



First home buyers – buy what you can afford

From the desk of ...

Paul Kounnas, Director of Hudson Bond Real Estate

IF you are continually missing out buying a property because other buyers have more money to spend, there is an alternative. Instead of chasing your dream home and watching it get further out of your reach, you have to face the reality that you can't stop the market, so why not buy what you can afford.

I know some young people who a year ago could have bought a basic three bedroom home but chose not to because they wanted to buy their dream home which at the time they couldn't afford. Regrettably, with the rise in market prices, today they cannot even afford to buy the basic three bedroom home they once could.

Unfortunately society today wants more and wants it now. We live in an age of instant gratification. There is always a price to pay for trying to satisfy our instant desires.

In the past, people started off with less than they would have liked and slowly worked their way up. Today many of the young want to start where it took most of us many years to get to.

If you cannot change your thinking to buying a home that you can afford to live in than perhaps you may want to buy an investment instead of a first home.

An investment does not have to fulfil your lifestyle wish list. It won't matter if the property doesn't have everything that you want because you're not going to live in it. This way you can buy a less expensive property, one you can afford, allowing you to get a foothold in the market.

It's far better to be in the market and allow capital growth help you than left behind and unable to save as quickly as the market is moving.

Holding property for the long-term will maximise the effects of compounding growth. As an investor you

can also claim holding costs, like interest, repairs, rates and insurance against the rental income. If you can afford it you can also make extra payments to reduce your loan and increase your equity more quickly.

After a few years you may have increased your equity enough to be able to afford to buy your lifestyle home.

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