

# Building Boost Better Option

**The Queensland Government's recent Building Boost Grant is tipping the scales in favour of building a new home over buying an established residence.**

And while they may say that your home is your castle, it's also your biggest investment where every hard earned dollar counts. So for those who think building your dream home is out of reach and that renovation is the only alternative, here to consider are the real costs and facts associated with buying an existing property.

## Finance / Cost

There are many factors to weigh up when deciding whether to build new or buy established so being realistic about your budgeting is essential for achieving your most profitable outcome. The Queensland Government's \$10,000 Building Boost Grant has made the decision to build a new home easier and is challenging the old myth that renovation automatically equals profit. The following comparative case study outlines the approximate associated purchase costs on buying an established home as to purchasing land and building a new home.

## Maintenance / Renovation

While all homes require a degree of maintenance, older established houses can be full of unforeseen expenses. You may suspect them or even naively hope to avoid them, but issues like substandard wiring and plumbing, construction faults and hidden termite damage may not be fully exposed until after you have moved in. What first presents as a minor issue can very quickly get out of hand when further examination reveals the total extent of necessary rectification. Keep in mind that the cost of these repairs does not make your property more valuable.

It is not unusual for home appliances like air conditioning units, ovens, dishwashers, hot water systems and even pool pumps/filters to need replacing within the first 12 months after moving in. These items are usually outside warranty periods. Paintwork, carpets, cabinetry and tiling may need repairs or total replacement depending on your budget and your personal taste. But be warned – many an optimistic renovator has ended up living amongst a building site trying to remember what a relaxing weekend felt like.

It might look like fun on 'The Block' or 'The Renovators' but unless you have genuine construction and project management

experience you may be in for a shock, particularly where major renovations or extensions are concerned. And though you may love the satisfaction of doing work yourself, no matter how much you do or spend you can only hope for improvements as it will never be 'new'.

New homes will be relatively maintenance free for the first 7 years and builders offer a maintenance period for the first 6-12 months, along with a structural guarantee. But perhaps it is just the little things that make owning a newly built home such an incomparable experience... like when everything in a home simply opens, shuts and performs as perfectly as it was designed to.

## Layout

It is undeniable that lifestyles and family units have changed dramatically in recent years and that homes built 50, 20 or even 10 years ago do not always cater for everyone's individual needs.

One of the best advantages of building is that you get to choose a new and innovative design and layout that fits your family's lifestyle without compromise. Size doesn't necessarily equate to space, so building a new home specifically designed to get the most from the square meterage available on your block can certainly get you a lot more home for your money.

New homes generally have bigger rooms, built in robes and more bathrooms. If you are building a new home you can have the flexibility to influence and personalise the layout and finishes. Do you love to cook and entertain? Then allow more floor space to cater to for the chef's kitchen and the butler's pantry you have always longed for. Are you a family of film buffs? Why not create a media room at home that rivals a Gold Class Cinema experience.

Even the more outdoors types or those with special hobbies or interests can have streamlined storage zones custom designed to perfectly conceal bulky sporting and camping equipment right from the beginning for clutter free everyday living.

When you buy an existing home you inherit what the previous owner built or remodelled over time – regardless of their taste or handyman skills! It is rare to find an existing home that has been built and finished exactly



to your tastes and needs. A great advantage of building a home is the guidance and advice available to you from your builder's colour and design consultant. Having access to the latest trends and concepts ensures that the selections you make combine your personal style with a look that will still be highly appealing for the future.

Concealed technology, electronic security and lighting/electrical concepts can only really be integrated seamlessly and successfully during construction. Incorporating these new must haves in your home will increase your resale potential whilst utilizing modern technology to make your life more enjoyable.

## Energy Efficiency

Buying a new home will mean you comply with the new 6 star energy efficiency. This means you will enjoy lower electricity bills, water saving features, the ability to live in greater comfort and the reassurance that you are contributing to lowering greenhouse gas emissions. Any existing home will not offer these new energy efficient features, so the long term cost saving over time will be substantial.

## Conclusion

Buying a house is an expensive yet exciting process and will probably be the biggest purchase you ever make, so take the time to consider the facts and remember few things in life are as appealing as the opportunity to be involved in designing a home that is meant for you and no one else. There really is no better place for all your family's memories to be made. Take advantage of the Queensland Government Building Boost program while it is still available and discuss your options with a Stylemaster Homes consultant today.

[www.stylemasterhomes.com.au](http://www.stylemasterhomes.com.au)



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	Buying an established home <small>Based on a purchase price of \$500,000</small>	Building a new home <small>Based on land at \$250,000 and home at \$250,000</small>
<b>Government fees:</b> <small>From 1 August 2011, state government transfer duty (ex-stamp duty). If building, use your \$75,000 deposit to reduce transfer duty. I.D. on \$125,000</small>	\$15,925	\$7,175
Mortgage registration fee	\$127.90	\$127.90
Transfer fee	\$991.90	\$316.90
<b>Total government fees</b>	<b>\$17,044</b>	<b>\$7,619.80</b>
Mortgage insurance*	\$2,975	\$2,975
Building and pest inspection	allow \$500	\$0
Legal and conveyancing fees	allow (min) \$1,000	allow (min) \$700
Pool inspection	allow \$200	\$0
Immediate repairs - unforeseen costs	allow (min) \$1,000	\$0
New carpet and paint within first 12 - 24 months	allow \$10,000	\$0
<b>Sub total:</b>	<b>\$32,719.80</b>	<b>\$11,294.80</b>
<b>QLD Government Building Boost Grant</b>		<b>-\$10,000</b>
<b>Grand total cost to you:</b>	<b>\$32,719.80</b>	<b>\$1,294.80</b> <small>0.26% OF PURCHASE PRICE</small>

\*Mortgage Insurance applies when borrowing more than 80% of the purchase price. Mortgage insurance, like all insurance is variable. 20% of \$500,000 is \$100,000, the required deposit to avoid M.I. based on a deposit of \$75,000, M.I. would apply to the borrowed amount of \$425,000. On average, the M.I. is approximately 0.7% of the borrowed amount. It is advised to seek professional financial advice when purchasing/building.