

Hot property

Obtaining a pre-approval for an Australian mortgage before you migrate Down Under could give you a head start in finding that perfect property, writes **Mary O'Brien**

Most people, and even many Australian banks, might say that you have to be in Australia to personally obtain an Australian mortgage, but that is not necessarily the case with all banks.

If you contact an Australian mortgage broker who is accredited with at least 25 banks and lenders before you emigrate then you could find out your options immediately on your borrowing capacity and the house price range you may look for when looking at the web for an Australian property.

There are some banks in Australia who can lend up to 80 per cent finance to non-residents and sometimes up to 90 per cent, although this only applies if you are Australian citizen living overseas.

When the pre-approval application takes place, you will normally require identity verification from a British bank manager, British solicitor (who has known you for five years), or the best and safest option is the Australian Embassy.

Different Australian states and banks have various laws for identity verification as a non resident.

SEEKING PRE-APPROVAL

Once you are sure that you are able to emigrate to Australia then you should obtain mortgage pre-approval through an accredited Australian mortgage broker.

The mortgage broker will come back to you with a pre-approval conditional letter on an Australian bank letterhead providing you with a loan for a certain dollar amount and conditions. This

pre-approval with the mortgage broker will enable you to start looking at the location you may wish to live and work, as house prices, salary income, job availability, the cost of living, climate and lifestyle varies in all of the states.

The next step on migrating is deciding where you would like to live, or perhaps you may prefer to purchase the property as an 'investor' first before the emigration approval is received?

TO SELL OR NOT TO SELL?

Once you have a job offer in Australia and/or an idea of where you will be moving to, it is likely that you will visit the areas you like and see what options are available to you, and perhaps come up with a shortlist of properties that you like.

“Once you are sure that you are able to emigrate then you should obtain mortgage pre-approval”

At this point you will have two choices open to you. The first option would be to sell your house in the UK and use the lump sum to cover purchase costs, such as stamp duty, legal fees and house deposit for their new Australian property.

The second option, one which is particularly recommended in the current market, is to keep the UK property as an investment, using rental returns as a secondary income or to cover the UK mortgage repayments. This is of great benefit currently due to low interest rates



Prospective migrants should research the property options in Australia

in the UK and with the housing market still fairly sluggish. This option also gives you the choice to sell your UK property once the housing market has improved.

If you choose to let out your UK property, then you can look at purchasing an Australian property initially as an

“investment”. Many Brits purchase property initially as an investment first then move to Australia later. In this case, they would require 20 per cent deposit plus stamp duty and have the chance to borrow 80 per cent from an Australian bank/lender as a non resident.

When you arrive in Australia on special visas (like 457 Visas) or Permanent Residency you can apply for up to 80 per cent finance from an Australian bank once you have secured a job in Australia. This may be subject to your three- >>

Average Property Prices

The statistics shown on the map below will give you an idea about which city in Australia you can afford to move to depending on average house prices, how they have grown and typical rental prices...

month probation period being passed at the new job. The bank may consider waiving this probation period if you are working in the same industry to the previous occupation you had in the UK.

The exception to this is if you are going as part of a company transfer or are going to Australia with a "high demand" skill, such as a doctor, nurse or teacher, and can provide an employer's letter, so long as you have Foreign Investor Review Board (FIRB) approval. In many cases it can be best to purchase when you arrive.

If you have been approved Permanent Residency then you wish to inquire or look at the State website to see if there is first home buyers grant applicable at the time (it changes regularly).

KEEPING YOUR UK HOME

British buyers purchasing an Australian investment property will often be put off by the high stamp duty and other purchase costs. The important thing is to use your property to your best advantage.

Remember that UK interest rates are significantly lower than Australia, and rental payments will easily cover mortgage payments if the house is on the books of a good lettings agency.

A UK mortgage top-up is a great way of raising funds from the equity in your house (provided there is enough equity) in order to generate a lump sum for an Australian house deposit.

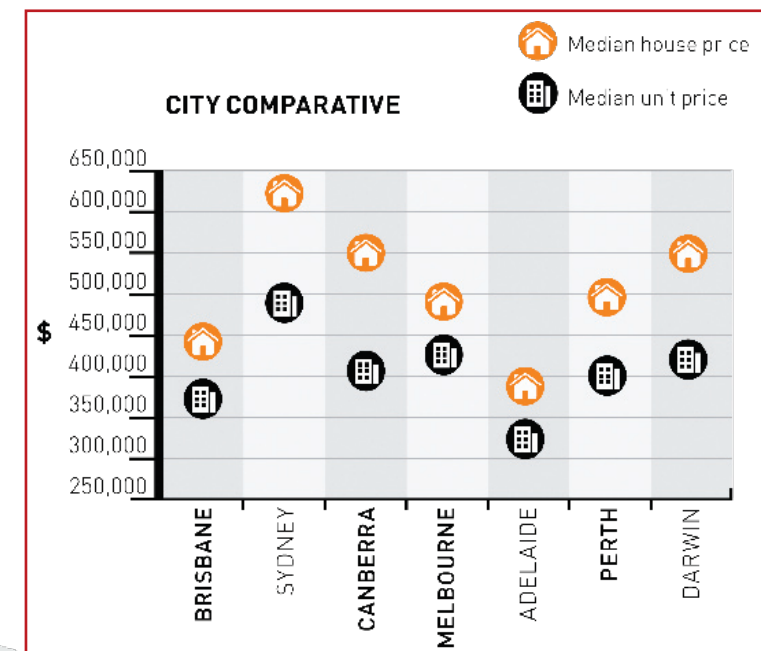
The mortgage top-up from the lump sum will be used positively (to purchase an Australian property) and in any case the UK property may well be sold in just a few years, when the housing market is in better health, which could cancel out the mortgage top-up.

The main drawback with a UK mortgage top-up usually is that the interest rates are much higher than the normal mortgage and over a long term (say 25 years) mortgage agreement.

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DARWIN

Median house price: \$550,000
Quarterly growth: 4.76%
Annual growth: 12.90%
Avg. annual growth: 11.08%
Median weekly rent: \$590
Gross rental yield: 5.58%
Median unit price: \$420,000
Quarterly growth: -0.71%
Annual growth: 3.09%
Avg. annual growth: 10.84%
Median weekly rent: \$460
Gross rental yield: 5.70%



Figures provided by:
rpdata.com

BRISBANE

Median house price: \$445,000
Quarterly growth: 1.14%
Annual growth: -0.11%
Avg. annual growth: 9.95%
Median weekly rent: \$385
Gross rental yield: 4.50%
Median unit price: \$370,000
Quarterly growth: -1.40%
Annual growth: -0.54%
Avg. annual growth: 7.67%
Median weekly rent: \$370
Gross rental yield: 5.20%

PERTH

Median house price: \$497,000
Quarterly growth: 3.54%
Annual growth: 2.11%
Avg. annual growth: 11.14%
Median weekly rent: \$440
Gross rental yield: 4.60%
Median unit price: \$405,000
Quarterly growth: 1.25%
Annual growth: 1.25%
Avg. annual growth: 10.57%
Median weekly rent: \$400
Gross rental yield: 5.14%

ADELAIDE

Median house price: \$390,000
Quarterly growth: 2.63%
Annual growth: -1.28%
Avg. annual growth: 9.25%
Median weekly rent: \$330
Gross rental yield: 4.40%
Median unit price: \$325,000
Quarterly growth: 4.08%
Annual growth: -1.85%
Avg. annual growth: 9.94%
Median weekly rent: \$290
Gross rental yield: 4.64%

MELBOURNE

Median house price: \$490,000
Quarterly growth: 4.26%
Annual growth: -2.76%
Avg. annual growth: 7.25%
Median weekly rent: \$360
Gross rental yield: 3.82%
Median unit price: \$425,000
Quarterly growth: 1.43%
Annual growth: -1.41%
Avg. annual growth: 5.75%
Median weekly rent: \$350
Gross rental yield: 4.28%

CANBERRA

Median house price: \$550,000
Quarterly growth: 3.14%
Annual growth: 0.94%
Avg. annual growth: 8.75%
Median weekly rent: \$515
Gross rental yield: 4.87%
Median unit price: \$415,000
Quarterly growth: 1.22%
Annual growth: -1.43%
Avg. annual growth: 9.24%
Median weekly rent: \$430
Gross rental yield: 5.39%

SYDNEY

Median house price: \$627,500
Quarterly growth: 10.09%
Annual growth: 8.50%
Avg. annual growth: 6.34%
Median weekly rent: \$480
Gross rental yield: 3.98%
Median unit price: \$490,000
Quarterly growth: 4.62%
Annual growth: 4.35%
Avg. annual growth: 4.32%
Median weekly rent: \$450
Gross rental yield: 4.78%

For information on the real estate market in Australia check out these useful web links...

- www.realestate.com.au – for general information on the real estate market in Australia.
- www.residex.com.au – for market facts, postcode information and property explorer.
- www.reports.rpdata.com.au – for suburb profiles and sales histories.

For property investment reports visit:

- www.firb.gov.au – Foreign Investment Review Board (FIRB)
- www.rba.gov.au – Reserve Bank of Australia statistics, annual reports and policies.
- www.immi.gov.au – Australian Immigration Department for information on visa and citizen applications, Australian laws and customs.

For first Home Owners Grant information regulations in each state:

- www.osr.nsw.gov – New South Wales
- www.osr.qld.gov.au – Queensland
- www.vic.gov.au – Victoria
- www.revenue.nt.gov.au – Northern Territory
- www.revenue.act.gov.au – Australian Capital Territory (ACT)
- www.revenuesa.sa.gov.au – South Australia
- www.dtf.wa.gov.au – Western Australia

