

Avoid the **5** most common risks when buying property

Mark Taylor talks with Michael Poynter, CEO of the MCP Group in Melbourne, on managing your risk when buying property.

Here is what Poynter sees as the biggest dangers, and how you might avoid or minimise them:

1 IT'S A DUD

Perhaps the biggest risk, and the greatest fear for buyers, is buying a lemon. It can be due to poor building work, pests, poor location, contamination, flood-prone, wind-prone, planning restrictions and so forth. Legally, you can obtain certificates from relevant authorities that give information about flooding, contamination, freeways and other matters linked to the land itself.

For anything else on the land, eg construction and pests, you have to get on site and physically check it out.

Simply put: it is up to the buyer to find the issue, not up to the seller to disclose them, and watch out because there is no recourse!

Inspections should be conducted by the relevant professionals prior to signing any contract. It can also be made conditional upon satisfactory inspections (only where the property is not being sold at auction). To minimise location and other related risk, you can hire a quality buyer's advocate.

2 I PAID TOO MUCH

Getting caught up in an auction battle, egged on by someone or simply not knowing the market has been the downfall of many. Risk can be minimised by a solid buyer's advocate.

At the very least, the advice and bidding assistance of a trusted friend can help take the emotion out of a decision.

3 THE ECONOMY

At times there can be a global or local collapse, or a series of interest rate hikes because the economy is doing too well! You should hope for the best and prepare for the worst. Factor in a buffer to ensure a greater cost of money can be covered, and in the case of investment property, prepare for a few months' vacancy.

The greatest danger here is loss of job or other income source. It is up to each individual to assess and attempt to mitigate this possibility through appropriate insurance cover such as income protection.

4 COUNCIL PLANNING

A certain basic amount of information can be gleaned from contracts about any design and development overlays, heritage restrictions or the future for the location.

I recommend buyers pay a visit to the Planning Department of the local council and have a chat



about matters relating to an address or location of interest – including the buyer's plans.

5 FIRE AND STORM

As soon as you sign a Contract of Sale, insure it! But make sure you read the fine print for the insurance because there may be some significant exclusions that could catch you out if you need to make a claim. ❄️

Visit www.facebook.com/expertpropertyadvice



Mark Taylor, our regular property columnist, is the founder and managing director of the Keys To Success Club, a must-have resource for anyone serious about property.