

Unit vs House

There are a number of financially astute reasons for buying a house. There are a similar number of financially wise reasons for buying a unit. But for most homebuyers, the bottom line is not just profit or loss.

Whether you buy a unit, or your own block, you are buying into a lifestyle and it pays to consider what makes life more liveable for you. If you are a hard-headed investor the decision is simpler, but there are still factors to consider.

Pros of a unit

- ✓ Easier to maintain
- ✓ Tight security (with ground floor being the exception)
- ✓ Facilities such as gym and pool
- ✓ Proximity to city amenities
- ✓ Attractive rental option
- ✓ Better views for your money: \$850,000 will buy you everlasting views of the harbour

But there is, of course, a flipside. The security and facilities cost money: levies can run into thousands of dollars a year. These levies will be especially unwelcome if you are unlikely to dip a toe in the complex's pool or set foot in its gym. There are many who would also happily eschew the benefits of a unit for the Australian dream of a house on a block with space for the kids and the backyard barbie.

Pros of a house

- ✓ Usually greater scope for adding value through renovations
- ✓ Capital gains are more likely through land appreciation
- ✓ Generally have more space with a garden
- ✓ Good fences make good neighbours
- ✓ More autonomy with regard to things like pets or colour of your front door

Again, the benefits of a house are lost on someone who enjoys city living and considers garden maintenance a chore. While unit dwellers are cruising the cappuccino strips, their householder equivalents may be clearing gutters, mowing lawns and repairing fences to name but a few of their routine chores.

In addition, in this market renovators are more likely to overcapitalise than add value to their property. Looking at the question purely from an investment point of view, received wisdom is that units suit landlords for the easy maintenance and attractiveness to tenants. However for a long-term capital gain a house may be a better bet.

If you find yourself torn between the two it may be worth considering a townhouse as offering the best of both worlds.

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