

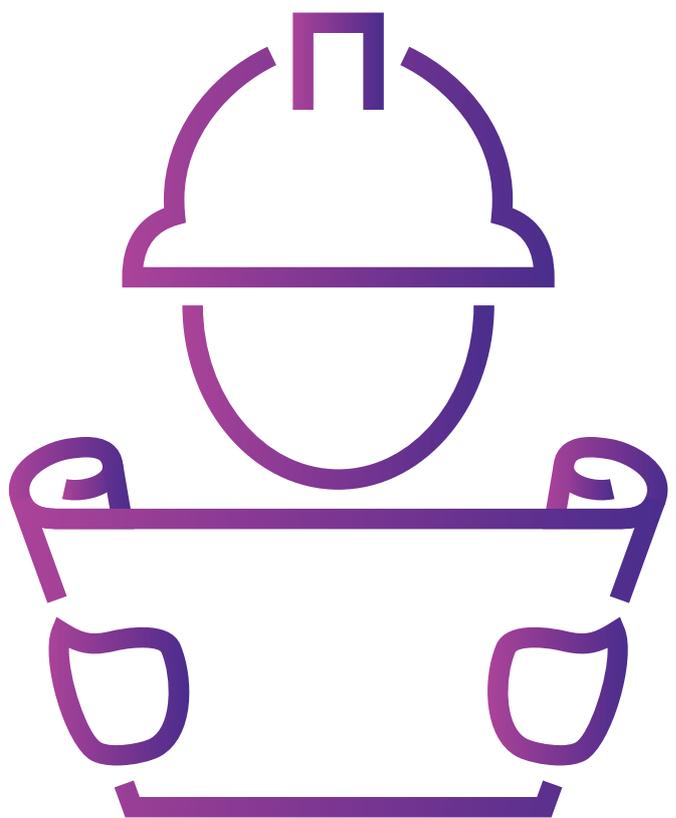
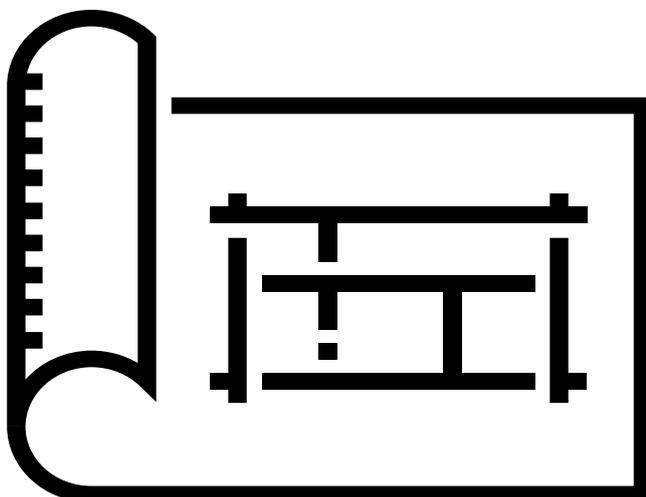
Thinking of buying a unit or apartment off-the-plan in the ACT?

So you are thinking of buying a unit or apartment off the plan?

Unit living is a great way to be close to town and city centres and suits a wide range of buyers - from those looking to break into the market, to upsize (or often downsize), and those seeking to enjoy the benefits of common facilities.

Buying off-the-plan is a choice many buyers make, including those looking to break into the property market for the first time or those looking to secure their dream unit in a new development.

Sound like you? Access Canberra in partnership with the Owners Corporation Network have pulled together some key information to help you understand your rights and responsibilities.



This guide complements other materials and guides available on the Access Canberra website at act.gov.au/accessCBR and supports advice you will get from your real estate agent and solicitor. **It does not replace independent legal or financial advice.**

So let's get to it!



What is off-the-plan?

It's not a trick question - it literally means you are committing to purchase an apartment or unit from the planning documents! Your particular unit or apartment will not be built, so you will likely be looking at plans, artist representations, computer modelling representing a finished apartment, or a display unit.

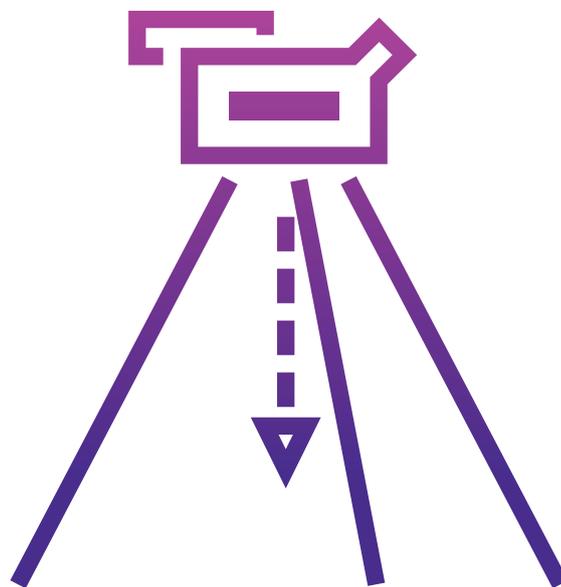
What do I need to consider?

Buying off the plan means you can secure your unit of choice, paying only a deposit until the time construction is completed. This can give you valuable breathing space to save additional funds.

Over this time, the unit may increase in value and you could end up with a terrific deal. However there is also a chance sales could be slow and the developer might have difficulties obtaining finance, resulting in it taking longer than expected before you can move in.

The unit's value might not increase or may even fall over that time. This could mean you will find it difficult to obtain a mortgage when it comes time to settle. In the worst case, you could lose your deposit.

Before you commit to purchase, it is important that you seek independent legal and financial advice and ask plenty of questions so you feel confident and informed of any decision you make.



Some questions you may like to ask the developer:

-  How many units need to be sold before construction begins? How will this affect the timeline for completion?
-  What exactly am I buying? Is there "a concept" or are there detailed plans?
-  Does the unit, balcony, carpark and storage area have fixed dimensions or are they subject to change when the detailed plans are done? Can the developer make changes without my agreement? What are the limits of the changes that can be made?
-  What happens to the interest on my deposit money? How much will I have to share with the developer?
-  When do I have to pay stamp duty? Is the amount of stamp duty paid any different to what I would pay if the unit was already built?
-  What are the developer's rights and responsibilities and what are mine?
-  On what grounds can I terminate my contract and does the termination have an expiry date?
-  Will my unit look exactly like the pictures in the glossy brochure? For example, will the balcony have the glass panels or can they be substituted with brick? Do all the extras like the landscaping, pool and gym have to be built?
-  What if the unit is not completed by the agreed date? Can the developer cancel my contract? What are my rights if that happens?



KEY TIP

Get any key information, decisions and advice in writing rather than verbal commitments or agreements.

Other important considerations

The purchase of a property is often the biggest financial commitment you will make. It is therefore important that it is carefully considered – including if it will meet your needs now and into the future.

Like buying *any property* think about:

- **Location** - Are you close to neighbours, shops, schools, work, friends, family, public sporting fields, greenspace or a bustling town centre?
- **Transport** - Is it close to public transport? Cycle or footpaths? What about traffic noise? How long will your commute be to key places you'll want to go?
- **Size** - Does it meet your needs now and in the future? Note: when size increases so will costs - think heating/cooling, fees and charges.
- **Amenities** - Do you want access to a pool? Gym? Garden? Outdoor areas?
- **Safety and security** - What security features does the property have (eg gates, fences, security cameras, secure pass access, lighting)?
- **Finances** - Consider fees and charges and how costs may be managed if your personal circumstances were to change.

At handover an owner's manual should be provided for all inclusions (eg air-conditioning and appliances), as well as specific cleaning and maintenance advice (tempering valves, air-conditioning filters and stone bench top maintenance where appropriate).

Buying a unit or apartment means you are also buying into a small community

Being part of a community can have great benefits and is often a key drawcard for this type of living. However it does mean (due to the close proximity and the sharing of common spaces) that your activities can impact on your neighbours and vice versa.

There may also be restrictions to some of the things you can do, such as where you park your car or when and how you can renovate. This can differ from owning your own standalone home. Understanding these differences before moving in can help reduce issues down the track and keep neighbours (and you) happy!

In addition to the considerations above you will also want to consider the types of units included in the units plan you are looking at which bring us to ...

Some apartments and units are 'mixed use'

This means they have both residential and commercial units in the same building/complex which can offer a range of benefits such as having cafes and bars, small businesses, gymnasiums, boardwalks and supermarkets close by.

However, it is important that you consider if this type of living will work for you. For example, there may be an increase in noise and smells as well as competition for visitor parking and general busyness around the complex.

Seek advice and understand if, and what, mixed use properties may be permitted or planned in your complex.

Units and apartments are generally Class A or Class B

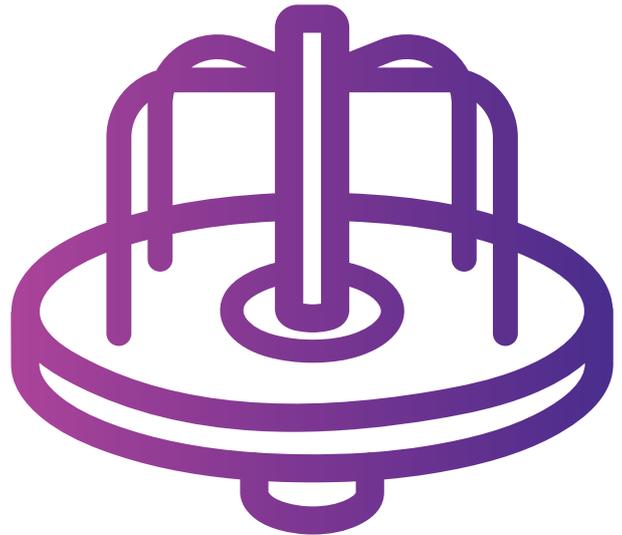
It is important you understand the difference as it has impacts on what an owner actually 'owns' as well as future maintenance and management in a units plan.

Class A Units are generally multi-storey apartments. The owner owns the inside of the unit to the mid-point of shared walls and may own a subsidiary, such as a car parking space.

Class B Units are generally town house style units. The owner owns the inside and the outside of their unit and to the mid-point of any adjoining walls.

More things to think about:

- What exactly am I buying? What is mine and what is a shared or common facility?
- What facilities are on the common property, if any; such as a pool, gym or barbecue area? Would I want to live there if they were not eventually built?
- What are the arrangements around maintenance and is it likely there will be high one-off or ongoing costs or building defect issues?
- Buying off the plan means owners sometimes face building teething problems and defects that can result in extra costs and considerable time commitment. Will that work for me?
- If the building will be high maintenance your levies will be higher. Can I afford that?



Where can I get more information?

Access Canberra: act.gov.au/accessCBR or 13 22 81

Owners Corporation Network of the ACT: ocnact.org.au

Strata Community Association (ACT): strata.community/states/act