer, as in some other states.

Property of the Month **March**



Hannah Schuhmann
Principal

River Place 82 Boundary St, CBD

~ Direct Riverfront location ~

\$739,000

Luxury 2bed 2bath residence including massive 30 sqm balcony, capturing all River, Kangaroo Point and City views! Carspace & storage; Exceptional living ambience; Exclusive resort-style residents' facilities

.. and many more @ www.hsbrisbaneproperty.com.au

Buying CBD Property: from starting off to signing the contract



Research

- > Internet websites for similar buildings/units
- > DAs in surrounding area
- > Capital growth / Rental history / Potential returns / Vacancy Rates
- > Lease / Management information

Inspection

- > 10-20 properties in different buildings

Finance?

- > 20% deposit or other equity (assets, family loans...)
- > Compare lenders, rates, fees & payment options
- > Organise pre-approval from 2 lenders

Solicitor / Conveyancer?

- > Organise a solicitor / conveyancer before you sign the contract

I want to buy the apartment!

- > Make an offer
- > Negotiate the price, settlement date & conditions
- > Use an REIQ contract