

Shifting from renting to buying? Here's what you need to know

Despite the interest rate hiking cycle now in effect, it is still the best buyer's market in decades, says Samuel Seeff, chair of the Seeff Property Group. It remains a particularly favourable market phase for first-time property buyers and, even with the hikes, the rate is set to remain well below the pre-pandemic period, he notes.



Source: Supplied

The favourable conditions are further supported by bank lending, which remains the best in over a decade. Buyers can generally still find higher loan-to-value home loans, and often up to 100% for first-time buyers, in some instances still with a cost allowance on top of that.

Steady flow of stock

Despite the momentum in the market over the last year and notable uptick in sales across the main urban markets, there is generally still a steady flow of stock which has kept price growth largely inflation-linked. Buyers are therefore still able to benefit from well-priced stock in the market.

Seeff says there has simply not been a better time to get into your own home in over ten years. It makes absolute financial sense if you have the means and commitment required to be a homeowner.

While renting provides more mobility if you need to move, ownership provides stability and a strong foundation on which to build a life. Owning your own home means you don't have to move around; your children can stay in the same school, and you can integrate into the community and make friends.

Every cent adds value

When purchasing your own home, every cent that you invest into it generally adds value. Rent payments on the other hand are expenses that do not build wealth. Your own home will grow in value, and it generally possesses an inherent capital

value retention which means it will always be worth something. A rental property is only of value to the landlord.



Samuel Seeff, chair of the Seeff Property Group

There are no guarantees with a rental property. The owner could decide not to renew the lease or may even decide to sell (although in both instances always subject to tenant rights). While you have to follow certain rules in a rental (especially in complexes) and might not be able to keep a pet, you have more flexibility in your own property.

Compared to the restrictions of renting, your own home offers the freedom to make alterations and improvements (subject to bylaws or complex guidelines), decorate and customise it to your taste.

You cannot just up and move

Owning your own home is, however, a long-term commitment and you cannot just up and move. You need to make sure that you choose well. As a homeowner, you will need to be more financially secure and able to pay additional costs such as rates and taxes, security and maintenance and insure the property against risks.

Where rents rise annually, your bond repayment remains fixed (subject to interest rate fluctuation) and within a few short years will be lower compared to

what you would have to pay in rent.

Investing in a home requires a long-term view and commitment. You cannot just leave as it usually takes longer to sell compared to the notice that you could give on a rental. The upside benefits though hugely outweigh the downside, says Seeff.

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