Considering your property options

Many people will buy a stand-alone (detached) house, but there are alternatives to think about when you have decided to buy property.

Summary of important things to know

- What sort of property do you need now, and what are you likely to need in the next 5 to 10 years?
- Identifying your priorities helps you figure out what's non-negotiable and what you're willing to compromise on.
- Are you willing to do work on a property, or do you want all the work to have been done for you when you purchase it?
- Think about where you would like to live. Is location more important than the property itself?
- Are you interested in buying off a plan, or do you need a property you can move into now? Would you consider building a home, moving a home onto a section, or downsizing to an apartment?

Buying a stand-alone home

Buying an existing stand-alone (detached) home is a common property option for Kiwis entering the housing market. It can be a good option if you're looking for more space, privacy, and independence as there are fewer restrictions placed on the home and land.

Here are some things to consider:

- Standalone houses typically have bigger sections which may give you space to grow and expand.
- In general they can be quieter because they're separated from neighbours.
- Standalone houses will typically be freehold which means you own the land and (generally) anything built on the land unless there are any registered or unregistered interests. Learn more about the different types of ownership (/buying-a-home/finding-a-property/understanding-types-of-ownership/)
- Home maintenance, gardening, and landscaping can be time-consuming and costly, especially if you buy an older house that has problems (weather-tightness, plumbing, old wiring, etc).
- Check with your local council about any restrictions on changes you may want to make on the property.

For information about stand-alone (detached) home styles visit Te Ara — The Encyclopedia of New Zealand (https://teara.govt.nz/en/housing)

As with any property purchase, we recommend that you seek legal advice before and during a transaction.

Buying an apartment or townhouse

Buying an apartment or townhouse may be good for people looking to downsize, enter the housing market, or looking for a lifestyle change.

Consider what is important to you. How much room do you need? How important is the location? How close do you like to live to other people?

Buying an apartment or townhouse usually means being part of a body corporate which handles the management and upkeep of the building and property. There are ongoing costs to cover these services.

As with any property purchase, it is recommended that you seek legal advice before and during a transaction. Legal advice can help you understand the body corporate rules which set out your obligations and what you can and cannot do with your apartment or townhouse.

Here are some things to consider:

- Buying an apartment or townhouse can be an affordable way to live close to the centre of the city, or other popular areas, where standalone houses can be expensive.
- Living close to other people can be noisy. Consider the amount of soundproofing the apartment has.
- Check to see if the building has long or short term rentals. People who just visit the building may not be considerate neighbours.
- Check if your apartment or townhouse comes with a parking spot or is a separate title you will need to purchase? Also, check access to visitor parking.
- Ask to see the long-term maintenance plan (LTMP) and building fund.
- Ask for the body corporate meeting minutes from the past 12 months to understand the key issues and concerns.
- Ask questions. Check that all the owners' levies are up to date, that the accounts are audited and read the details of the insurance policy. Is the body corporate involved in any proceedings against a third party, and are there any weather tightness issues with the building.
- Ask about the buildings contingency plan as there may be additional costs in addition to the building levies

Remember when you're calculating the cost of buying, budget for the ongoing body corporate fees and any unexpected remedial work for the complex.

Read more about units, townhouses and apartments (/buying-a-home/researching-the-property/learning-about-the-property/#units)

Buying an empty section

Buying a section and building your own home is a good way to make sure you get exactly what you want in a home. There is a lot to think about.

- Have a good idea of what type of house you want to build before you commit to a property.

- Check the building covenants in the area. There may be restrictions that mean you can’t have some of the features or materials you were hoping to include.
- Check if any building plans have been submitted to the council for the property. What is the zoning for the area?
- Check the costs of getting services such as sewerage and power to the property if these aren’t yet in place.
- If the section isn’t flat, there may be earthwork costs to consider before you can build. Get advice from an engineer about this because these costs can be significant.

When it comes time to build, make sure you know your rights and obligations with tradespeople and the council so you can avoid costly mistakes and delays.

Find out more about building a home at building.govt.nz (http://www.mbie.govt.nz/)

Buying off a plan

Developers who are planning to build apartments or a townhouse complex will often sell the units off the plan before the construction has started. Buyers can view images or sometimes visit a show home to get an idea of what they’re buying. Generally, buying off a plan means paying a deposit upfront to secure the property. The remainder of the money is due on completion of the build.

There are benefits to buying off a plan. You are signing up for a new home that should meet all the latest building specifications, and you are buying something at a set price with an initially low outlay (the deposit). A long settlement period gives you time to save money for the final payment. If the market is buoyant, the property may also increase in value over this period so you will be getting more than what you paid for.

However, there are also risks to consider:

- If market values fall, you may be committed to paying more than the property is worth.
- You are entirely reliant on the developer and construction firm, so it’s important to do due diligence. What is their reputation? Check their credentials - how long have they been developing properties? Take a look at any previous developments they have been involved in.
- Some lenders will place limits on home loans to people buying off plans.

- Check all the details to make sure the finished property will meet your expectations. Ask questions about the drawings or show home. What size were the beds in the promotional shots? Is the building to minimum standards or is the specification above and beyond? Ask about the soundproofing. Check security and safety features. Ask for detail about the common areas.
- The build may take longer than expected which may mean you are paying rent for longer than you had budgeted for. It may also mean you need to move to a new rental property.
- The interest rates may go up or lending criteria may change. Discuss these risks with your bank or lender.
- The completed complex is likely to have a body corporate. Find out how this will be managed and the costs you will need to budget for.
- Some contracts are designed to allow buyers to choose the floor plan or the fixtures and fittings. Others may allow the developer to change the layout without checking with you first. It's important to understand every aspect of the property.
- () It's important to engage a lawyer to help you understand all the details of the contract. Check to see if there is a 'sunset clause' that specifies what will happen if the development is not finished on time. You should also ask what will happen if the developer goes into liquidation and the project is sold to another company.

Buying a mortgagee sale property

A mortgagee sale often occurs when a property owner (the mortgagor) can't meet their mortgage repayment obligations. The mortgagee (usually a bank) may have to sell the property in order to recover the funds.

A mortgagee sale can be good for buyers because it offers a chance to buy a cheaper property, but it also presents risks and issues that are outside the buyer's control. Mortgagee sales are often problematic from the outset — the most obvious issue is that the owner isn't actually the seller and is likely to be unwilling to let their house go to market.

These are some common issues you may come across:

- The owner may still be living at the property while it's for sale. This means that you may not be able to view the property before making an offer, undertake a pre-settlement inspection or understand whether any work has been carried out and received an appropriate permit.

- The mortgagee doesn’t have to guarantee that the property will be vacant on settlement. If the previous owner is still at the property on settlement, you may have to arrange to remove them from the property. Speak to your lawyer if you need advice about the ways this can be done.
- The mortgagee doesn’t have to offer the property for sale with chattels, for example, the stove or curtains, or guarantee the state of those that do remain at the property.
- The mortgagee doesn’t have to provide any warranties, for example, building consents or code compliance certificates, and does not have to provide any supporting documentation.
- The owner can repay their mortgage before settlement, and the property can be removed from the market at any time.
- You may be required to insure the property before settlement day, as the mortgagee may surrender responsibility for the property as soon as a sale and purchase agreement is signed. Speak to your lawyer and insurer to understand what kind of insurance you will need to take out on your property before settlement day.

In a mortgagee sale, sale conditions will be set out in the sale and purchase agreement. The real estate agent should explain how they differ to normal terms and conditions, disclose any known issues with the property to you and recommend that you seek legal advice on the terms of the sale and purchase agreement.

We highly recommend asking your lawyer or conveyancer to review any documents provided to you or that you have obtained (such as a LIM report or record of title) to help you to understand what is in the documents and what it will mean for you. With a mortgagee sale, it is even more important to do your due diligence, seek legal advice and understand the risks associated with the sale.

Relocating a home

Purchasing an empty section and moving an existing house onto it is an option to consider:

- Check council regulations. An old house moved onto a new section may be considered a new house and will need to meet new house standards for insulation, wiring and so on.
- Research the cost of moving a house, including hidden costs, and check that it’s not cheaper to build a new home.

- Check what is required to prepare the section for the new house, in terms of a foundation or piles and also getting services to the section.

Talk to your bank about financing the project. Some banks will not finance relocation.

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