

# *Buying off-the-plan: Don't Be Caught Short*

## **Before you buy an apartment or house off-the-plan, check the fine print in the contract**

Buying off the plan means entering into a contract to buy a property before it's been built – in other words, when the development is still in the planning stage. But before you decide to invest in your own piece of high-rise heaven or suburban bliss, it's wise to know what you're getting into.

The most common off-the-plan purchases are units or townhouses, although suburban housing in planned estates is also growing in popularity. When purchasing off-the-plan the buyer secures the purchase with a deposit (usually around 10% of the purchase price) paying the remainder once the property has been constructed.

### **The upsides**

If you've picked the right location and property, its value may go up significantly between the time you pay your deposit and take possession of the property. You may also save considerably on stamp duty and have more time to save for your mortgage repayments (between paying your deposit and completion). Then there's the benefit of moving into a brand new, state-of-the-art property.

### **Do I know what I've got?**

A downside to purchasing property off-the-plan is that having paid your deposit, subject to the terms of the contract, you may be legally bound to purchase the property without having first seen it. Many purchasers may think they know what they're getting, but can be disappointed when the finished property doesn't match their expectations. There's also a risk that the property declines in value, especially where there's an over-supply of apartments or houses in a particular area.

### **Buyer beware**

There are a number of simple ways to protect yourself when buying off-the-plan. Before signing a contract:

- ✓ **Get independent legal advice.** Have a solicitor check the contract terms and conditions so you know what you're buying. Among other things, the contract should include a copy of the Strata Plan and specifications as
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well as an obligation on the builder to construct the property within a specified time frame.

- ✓ **Read the fine print.** Make sure you are clear about what happens if the property isn't completed on time and how you can get your deposit back if something goes wrong.
- ✓ **Ask questions.** For example, are you buying in a good area? Is the developer known? How long will you have to wait to move in/rent it out? Can the builder change the plans? Also check that the relevant development and building approvals have been obtained.

Before purchasing off-the-plan it's a good idea to consult the Office of Fair Trading in your state for guidelines: [www.fairtrading.nsw.gov.au](http://www.fairtrading.nsw.gov.au)

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