

# GUIDE TO BUYING PROPERTY IN AUSTRALIA







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## THE BUYING PROCEDURE

*Buying property in Australia is relatively straightforward, but we would always recommend that you instruct the services of a reputable agent and surveyor.*

*This document has been compiled as a guide for potential purchasers of property in Australia. It does not seek to provide or replace legal advice which you should obtain, nor is it intended to have any contractual effect.*





## FOREIGN PURCHASER REGULATIONS

The Australian Government welcomes foreign investment. The Australian Federal Government's policy seeks to channel foreign investment to increase the supply of new housing and benefit the local building industry.

Foreigners can purchase dwellings that add to the housing stock. This includes 'new dwellings', off plan properties under construction or yet to be built or vacant land for development. Foreigners cannot buy 'established dwellings' as investment properties or as homes.

Once you have identified a property you wish to purchase you need to contact the Foreign Investment Review Board (FIRB). You should make your

application to the FIRB in advance of any transaction, or you should ensure the contract is conditional upon foreign investment approval.

The Government is only looking to ensure that your application is not contrary to the national interest. The Treasurer has 30 days to consider the application and make a decision however if the application is complicated or further information is required this can be extended to 90 days.

There are exemptions where an application to the FIRB is not required and further information on exemptions can be found at [www.firb.gov.au](http://www.firb.gov.au)





## PURCHASING PROCESS

Property viewings in Australia are usually held in a marketing suite which is opened during set viewing hours. Private appointments can be made but are less common.

Should you wish to proceed with a purchase you will generally be required to pay a fully refundable \$5,000 'Expression of Interest' deposit to secure your chosen apartment and complete a purchaser check list. Always remember to check the 'inclusion' list to ensure that what you think you are buying is included.

Once the 'Expression of Interest' is received contracts will be issued to your solicitor. If you do not have a solicitor in Australia one can be recommended to you. Once contracts are issued you have 7 days to Exchange the contract. Be wary as, if you miss the deadline, the property can be sold to someone else. Always obtain proper legal advice before exchanging contracts.

Contracts can be exchanged on the 'Expression of Interest' deposit however within 7 days of exchanging contracts you will be required to pay the remainder of the deposit to equal 10% of the purchase price.

Final payment, 90% of the purchase price, is payable on Settlement. Settlement is the handing over process of the finished apartment.





# PURCHASE COST AND FEES

## Strata Levies

Strata Levies are the fees paid to the Owners Corporation for the management and upkeep of the building. Everybody who owns a property within the building is a member and has a vote and is able to elect members to the Executive Committee for the building. Levies are generally paid quarterly and vary dependant on the facilities the building offers as maintenance and upkeep of some facilities can be expensive. Levies will contribute towards the cost of insurance, lifts, swimming pools, concierge and building and common area maintenance.

## Stamp Duty/Land Tax

Stamp duty is payable on the Land component of any property. The amount of Stamp Duty due will depend on the purchase price of the property. Each Australian state has different rules and regulations including thresholds before which Land Tax is payable. You should always check the thresholds within the State in which you are buying.

## Legal Fees

You will need to instruct the services of a solicitor to purchase a property in Australia and fees will vary in accordance with the purchase price of the property approx. \$1,000 - \$3,000 +GST.

## Council Rates

Rates are the amount of money the council charges to provide services to the property, these may include water, sewage etc. These vary from State to State and area to area and should be checked on the local government website prior to making a purchase.



# AT A GLANCE

BUYING	OWNING	SELLING
<ul style="list-style-type: none"> <li>♦ <b>Land Registration Fee:</b> Whenever a property changes hands a document known as a Land Transfer is lodged and registered with the appropriate State Titles Office. It is this document that records the change of ownership. The cost to register the title varies in each State/Territory. Your solicitor/conveyancer will usually perform this task on your behalf.</li> <li>♦ <b>Registration or overtaking mortgage:</b> Mortgage documents taken in Australia attract Ad Valorem stamp duty to make them legal documents. In some states this duty is not payable for refinancing. The amount payable is determined by the size of the loan and varies in each state. In some states such as Victoria, the stamp duty on a mortgage has been abolished and no longer needs to be paid.</li> <li>♦ <b>Stamp Duty:</b> Varies from State to State but is generally calculated as a % of the purchase price</li> <li>♦ <b>Deposit:</b> A deposit of 10% is due to 'reserve' a property. Generally paid by cheque or electronic transfer and held in Trust until completion.</li> <li>♦ <b>Application Fees:</b> Are due on mortgage applications, these vary from provider to provider</li> <li>♦ <b>Legal Fees:</b> \$1,000 - \$3,000 + GST dependant on the value of the property</li> </ul>	<ul style="list-style-type: none"> <li>♦ <b>Property Insurance:</b> \$1,000 per annum approx</li> <li>♦ <b>Contents Insurance:</b> \$1000 per annum approx</li> <li>♦ <b>Land Tax:</b> Land Tax is not applied if the property is your principle residence and you are living in it</li> <li>♦ <b>Council Tax/Rates:</b> This varies from State to State and is the amount the local council charges for services to your property, generally paid for monthly</li> <li>♦ <b>Monthly costs:</b> <ul style="list-style-type: none"> <li>Electricity</li> <li>Gas</li> <li>Water</li> <li>Telephone</li> <li>Cable TV</li> <li>Pool and garden maintenance</li> </ul> </li> <li>♦ <b>Property management:</b> <ul style="list-style-type: none"> <li><i>Rentals:</i></li> <li><u>Lettings fees:</u> Usually the first weeks rent is paid to the agent as a fee</li> <li><u>Management fees:</u> 5% - 8.5% + GST</li> <li><u>Tax:</u> Income tax is payable on gross rental income less any allowable deductions incurred in earning that income. There are a number of allowable deductions and it would be recommended to employ an Australian Tax advisor.</li> <li><i>Levies/Strata fees:</i> Vary dependant on the services your building provides but are generally between \$650 and \$1500 per quarter.</li> <li><i>Service Charges:</i> See above paragraph.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>♦ <b>Solicitor's fees:</b> \$1,000 - \$3,000 + GST dependant on the value of the property.</li> <li>♦ <b>Agent's fee:</b> 2% - 3% + GST to be paid on completion of the sale.</li> <li>♦ <b>Taxes:</b> When you sell your property, the excess of the sale price over the purchase price is a capital gain and Capital Gains Tax will be due. When determining how much of the capital gain is taxable, allowance is made for any selling costs and improvements</li> </ul>

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Whilst all care has been taken to ensure accuracy in preparation of the particular contained herein, no warranty can be given and interested parties must therefore rely on their own enquiries.

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