

10

Reasons to Buy New



When it comes to purchase choices, new is usually better. Whether it's a new car, handbag or television, buying a new product is likely to last longer, be of higher quality and more reliable than something older. However, is this still the case for property?

With so many different residential housing options available, it can be difficult to know the type of property you should be buying. Should you go for something brand new, or go for that older property you walk past every day? There are plenty of reasons why you should consider buying a new property, so to help make your decision easier, we have listed our top 10 reasons why you should be buying new today.



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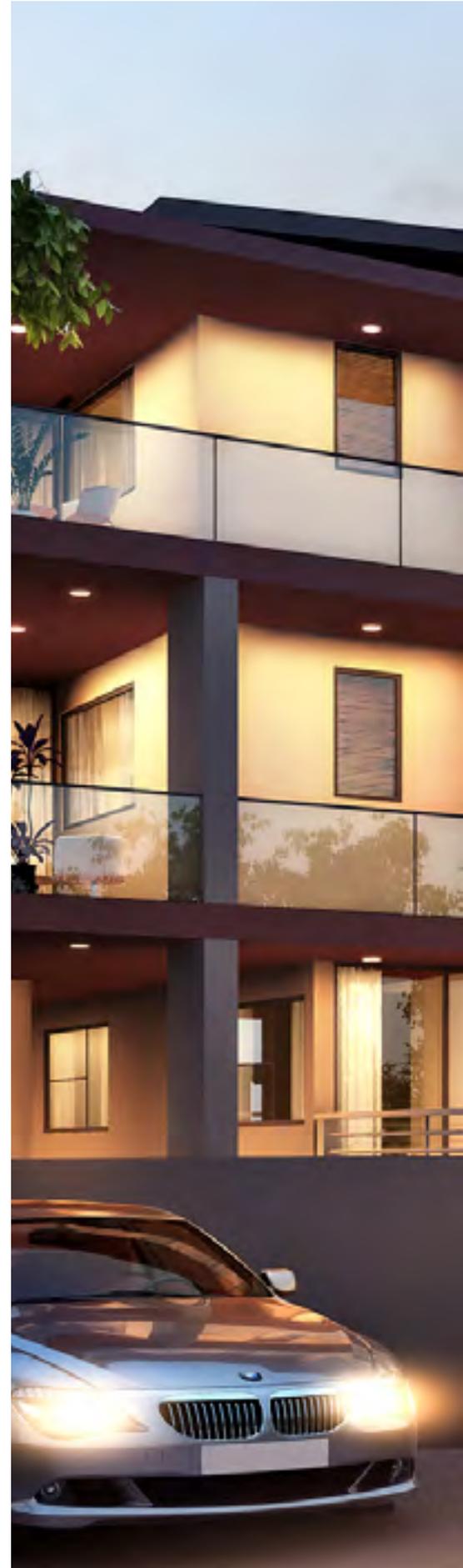
IT'S NEW

Firstly – the property is brand new! Who doesn't love new? Not only do you get to be the first people to live in it, if buying as an owner occupier, but rental tenants also prefer new. Newer properties also tend to be more energy efficient and environmentally friendly and are better equipped for today's tenant.

2

LOWER MAINTENANCE COSTS

As the property is brand new, you can also benefit from lower maintenance costs. Newer properties tend to be more energy efficient compared to older properties, ensuring that you can save money throughout the year on your power bills. It is also less likely that new appliances will break in the first few years, so you don't have to worry about expensive repair work being carried out.





GOVERNMENT INCENTIVES

When buying a new property, you could also be eligible for some of the Government incentives such as the first home owner's grant and stamp duty concessions. The incentives differ per state, but a new property could end up saving you thousands of dollars on your purchase. It is therefore worthwhile to purchase a new property, especially if you are a first home buyer as you could save approximately \$10,000 through the first home owner's grant.

To find out exactly how much you could save, it's best to check on the local government website for the state you are going to buy in.

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FIRST PICK – GREATER CHOICE

Buying a new property could mean that you end up purchasing off the plan. This comes as great news as you have greater choice of properties to choose from, ensuring that you get to choose the best properties first. In some cases, it might also mean that you have the option to choose your preferred colour scheme and whether you want to upgrade to premium appliances.

5

TIME

Buying a new property off the plan also allows you to enjoy longer settlement times. Typically, a property can take around one to two years to construct, giving you extra time to save a larger deposit and you don't have to worry about repaying a mortgage during this time. By the time settlement arrives, your property might have grown in value, giving you some good equity growth.





DEPRECIATION

If you are looking to buy a property as an investor, then a massive benefit to buying a new property over an older property is the depreciation. New properties offer the greatest amount of depreciation savings in year one, allowing you to reduce your taxable income. You are able to claim on both the building depreciation as well as the internal fittings and fixtures, with some costs being written off immediately.

You can deduct 2.5% on the property itself for 40 years which can lead to a significant tax deduction.





CAPITAL GAINS

When you buy off the plan, you lock in your price and if the property market grows in value, and your property goes up in value, you don't have to pay any more. There are plenty of instances where a property has increased anywhere between \$40,000 and \$100,000!

This is very powerful as this capital growth allows you to buy another property and continue to build your property portfolio.



INCREASED SAFETY

Buying new property can also provide more safety. New developments today tend to have intercom, key card access to enter the building and car parks as well as to operate the lifts. This makes your property more secure, decreasing your insurance costs.





HIGHER RENTS AS MANY TENANTS PREFER NEW

As well as attracting better quality tenants, such as professionals, you can also secure a higher rent, as rental tenants are happy to pay a premium for something new. They are also more likely to stay for extended periods, maximising the return on your investment property and minimising vacancies.

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STATUTORY PROTECTIONS FROM THE BUILDER

Builders of new properties in Australia are also required to take out home warranty insurance which protects you in the event of a major building defect. Also, most items for a new property are under warranty which means you can minimise your ongoing costs as they are covered by builder's warranty insurance.



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