



Buying a Property in Australia

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Housing Market in Australia - Update May 2010

Trends indicate that Australia has ridden out the worst of its house price decline. Property prices in Australia fell overall by 4.75 per cent in the last year but now look to have flattened out in all the major cities and even risen in Perth and Brisbane earlier this year.

The real Estate Institute of Victoria analysis of the markets suggests the property market in Melbourne will be very buoyant between now and the end of 2010. With a minimum of 1,500 people immigrating to Melbourne per week, demand is outstripping supply of rental and owner occupied properties.

In terms of house prices Sydney remains Australia's most expensive city, with median house price of AU\$529,000. Median house prices in Melbourne, Perth and Canberra are at AU\$435,000. Hobart has the lowest median house price at AU\$320,900. Brisbane is the cheapest city of the nine state capitals, bar Hobart, Tasmania. The average property price in Brisbane is AUS\$399,000.



Rules apply on who is allowed to purchase property, although any Australian Citizen or Permanent Resident of Australia can buy a house in Australia without any restrictions.

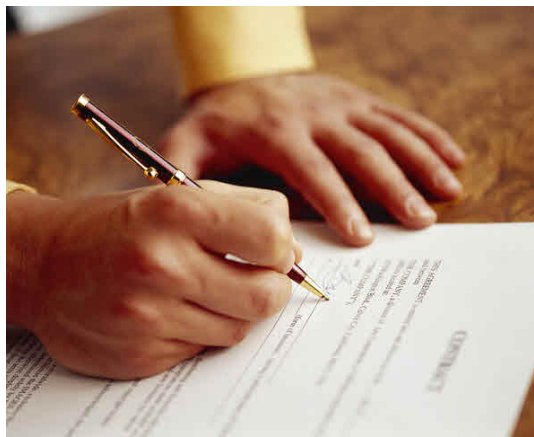
Foreign Investors

Anyone who does not have Australian citizenship or a permanent residency visa is considered a foreign investor – this includes those on long stay temporary resident visas. Those classed as foreign investors generally can only buy property off-plan or vacant residential land on the condition that construction of a residential dwelling starts within 12 months. The Australian Governments Foreign Investment Review Board (FIRB) regulates the sale of Australian property to people from Overseas.

Procedure

Purchase procedures vary from state to state. In Queensland you will sign your offer and if accepted by the seller this becomes a purchase contract immediately, this is not the case in NSW for example. It is advisable therefore to make your offer subject to certain conditions such as 'Subject to obtaining suitable finance' or 'Subject to a building report'.

Generally in Australia, once negotiations are complete, the real estate agent writes the contract (with any conditions) and form 1 documents (council searches). These, once signed by the purchaser, become legally binding after a small cooling off period (normally two business days, some states are different).



Once cooling off is complete and the contract is binding it is then handed to a conveyancer or solicitor to instigate settlement. After this point the purchaser cannot withdraw from the purchase.

You may choose to appoint your own solicitor. See the Law Society web site in the area of purchase to find solicitor details.

Mortgages

Maximum loans of 80 per cent loan to Value (LTV) are available on repayment and interest only terms, for up to 30 years.

Non-permanent residents or non-citizens of Australia can obtain a mortgage once approved by the FIRB.

Fees

You should budget anywhere up to 10% of the purchase price for your fees.

Based on a AU\$200,000 property you should expect to pay the following:

Stamp duty AU\$2,500 – AU\$13,500 (varies by state)

Registration fees AU\$ 200 – AU\$1,200

Conveyance fees AU\$1,000 – AU\$4,000

Agent's fees n/a – seller pays

TOTAL AU\$3,700 – AU\$18,700

Resources

Property Market Information

Global Property Guide

Gives an overview of the property market in Australia including prices and taxes.

Website: www.globalpropertyguide.com

Online Property search

Domain

Houses and apartments for sale right across Australia.

Website: www.domain.com

Real Estate

Similar to Domain. Has details of thousands of houses and apartments for sale across Australia.

Website: www.realestate.com

Find a solicitor

Each State has its own law society website:

NSW - www.lawsociety.com.au

WA - www.lawsocietywa.asn.au

SA - www.lawsocietysa.asn.au

QLD - www.qls.com.au

ACT - www.actlawsociety.asn.au

VIC - www.liv.asn.au

NT - www.lawsocnt.asn.au

Other useful Links

Foreign Investment review board

The FIRB examines proposals by foreign interests to undertake direct investment in Australia including applications from temporary residents wishing to purchase property.

Website: www.firb.gov.au

Real Estate Institute of Western Australia - www.reiwa.com.au