

The Ultimate Guide to Buying Property in Australia

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Course Title: Step by Step Guide to Buy Real Estate in Australia

Module 1: Introduction to Real Estate Investment

Welcome to LoansLab_ real estate course

Overview of the course and its benefits.

Introduction to the instructor and their experience.

Importance of real estate investment.

Key benefits of real estate investment.

Module 2: Why Invest in Real Estate?

Why Invest in Real Estate?

Steady Income Stream

Appreciation

Tax Benefits

Leverage

Control and Stability

Building Equity

Module 3: Understanding Deposits and Lending

Lending and Borrowing Power

Pre-Approval Process

Lending Basics

Guarantor Loans

Types of Lenders

Property Holding Costs

Comparing Loan Products

Module 4: Ownership Structures

Choosing the right ownership structure

Personal Ownership

Family Trust ownership

Unit/Fixed Trust

Various Examples to explain above situations

Company Ownership

Summary and Recommendation

Module 5: Suburb Selection and Market Analysis

Proximity to City

Tools for Suburb Analysis

Indicators for a Good Investment Suburb

Research and Caution

Key Metrics to Consider

Module 6: Property Inspection and Selection Checklist

Virtually Inspecting a Property and Key Factors to Consider

Property Inspection Checklist

Detailed Explanation of Checklist Items

Final Tips

Module 6: Choosing Between an Established House and Building a New Home

Buying an Established House vs. Building a New Home

Pros and cons of buying an established house.

Pros and cons of building a new home.

Module 7: Detailed Steps for Buying an Established House

Detailed Steps for Buying an Established House

Contacting the Agent

Discussing with the Agent

Making an Offer

Contract of Sale

Further Payments and Settlement

Inspections

Loan Approval

Legal Assistance

Preparing Funds

Insurance

Module 8: Steps for Building a New Home

Detailed Steps for Building a New Home

Buying Land

Developer vs. Builder

Land Usage

Types of Land Purchases

Advantages of Future Land Purchases

Initial Payment

Selecting a Builder

Land Settlement and Construction

Finalizing the Build

Module 9: Important Tips for Real Estate Investors

Important Tips for Buying Property in Australia

Understanding different state fees and charges.

Comparing costs in various states.

Advanced Investment Strategies

Using solicitors and brokers.

Building a property portfolio with negative gearing.

Transitioning to trust structures for investment.

Tax Tips for Real Estate Investors

Claiming expenses related to property.

Understanding tax benefits and deductions.

Module 10: Community and Support- Coming Soon

Building a Real Estate Network

Importance of networking in real estate.

Joining local real estate groups and online forums.

Continuous Learning and Support

Staying updated with market trends.

Leveraging ongoing support and resources.

Module 11: Course Wrap-Up

Course Summary and Next Steps

Recap of key points from the course.

Next steps for starting or continuing your real estate investment journey.

Encouragement to reach out for help and feedback.

Supplementary Materials:

Printable checklists for buying an established house and building a new home.

Resource list for researching property locations.

Templates for tracking property expenses and income.

Contact information for recommended solicitors and brokers.

Closing:

Thank viewers for their participation.

Encourage feedback and suggestions for future topics.

Promote social media channels and subscription to the YouTube channel for ongoing updates and tips.

Module 1: Introduction to Real Estate Investment

Welcome to the "Step by Step Guide to Buy Real Estate" course. By completing this comprehensive program, you will gain the knowledge and confidence needed to navigate the real estate market effectively. Whether you're a first-time buyer or looking to expand your investment portfolio, this course equips you with essential insights into property purchasing strategies, market dynamics, and fundamental lending principles. Learn how to make informed decisions, identify lucrative opportunities, and maximize your wealth potential through strategic property acquisitions. With a focus on empowering you to buy the right asset at the right time, once, this course provides the essential tools and knowledge to embark on your real estate journey with confidence.

Module 2: Why Invest in Real Estate?

Are you ready to take control of your financial future and learn how to create wealth through real estate investment? If so, you're in the right place!

Hi, I'm Perry, and I'm passionate about helping individuals understand the incredible benefits of investing in real estate. With years of personal experience in real estate investment, I'm here to share why real estate is such a powerful tool for building wealth.

Real estate investment isn't just for the wealthy or those with insider knowledge—it's accessible to everyone. In this course, I'll show you step by step how to start your journey without the need for expensive subscriptions. Whether you're just starting or are an experienced investor, you'll gain valuable insights and practical knowledge to make informed decisions.

Why Invest in Real Estate?

Let's dive into the top benefits of investing in real estate:

Steady Income Stream

Real estate provides a reliable monthly income through rental properties, boosting your cash flow.

Appreciation

Real estate tends to increase in value over time, allowing you to benefit from both rental income and property appreciation upon sale.

Tax Benefits

Enjoy various tax advantages such as deductions for mortgage interest, property taxes, and maintenance expenses.

Leverage

Real estate allows you to leverage your investment by borrowing a significant portion of the property's purchase price, maximizing your returns.

Control and Stability

Unlike volatile investments like stocks, real estate gives you control over your assets and offers stability in the market.

Building Equity

As you pay off your mortgage, you build equity in your property, which can be reinvested to grow your portfolio.

Real estate is a favorable avenue for lending, with lenders often requiring minimal deposits, making it accessible for many investors.

Investing in real estate isn't just about financial gain—it also impacts communities positively by providing quality housing. Throughout this course, I'll guide you through the entire process—from property selection and financing to tenant management and maximizing returns.

Thank you for joining me on this journey. If you're eager to learn more, enroll in this course and gain the knowledge to confidently navigate the real estate market and build your wealth.

Module 3: Understanding Deposits and Lending

Welcome back! In this module, we're diving into the essentials of deposits and lending, crucial factors in determining where and what you can buy. Let's get started.

Section 1: Lending and Borrowing Power

Your deposit size significantly influences your buying options. Your salary supports your deposit and determines your borrowing capacity. Remember, if your borrowing power is \$1 million, you don't have to use the entire amount on one property; consider diversifying with multiple properties. Starting with as little as a 2% deposit is possible, but aiming for at least 5% is recommended. For instance, Ownhome.com offers loans with a 2% deposit, while ANZ provides options with a 5% deposit for both investment properties and principal residences. Many lenders offer 5% deposit loans, primarily for owner-occupiers. Starting with a lower deposit allows you to buy your home and build equity over time, expanding your property portfolio strategically. We'll explore trust setups further in this course.

Key Points:

Your deposit determines your buying options.

You can diversify by investing in multiple properties.

Minimum deposits: 2% (e.g., Ownhome.com), recommended: 5% (e.g., ANZ).

Consider investment properties vs. principal residences.

Trust setups can facilitate continued property acquisitions.

Section 2: Pre-Approval Process

Once you understand your deposit and borrowing power, securing a pre-approval is the first step in buying a property. Pre-approval provides conditional loan approval from the lender, indicating how much you can borrow and signaling your seriousness to sellers. It streamlines the buying process once you find the right property.

Key Points:

Pre-approval is conditional loan approval based on your financial profile.

It determines your borrowing capacity and demonstrates your commitment to sellers.

Facilitates a smoother buying process upon finding a suitable property.

Section 3: Lending Basics

Understanding basic lending principles is crucial. Working with a mortgage broker provides expert guidance, while comparison tools like Finder.com help find the best loan options. Lenders apply a buffer of 2.5% to 3% when assessing your application to account for potential rate increases. Minimizing outstanding credit card balances improves your borrowing capacity. When calculating borrowing power, lenders typically offer 6.5 to 8 times your gross income, excluding superannuation. Rental income from investment properties can increase your total income for loan assessment purposes. Buying your own home affects your borrowing capacity for additional properties, so consider investing in an investment property when possible. Factors like casual employment and bonuses impact income assessments, varying among lenders.

Key Points:

Mortgage brokers offer valuable advice in navigating lending options.

Use comparison tools to find competitive loan products.

Lenders apply buffers to account for potential interest rate increases.

Manage credit card balances to enhance borrowing capacity.

Understand how different income sources impact loan eligibility.

Section 4: Guarantor Loans

Guarantor loans assist with low deposits or imperfect credit records. Being a guarantor involves guaranteeing repayment if the borrower defaults, typically advisable only for close acquaintances. Parents often act as guarantors for their children's home loans.

Key Points:

Guarantor loans support low deposit or poor credit scenarios.

Guarantors commit to repaying the loan if the borrower cannot.

Exercise caution and only guarantee loans for individuals you trust.

Section 5: Types of Lenders

Australia features various lender tiers. Tier 1 includes major banks like Commonwealth, Westpac, ANZ, and NAB, known for stringent lending policies. Tier 2 banks offer alternatives with varying policies, while Tier 3 lenders like Pepper Money provide niche lending options. Explore different lender tiers if major banks decline your application, as policies and criteria vary.

Key Points:

Tier 1 banks have stricter lending policies compared to Tier 2 and Tier 3.

Investigate alternative lenders if major banks deny your application.

Lenders frequently update policies, so persistence may yield results.

Section 6: Property Holding Costs

In 2024, if you're purchasing an investment property, your outgoing costs will be a maximum of around \$10k per year.

Key Points:

Investment property outgoing costs in 2024: up to \$10k per year.

Section 7: Comparing Loan Products

When comparing loan products, consider essential factors such as mortgage registration fees, application fees, and the presence of offset accounts or redraw facilities. Understanding these components aids in selecting a loan product that aligns with your financial goals and minimizes unnecessary costs.

Key Points:

Evaluate fees like mortgage registration and application fees.

Utilize offset accounts to reduce interest payments.

Consider redraw facilities versus offset accounts for optimal financial management.

Understand additional costs like loan discharge fees upon refinancing or payoff.

Course Summary

In this module, we covered:

The significance of deposit size and its impact on buying power.

Pre-approval process and its role in property acquisition.

Basic lending principles, including buffers and income assessments.

The role of guarantor loans in supporting loan applications.

Different tiers of lenders and their varying lending policies.

Key considerations when comparing loan products to optimize financial outcomes.

Module 4: Ownership Structures

Section 1: Personal Ownership

The most straightforward way to buy a property is in your own name. This is common for purchasing a principal place of residence (your home). When you buy your home, you cannot claim any tax deductions related to it, so buying in your name keeps things simple.

For investment properties, starting in your own name can also be beneficial. It's quick, easy, and offers advantages like negative gearing and capital gains tax concessions. Negative gearing allows you to deduct the cost of owning the property from your overall income, reducing your taxable income. Additionally, if you sell the property, you'll benefit from a capital gains tax discount if you've held it for more than a year."

Key Points:

Personal ownership is simple and straightforward.

Best for principal place of residence.

Tax benefits for investment properties: negative gearing and capital gains concessions.

Section 2: Family Trust Ownership

Once you've built a portfolio of 3-4 investment properties in your own name, you might consider buying through a family trust. A family trust can offer significant benefits, such as asset protection and income distribution flexibility.

In a family trust, the property is owned by the trust, but you control it as the trustee. You can distribute the income generated from the property to family members, potentially reducing the overall tax burden. However, setting up and managing a trust can be complex and might require professional advice.

To set up a trust correctly, you should establish a corporate company and designate that company as the trustee of the family trust. This structure provides asset protection. If you set up a trust and directly become the trustee, you won't have asset protection. While this may seem confusing, having the right team around you can make the process easier. Please reach out to me, and I can connect you with someone who can set this up for you and explain it in detail.

Key Points:

Family trust ownership is beneficial for multiple properties.

Offers asset protection and income distribution flexibility.

Requires professional setup and management.

Detailed Explanation on how trust works-

Your total guide to understanding family trusts -

Running a thriving business is every family business owner's dream. But as your business grows, so do your tax obligations.

A family trust can be a suitable option for business owners looking to take advantage of tax-effective planning.

What is a family trust?

As the name suggests, a family trust is a type of trust fund set up to conduct a family business or hold your family's assets.

What are the tax benefits of a trust?

There are several family trust tax advantages, which can be a solid tax minimisation strategy. That's why it's vital to know whether you're eligible to create one.

Protect company assets

A key family trust tax benefit is that the trust owns all assets it gets assigned. If you then nominate a company as the trustee, this effectively shields those assets from liability and works to protect your family's assets.

Protect family investments

Another significant tax benefit of a family trust is that it can act as a holding structure for your family investments, protecting them from legal or financial liability.

Create a family income

If you run a growing family business, a family trust can be a robust way to look after your family and secure your assets. You can assign your family members as beneficiaries of your business, allowing them to receive income and taxable profits directly from the trust.

Protect your children's inheritance

While Australia does not levy an inheritance tax, a family trust can protect its capital from capital gains and income taxes. This will allow you to distribute a greater amount of your wealth to your children.

There are two common types of family trust structures. This article focuses on the discretionary trust structure.

Family/discretionary trust

This is the most flexible type of family trust structure and operates strictly within a single family group. It's also known as a discretionary trust, as the beneficiaries don't claim a fixed income. Instead, you can set different income percentages for various beneficiaries, and these amounts can change from year to year. Ultimately, it is the discretion of the trustee/s to distribute to the relevant family members within their family group after proper tax planning from their tax advisers/accountants.

The tax benefit of discretionary trusts is that the trust does not pay taxes; instead, the trust fund money received by the beneficiaries is taxed at each beneficiary's individually calculated (and usually lower) tax rate.

Please see below an example of a family trust structure with a corporate trustee:



Unit/fixed trust

Also known as a fixed trust, a unit trust operates slightly differently from a discretionary trust. Within this structure, the profits are divided depending on the fixed ownership percentages stipulated in the unit trust agreement when the entity is set up. A unit trust allows for more than one family group to be involved in the fund.

Below is an example of a unit trust structure with a corporate trustee:

Tax rates for a family trust

A family trust typically pays zero tax on income from within the trust. Instead, the income is distributed to the beneficiaries, who are taxed at their personal tax rates. The trustee of the fund decides who within the family receives the distributions. They are free to distribute the income to as many beneficiaries as they see fit. However, you must always check your trust deed to ensure that certain beneficiaries are included within its guidelines.

Making the correct calculations when distributing the income proportions will enable the family to take advantage of each beneficiaries' personal tax rates. The only instance in which a family trust does pay tax is if the income isn't distributed to its beneficiaries. In this case, the trust gets taxed at the highest marginal tax rate (47%).

The family trust capital gains tax

Australian family trusts do pay capital gains tax (CGT). Fortunately, family trusts benefit from a 50% CGT discount.

For example, if you were to sell your business or its assets, you would trigger a CGT event in which a tax would be levied upon the profits of your sale. If you operate as a company, you will need to pay CGT for all your capital gains. But if you operate as a family trust, you will only be taxed on 50% of your capital gains income.

Example of family trust tax benefits

A earns \$200k profit from their business, and therefore they receive all the income themselves. This results in an estimated \$65k in tax payable to the business owner.

Sole Trader



But say the same business operates as a family trust, using the example of a mum and dad business with an adult child working in the business. The business owner/s can now split their income among their family members instead of it being taxed in one person's name. If split equally, each family member would receive approximately \$66.6k each. As each family member is taxed at their individual tax rates on this distribution, the combined tax payable would reduce to approximately \$40k in total. This is a tax saving of \$27k every year.



Family Trust



Can family trust funds be taxed?

In Australian family trust structures, taxes are usually levied upon the trust's beneficiaries. In certain instances, however, the government can impose a tax on the trustee or the family trust itself.

The non-resident beneficiary tax

The trustee is liable to pay the taxes of any beneficiary who is not an Australian resident for tax purposes.

The minor beneficiary tax

While minors can be listed as family trust beneficiaries, this tax discourages the practice. Beneficiaries under 18 can receive a maximum of \$1,308 from the trust; any gain higher than that is taxed at the top marginal rate of 45%.

The undistributed trust income tax

All income in the family trust must be distributed to the nominated beneficiaries. If it is not, the trustee will be liable to pay a tax on the remaining income at the top marginal tax rate of 45%.

The family trust distribution tax

A family trust distribution tax is placed on any individual outside the trust's listed beneficiaries.

Family trusts are set up to distribute capital to a nominated list of family members. Suppose the trustee chooses to distribute money to a party not included among the trust's beneficiaries. In that case, the trustee will have to pay a tax on the value of that distribution. This is called the family trust distribution tax.

The family trust distribution tax rate is set at the top personal marginal tax rate, plus the Medicare levy. At the time of writing, the family trust distribution tax rate can amount to 47%.

Set up costs for a family trust

When setting up a family trust, you can expect to pay between \$1,500 and \$2,500 + GST.

This includes:

Creation of the trust deed.

Advice on who should be nominated as the trustee, appointor, and settlor.

Advice on who the beneficiaries should be.

Registration of its tax file number with the ATO.

Registration of an ABN and GST (if needed).

Collating of a bank account kit which allows you to simply have a new account set up for this entity upon its successful creation.

Franked distributions

As outlined by the ATO, franked distributions can be included in the family trust's net income and distributed to its beneficiaries for tax purposes.

However, unlike regular business income, the allocations for these amounts must be formally detailed in the trust deed. The trust deed can also prevent beneficiaries from receiving franked distributions.

Where no beneficiary is appointed, the franked distribution is taxed proportionately between the beneficiaries based on their usual entitlement to the trust's income.

If the beneficiary qualifies for a franking credit offset, they're required to include this amount in their assessable income.

Do family trusts pay land tax?

Land held within fixed, discretionary or unit family trusts is subject to surcharge rates. The trustees are liable to pay these rates.

Each Australian state has its own laws regarding family trust land tax. They can be a challenge to navigate, but your Liston Newton advisor can help you untangle them.

Does a family trust file a tax return?

Trustees are required to lodge income tax returns for their family trusts and are charged separately from their individual or corporate taxes.

If you're looking for a structure that provides and improved asset protection for your family and business assets, then a family trust might be right for you.

Section 3: Company Ownership

Another option is buying property through a company. This is less common for individual investors but can be advantageous in specific situations, such as when you're running a business that holds property.

A company structure can provide limited liability, protecting your personal assets. However, properties owned by a company don't benefit from capital gains tax concessions, and the income is taxed at the company tax rate, which may be higher than your personal rate."

Key Points:

Company ownership provides limited liability.

Best for business-related property investments.

No capital gains tax concessions and different tax rates apply.

Section 4: Summary and Recommendations

In summary, choosing the right ownership structure depends on your individual circumstances and investment goals. For most new investors, starting with personal ownership is a practical and beneficial option. As you grow your portfolio, exploring family trusts can provide additional advantages.

Remember, each structure has its own complexities and benefits, so it's important to seek professional advice to ensure you're making the best choice for your situation."

Key Points:

Start with personal ownership for simplicity and tax benefits.

Consider family trusts for asset protection and income distribution as your portfolio grows.

Evaluate company ownership for business-related investments

Module 5: : Suburb Selection and Market Analysis

Welcome back to LoansLab real estate course! In today's module, we're going to discuss how to choose the right suburb for your property investment. This step is crucial as it can significantly impact the success of your investment. Let's get started.

Section 1: Proximity to the City

There are many factors to consider when selecting a suburb, but to keep things simple, try to buy as close to the city as possible. Properties closer to the city generally have higher demand, better infrastructure, and more amenities. This makes them a solid choice for both capital growth and rental income.

Of course, your budget and investment strategy will influence where you can buy. If buying close to the city isn't feasible due to budget constraints, don't hesitate to explore regional areas with strong growth potential."

Key Points:

Aim to buy close to the city for higher demand and better amenities.

City proximity often leads to better capital growth and rental income.

Consider regional areas if city properties are out of budget.

Section 2: Tools for Suburb Analysis

To assist with your suburb selection, use tools like dsrdata.com.au and htag.com.au. These platforms provide valuable data on suburb growth potential and allow you to filter properties based on your criteria.

On dsrdata.com, you can find suburbs with the highest growth potential and apply price filters to match your budget. Both websites offer monthly memberships, which you can buy when you are ready to purchase a property and cancel once you've found your property."

Key Points:

Use dsrdata.com for suburb growth potential and price filters.

Utilize htag.com.au for comprehensive suburb analysis. Most of its features are free.

Monthly memberships can be cancelled after you find your property.

Section 3: Indicators of a Good Investment Suburb

My strategy is clear: buy close to the city if you can. However, if city properties are not an option, look for regional areas with good infrastructure.

Key indicators of a good investment suburb include the presence of major supermarkets like Coles or Woolworths and franchises like Domino's or McDonald's. These companies typically establish stores in areas with sufficient population to sustain their business, indicating a healthy rental market.

Some people prefer high-renter areas, while others favor owner-occupier areas. Both have their pros and cons. High-renter areas may offer consistent rental income but can be more volatile, while owner-occupier areas may provide more stable growth but less immediate rental yield. Proximity to public transport, like train stations, is also a significant advantage, but not a must.

Buy a property where your numbers are right. This means you should be able to hold the property for a long time and it should not be too negatively geared. Avoid buying a property that is more than \$20,000 negatively geared, as this is the maximum threshold.

Remember, being negatively geared does not mean you get that amount back when you lodge your tax return; it only gets deducted from your total income. For example, if you earn \$100,000 per year from your day job and have a property that is \$10,000 per year negatively geared, this means your expenses for the property exceed the income it generates. In this scenario, your total taxable income will be \$90,000 per year instead of \$100,000. So, you haven't got \$10,000 back—make sense? If not, contact me, and I'll be happy to elaborate.

On the other hand, if your property is positively geared, it means the income from the property exceeds the expenses. For example, if you earn \$100,000 per year from your day job and have a property that generates \$10,000 per year in positive cash flow (after all expenses are covered), your total taxable income would be \$110,000. This means you will pay tax on the additional \$10,000 income from the property, but you are also making a profit from your investment.

Key Points:

Look for suburbs with major supermarkets and franchises.

These indicate a sufficient population and a healthy rental market.

Weigh the pros and cons of high-renter vs. owner-occupier areas.

Proximity to public transport, like train stations, is a bonus.

Section 4: Research and Caution

Remember, when someone suggests a suburb with 'huge potential,' it's not a guarantee of future growth—it's just potential. Always do your own research and don't rely solely on others' opinions, even if they're buyers' agents.

Use data-driven tools like dsrdata.com and htag.com.au to inform your decisions. No one can predict the future, so make sure your choices are based on thorough research. Buy where your numbers are right. Real estate is a big investment, so take your time.

Key Points:

Potential does not equal guaranteed growth.

Always conduct your own research.

Use data-driven tools to make informed decisions.

Be cautious with advice from buyers' agents—verify with your research.

Section 5: Key Metrics to Consider

When evaluating a suburb, look at metrics like vacancy rates and days on market. A vacancy rate up to 3% is fine. For example, if a single-family rental available for 365 days a year was vacant for two months, the rate of vacancy is 16.4%.

Days on market is another important measure. This shows the number of days a listing has been on the market until it is sold. If it's less than 60 days, it means the market is good and properties are selling within an average timeframe.

There are many other metrics and data points you can consider, but they are not compulsory. I will include a data dictionary (provided in the end of the course in extra resources) of very common terms used in the real estate market."

Key Points:

Evaluate vacancy rates; up to 3% is acceptable.

Understand days on market; less than 60 days indicates a healthy market.

Use a variety of metrics for a comprehensive analysis.

A data dictionary will be provided for common real estate terms.

Course Summary:

In this module, we covered:

The importance of buying property close to the city for higher demand and better amenities.

Utilizing tools like dsrdata.com and htag.com.au for suburb analysis.

Key indicators of a good investment suburb, including major supermarkets and franchises.

The pros and cons of high-renter versus owner-occupier areas.

The importance of conducting your own research and using data-driven tools.

Key metrics like vacancy rates and days on market for evaluating a suburb.

Module 6: Property Inspection and Selection Checklist

Welcome back to LoansLab real estate course! In this module, we're going to dive into how to virtually inspect a property and the key factors you should consider when selecting a property. I'll guide you through each step and explain how to evaluate these factors."

Section 1: Introduction to Virtual Inspections

Once you've found a promising suburb, the next step is to start inspecting properties. With advancements in technology, virtual inspections have become a convenient and effective way to evaluate properties without having to visit in person. You can view property on google maps, domain and real estate. Domain.com gives you a comprehensive view of property and you do not need to refer to any other 3rd party website.

Section 2: Property Inspection Checklist

Here's a comprehensive checklist to help you assess properties. I'll explain how to look for each of these factors during the virtual inspection."

Section 3: Detailed Explanation of Checklist Items

Now, let's go through each of these factors in detail."

Bush Fire, Cyclone, and Flood Zones:

Must check these areas for natural disaster risks.

Use government maps and reports to identify if the property is in a high-risk area.

Insurance Premium:

Must check to understand the cost of insuring the property.

High-risk areas might have higher premiums.

Meth Inspection:

Nice to have, especially in areas with a history of meth production.

Can be done through specialized inspection services.

Building and Pest Insurance:

Must check for structural integrity and pest infestations.

Hire professionals to conduct thorough inspections.

Owner vs Renter Population:

Understand the demographic but not a primary deciding factor.

School Distance:

Nice to have for families looking for convenience.

Proximity to Freeway, Train Tracks, Main Road, and Commercial Sites:

Nice to have properties away from these for noise reduction and better living conditions.

Google Maps:

Use street view to get a sense of the neighborhood.

Look for signs of upkeep and potential red flags.

Not in Very Busy Area:

Must have for better living conditions.

Strata/Body Corp:

Must check if the property is strata titled and the associated costs.

Amenities:

Nice to have for added convenience and attractiveness to renters.

Not Close to Electricity/Power Lines:

Nice to have, though it's more of a personal preference.

Section 4: Final Tips

Remember, real estate is a significant investment, so take your time and do thorough research. Use this checklist to make informed decisions and avoid common pitfalls."

Course Summary:

In this module, we covered:

How to virtually inspect a property using online tools.

A detailed checklist of factors to consider when selecting a property.

The importance of thorough research and careful consideration in property investment.

Module 7: Choosing Between an Established House and Building a New Home

Welcome back to LoansLab real estate course! Today, we're going to discuss the pros and cons of buying an already established house versus building a new home. Let's dive in!"

Section 1: Buying an Established House

Buying an established house has several advantages and is often simpler. Here's what you need to know:"

Existing Infrastructure:

Advantages: Established houses come with all the necessary infrastructure, such as roads, utilities, and amenities like supermarkets (Coles or Woolworths), hospitals, and schools.

Price Appreciation: Land is limited, so the chances are the price will go up over time due to scarcity.

Making an Offer:

Find the Contact Details: For properties listed on realestate.com.au, find the contact details of the listing agent.

Call the Agent: Call the agent, express your interest, mention your pre-approval, and ask for the price the seller would accept.

Inquire About Tenancy: Check if the property is tenanted and, if so, how much rent it generates.

Offer Process:

Initial Offers: Be prepared for initial offers to be rejected. It's common to go through several rejections before acceptance.

Stay Detached: Do not get emotionally attached to any particular property to avoid disappointment.

Contract of Sale:

Signing the Contract: Once your offer is accepted, both parties will sign the contract of sale.

Include Clauses: Include important clauses like 'subject to finance', 'subject to building and pest inspection', and any other necessary conditions.

Initial Payment: Upon signing, you typically need to pay around \$5,000. This amount may vary depending on the agent and the state.

Further Payments: Within 5-10 days of your offer being accepted, you will need to pay an additional \$5,000-\$10,000, as agreed with the selling agent. This amount will come from your deposit and will be adjusted when you pay the remaining amount to the lender.

Settlement Period:

Timeline: The settlement date is usually set for 30 to 60 days from the contract signing. You can negotiate this with the selling agent depending on your own circumstances.

Inspections: During this time, arrange for building and pest inspections, or any other checks agreed upon with the selling agent. Your selling agent can organize this for you. This is the easiest and fastest way to get it done.

Inspections:

Building and Pest Inspections: Arrange for these inspections, which typically cost \$400-\$600 depending on the state and property size.

Focus on Structural Issues: Look for structural damages rather than cosmetic issues. If there are cosmetic issues, then you must not be worried.

Loan Approval:

Notify Your Broker: Once your offer is accepted, inform your broker to get your loan approved unconditionally. You must do this straight away.

Legal and Financial Preparation:

Engage a Solicitor: Bring in a solicitor to handle the property transfer and review the contract.

Prepare Funds: Your solicitor will inform you of the exact amount needed to settle the property, which is typically 10% or 20% of the purchase price, plus stamp duty.

Quick Tip: If buying with a 10% deposit, have at least 18% of the purchase price to cover all buying costs. For a 20% deposit, 24% is usually sufficient.

18% Covers: Your 10% deposit, solicitor fee, stamp duty, LMI fee, your mortgage registration fee, building and pest inspection fee, landlord insurance, and a buffer of \$1000 to \$3000.

Insurance:

Landlord Insurance: For investment properties, obtain landlord insurance.

Home Insurance: For owner-occupied properties, get home insurance. Budget Direct is recommended for cost efficiency.

That's it, once your offer is accepted, your building and pest insurance is all done, once you receive your unconditional approval, let the selling agent know.

Remember: If you are stuck at any of the above steps, you can always reach out to your broker, solicitor, and selling agent. If you want, you can reach out to me as well because you have purchased my course and I am happy to help at no extra cost for as long as you want. We can organize a time to speak.

Section 2: Building a New Home

Building a new home offers a different set of advantages and requires a different approach. Let's go through it:"

Buying Land:

Purchase Timing: Buy land before development to benefit from price appreciation as amenities are built.

Stamp Duty: You pay stamp duty only on the land value, not the completed house value.

Government Schemes: Check for government schemes that support new builds.

Developer vs. Builder:

Roles: The developer sells the land, and the builder constructs your house. These are typically two different entities.

Avoid Packages: Avoid house and land packages as they are often less advantageous. Or if you get one, don't just accept what you are presented.

Land Usage:

Building Space: You can use up to 59% of your land for building.

Personal Preference: Decide based on your preference for house size versus yard space.

Types of Land Purchases:

Ready-to-Build Land: Land is available immediately for construction.

Future Land Purchase: Land that will be ready in 6 months to 2 years. Pay a deposit now and the rest upon settlement.

Pros of Future Land Purchases:

Preparation Time: Allows time for the developer to complete necessary preparations such as wiring, sewage, and internet connections.

Capital Gains: Potential for capital gains as the area develops.

Payment Process:

Initial Payment: You will only pay \$5,000 to \$15,000 when you sign the contract and pay the rest when your land settles. The developer will tell you when the land is going to settle.

Contract of Sale: You will sign all your contracts of sale at the time of paying the initial \$5,000 to \$15,000.

Review the Contract: Check for a clause that allows you to sell the land to someone else if you decide not to settle later. Normally, developers will have a clause that requires you to settle, and if you cannot, your payment will not be refunded. At the time of paying the initial payment, you can negotiate this with the developer because things can change, especially if the settlement is after 2 years.

7. Selecting a Builder:

Builder Consultation: Once you have finalized your land, consult with various builders to see which types of houses can be built on your chosen plot. Share the land details with them.

Finalizing Plans: Work with the builder to finalize your floor plan and design details in parallel with signing the land contract.

Builder Recommendation: Avoid builders like Metricon; research and choose a reputable builder.

Contract Review: Ensure your build price is locked in. Check for clauses about starting the build within a certain timeframe (typically 18 months) to avoid additional costs, and negotiate terms if needed.

8. Preparing for Land Settlement:

Coordination: Inform your broker and solicitor about the upcoming land settlement. They will guide you through the process and ensure all legal and financial preparations are in place.

9. Post-Land Settlement:

Builder Notification: Once your land is settled (or titled), notify your builder so they can commence construction. Building typically takes 9-12 weeks.

10. Final Inspections and Occupancy Permit:

Occupancy Permit: After construction, the builder will organize the occupancy permit from the local council. This document certifies that the property is built according to plan and is free of major issues.

Professional Inspection: Schedule a professional inspection to identify any defects. The builder is responsible for fixing these at no additional cost, as it is included in the contract. Common defects might include issues like tilting walls, non-functioning lights, or doors not closing properly.

11. that's it, once these defects are fixed you are ready to move in or start tenanting.

Thank you for going through it! Leave your comments below if you have any questions or topics you'd like me to cover. Until next time, happy investing!"

Course Summary:

In this module, we covered:

The pros and cons of buying an established house versus building a new home.

The process of making an offer and finalizing a contract for an established house.

The steps involved in purchasing land and building a new home.

Module 8: Detailed Steps for Buying an Established House

Contact the Agent:

Use realestate.com.au to find the contact details of the listing agent.

Call the agent, express your interest, and mention your pre-approval.

Discuss with the Agent:

Ask for the price the seller would accept.

Inquire about the property's tenancy status and rental income if applicable.

Making an Offer:

Be prepared for initial rejections and stay persistent.

Don't get emotionally attached to any particular property.

Contract of Sale:

Sign the contract and include essential clauses (subject to finance, inspections, etc.).

Make an initial payment of around \$5,000.

Cooling Period: You always have a bit of a cooling period (1-2 days) to take back the offer. It is mentioned in the contract of sale as well.

Further Payments and Settlement:

Pay an additional \$5,000-\$10,000 within 5-10 days.

Settle the remaining amount by the settlement date (usually 30-60 days).

Inspections:

Arrange for building and pest inspections, focusing on structural issues.

Loan Approval:

Work with your broker to get your loan approved unconditionally.

Legal Assistance:

Engage a solicitor to handle the transfer of property and review the contract.

Prepare Funds:

Ensure you have enough funds to cover the deposit, stamp duty, and other costs.

Insurance:

Obtain landlord insurance for investment properties or home insurance for owner-occupied properties.

Detailed Steps for Building a New Home

Buying Land:

Purchase land before development to benefit from price appreciation.

Pay stamp duty only on the land value.

Developer vs. Builder:

Understand the difference between developers and builders.

Avoid house and land packages.

Land Usage:

Use up to 59% of your land for building.

Types of Land Purchases:

Ready-to-Build Land: Available immediately for construction.

Future Land Purchase: Pay a deposit now and settle the rest later.

Advantages of Future Land Purchases:

Allows time for necessary preparations.

Potential for capital gains as the area develops.

Module 9: Important Tips and Additional Considerations in Property Investment

Welcome back. In this module, we're going to cover some crucial tips and additional considerations for property investment in Australia. Let's get started!

Section 1: General Tips for Property Investment

State Variations:

Fees and Charges: Every state in Australia has different fees and charges. Be aware of these differences to make informed decisions.

Melbourne vs. Other States:

Common Misconceptions: People often say Melbourne is expensive and has less attractive yields compared to other states. However, this isn't entirely accurate. For instance, Melbourne's council rates are typically between \$2,500 to \$3,000 per year, whereas in Perth and QLD, rates are around \$4,000.

Property Management Rates: In Melbourne, property management rates are about 4%-5%, compared to 7%-15% in Perth or QLD.

Insurance Costs: QLD has higher insurance policies due to being cyclone and flood-prone. Always check these factors when considering property investment.

Section 2: Practical Steps and Advice

Solicitors and Brokers:

Recommended Solicitors: I use Legal World, which covers all of Australia. Their fees are reasonable, and you pay only after you settle the property.

Brokers: There are many brokers available. If one broker says they can't do the loan for you or your borrowing capacity is exhausted, don't hesitate to look around for another broker.

Investment Strategies:

Negative Gearing: For investment purposes, consider buying 3-4 properties in individual names to benefit from negative gearing. Then, move to a trust structure. If you need more information on setting up trusts correctly, let me know.

Tax Tips:

Claimable Expenses: You can claim all expenses related to your property, including agent fees, yearly landlord insurance, repairs, and interest payments to lenders. This is a significant advantage of investing in real estate.

Section 3: Building a New Home – Additional Considerations

Selecting a Builder:

Pre-Contract Checks: Once you've finalized your land, check with various builders before signing the contract. Share the land details with them, finalize the floor plan, and negotiate the contract terms.

Builder Contract: Lock in your build price and review the contract. Typically, if you don't start building within 18 months, you may pay extra. Negotiate this clause if possible.

Avoid Certain Builders: Based on experience, avoid Metricon. Research and choose a builder that meets your needs and expectations.

Land Settlement Process:

Notify Relevant Parties: At the time of your land settlement, inform your broker and solicitor. They will guide you through the process.

Construction Timeline:

Post-Settlement: Once your land is settled or titled, notify your builder to start construction. This usually takes 9-12 weeks.

Occupancy Permit:

Inspection: After the build is complete, the builder will organize an occupancy permit from the local council, confirming that the property is built as per the plan and is free of issues.

Defects Inspection: Book a professional inspection to identify any defects. It's common to find issues like tilting walls or non-working lights. The builder must fix these at no extra cost.

Course Summary:

In this module, we covered:

Important tips and considerations for property investment in Australia.

Variations in fees and charges across different states.

Practical steps for engaging solicitors and brokers.

Investment strategies and tax tips.

Additional considerations when building a new home.

Data Dictionary:

Contact- If you want to contact me or leave any feedback, you can reach me at

YouTube Channel-

I am more than happy to contact over call and take any doubts you might have at no extra cost.

I will keep updating the course based on my learnings and any feedback I receive.

I am trying to build Australia's largest property community to support Australians in their wealth creation journey.

Ready to take the next step?

Book your free 15-minute loan review with LoansLab today and get clarity on your borrowing power, strategy, and next move. Visit: www.loanslab.com.au Email: perry@loanslab.com.au Phone: +61 450 786 115