

# buying OFF PLAN

IS IT A GOOD IDEA?

what is  
**BUYING** off  
the plan?



It sounds too good to be true, you buy a brand new property at “today’s price” and by the time it comes to settle, it has appreciated considerably.

HOWEVER - **BEWARE!**

Property developments can take several years to complete.

There have been instances of Developers intentionally and deliberately delaying the progress of the development to lawfully terminate contracts for financial gain through the provision of a “sunset clause”.

what is  
a **SUNSET**  
clause?



A sunset clause allows for either party to terminate the contract if the development is not completed by a key date.

If the purchaser wanted to consider exploring alternate property investments and the development had been delayed, they can terminate the contract and seek a refund.

Conversely, if property prices in the area have substantially increased since the time of exchange and the sunset date has expired, the vendor may delay the development and on-sell the same property for an increased profit.

what are  
the  
**DANGERS?**



If you commit to purchase a property and get pre-approval from your bank at the time of exchange then two years later you are given fourteen (14) days’ notice to settle by the Vendor, your bank may not be obliged to provide the mortgage as promised.

Banks only lend on the value of the property at the time of settlement. You may agree to buy a property for \$1 million dollars and expect the property prices to continue to increase at a steady rate. But it is more likely that the Sydney property market is due to plateau for a few years.

what should  
you  
**CONSIDER?**



Like any purchase, make sure you have the deposit ready to pay and have KREISSON look over the contract before you sign anything.

You should do your homework into the Developer and have a look at their previous work. Find out if their other buyers were happy with the end results.

Only offer what you can afford now. Seek advice from your accountant as to what the best structure to purchase the property in.

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create. innovation  
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