

# Buying A House In Sydney, NSW: A How To Guide



**By:**

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## **Abstract**

Buying a house in Sydney, NSW, involves several key steps to ensure a smooth and successful process. Start by researching the market to understand property prices in different suburbs, and determine your budget by getting pre-approved for a mortgage. Engage a reliable real estate agent to help navigate the competitive market and identify potential properties. Once you find a suitable home, make a formal offer and, if accepted, conduct thorough inspections to ensure the property is in good condition. Engage a solicitor or conveyancer to manage the legal aspects of the purchase, including the contract of sale and transfer of ownership. Finally, complete the settlement process, where you pay the remaining purchase price and receive the keys to your new home. Throughout this journey, staying informed and organized is crucial to securing your dream property in Sydney.



## **1. Introduction**

Begin by assessing your financial situation and securing pre-approval for a home loan, which will help you understand your borrowing capacity and set a realistic budget. Research different suburbs to identify areas that fit your lifestyle and budget preferences. Enlist the services of a qualified real estate agent who can provide valuable insights and access to listings. Attend open houses and inspections to evaluate properties and compare them against your criteria. When you find the right property, make a competitive offer and negotiate terms. Conduct necessary due diligence, such as building and pest inspections, to ensure there are no hidden issues. Hire a solicitor or conveyancer to handle the legal paperwork and facilitate a smooth transaction. Finally, proceed to settlement, where you finalize the purchase and take possession of your new home. Staying organized and seeking professional advice throughout the process can significantly enhance your home-buying experience in Sydney.



## 2. Choose The Best Suburb To Live in Sydney



From green spaces and playgrounds, to educational facilities and public transport, these are 10 of the best Sydney suburbs for families.

Raising a family in Sydney is no doubt a privilege (and an expensive one at that.. thanks #cozzielivs). Our stunning harbour city has it all, from picturesque beaches to fantastic local schools, and diverse communities.

So if you're looking for the best suburb to raise a family in Sydney, we've done the leg work for you. North, south, east, or west, in these pretty pockets of Sydney, you'll find 10 of the best family-friendly neighbourhoods in Sydney.

### **Lane Cove**

Lush and leafy Lane Cove has become one of Sydney's most sought-after neighbourhoods for young families thanks to its central location and abundant amenities.

It boasts children's playgrounds, a library, an aquatic centre, and a flourishing village that houses restaurants, cafes and supermarkets. Locals love getting outdoors and exploring Lane Cove National Park, while the CBD is just a 20-minute drive or bus ride away.

### **Curl Curl**

Curl Curl is a haven for families in the Northern Beaches and it's easy to see why. The laid-back beachside suburb has it all — plentiful green spaces, an emerald blue ocean, rock pools,

and long stretches of sand dunes for energetic little ones to run amok. It's also in a prime position for venturing up or down the Beaches to nearby postcodes.

### **Dulwich Hill**

This multicultural and family-friendly neighbourhood in the inner west is known for its character-filled streets and delectable food scene.

Dulwich Hill village is packed with a mix of Greek, Italian, Lebanese, Portuguese and Chinese eateries. There are lush parks and reserves, plenty of grocery and speciality stores and the light rail ensuring a convenient commute to Central station.

### **Kareela**



In Sydney's Southerland Shire, the lovely suburb of Kareela is favoured among families for its large and more affordable homes bound by bushland and the Georges River.

It offers easy rail access to the city from nearby Jannali station, ample supermarkets and grocery stores along with a bustling foodie scene and Westfield Miranda close by. There's a local golf course, bushwalking trails and the beaches of Cronulla just 20 minutes away.

### **Glebe**

Those not yet wanting to sacrifice their urban lifestyle can find a good balance in Glebe. Attracting both young professionals and families, the historic neighbourhood is famed for its weekly markets and boasts a thriving arts and cultural scene.

Glebe Point Road is sprinkled with cafes and restaurants, while access to both Glebe and Forest Lodge Public Schools appeals to those with school-aged kids.

## **Maroubra**

With ample playgrounds, schools and picnic facilities, Maroubra combines a quintessential beachside lifestyle with an excellent array of local schools, a great shopping precinct and a vibrant multicultural community. There are expansive green reserves, scenic Mahon Pool and a long-standing surf culture dating back to 1906. From Maroubra Junction, it's just a 20-minute bus ride into the CBD.

Maroubra has a diverse makeup of Asian, European and Middle Eastern cultures, and there is a strong sense of family prevalent throughout the community. Young families are drawn to the more affordable coastal lifestyle.

## **Frenchs Forest**

The northern suburb of Frenchs Forest lures families for its peaceful, leafy streets and close proximity to both world-class beaches and major shopping hubs with Chatswood and Warringah Mall close by.

It offers spacious properties and large blocks of land with easy access to bushland, national parks, playgrounds and schools catering to all ages. Frenchs Forest sits roughly 30 minutes drive from Sydney's CBD.

## **Oatley**



Resting on the banks of the gorgeous Georges River in southern Sydney, Oatley is a convenient hub for families keen to enjoy the beauty of the harbour city without having to live in the hustle and bustle.



Oatley is 29 kilometres south of the Sydney CBD and is surrounded by picturesque waterways and natural reserves. Oatley's prime location on the Georges River leaves plenty of room for stunning riverside homes and one of its major drawcards is its proximity to nature.

Dining and shopping indulgences are close at hand in Oatley with many cafes, restaurants and village shops along Oatley Avenue and Frederick Street. With its own railway station and proximity to the Princes Highway, transport to neighbouring suburbs and the CBD is easy to come by in Oatley.

### **Rozelle**

The Inner West haven of Rozelle is nestled right on the waterfront and is home to peaceful parks, local schools, and foreshore walks. It's close to the city centre with a bustling café and shopping scene, groceries and health food stores. On Saturday mornings locals head to the Rozelle Collectors Market or Orange Grove Farmers Market in neighbouring Leichhardt. Its houses are smaller in size and are mainly a mix of quaint workers' cottages and historic terrace houses

### **Baulkham Hills**



Those seeking more affordable family-friendly living head for the hills district. With its strong and diverse sense of community, sizeable homes, and sought-after primary and secondary schools, Baulkham Hills is a suburban dream.

Along Windsor Road you'll find a good mix of restaurants and cafes, while nearby Castle Towers Shopping Centre offers a one-stop retail and entertainment hub.

### **Hornsby**

The densely populated city of Hornsby is a buzzing commercial centre that makes many skilled professionals and businessmen move here. The median house price for a 3-bedroom house in the city is \$1,665,000, while the rent is \$750 per week. The attractive region has several parks including Edgeworth David Garden, Florence Cotton Park, Lisgar Gardens, etc. It is also famous of high street shopping on the Old Pacific Highway, a large war memorial, Hornsby Aquatic Centre and various heritage-listed structures. We are known for servicing properties according to the needs of the customers in the city.

### **3. Set a Budget for Buying Your New Home**



When it comes to homebuying, everyone knows the critical rule: Don't purchase more house than you can afford. Budgeting for a home can be done. But what constitutes "affordable" will differ from one buyer to the next. As of the fourth quarter of 2021, the median sales price for a new home was nearly \$361,700, which means that some folks pay a lot more than that, and others a lot less.

Wherever you fall on the spectrum, a home will probably be one of the most significant single purchases you'll ever make. However, figuring out the sweet spot of affordability requires more than getting a pre-approval letter from a mortgage lender.

First-time buyers tend to shop on the amount a lender is willing to advance them, not considering other expenses. This can set them up for financial hardship and even a potential foreclosure if they can't afford the monthly payment.

### **The 28% Rule Can Get You Started**

One of the easiest ways to calculate your homebuying budget is the 28% rule. This rule of thumb dictates that your mortgage shouldn't be more than 28% of your gross income each month. The Federal Housing Administration (FHA) is a bit more generous, allowing consumers to spend as much as 31% of their gross income on a mortgage.

But don't forget that if you have other debts, too. Many younger homebuyers are still paying down student loan debt. All buyers should be saving for their retirement years, and many buyers have children who will need college at some point in the future. You must consider these obligations in addition to the potential mortgage payment to determine how much you can genuinely afford.

Mortgage lenders look at a prospective borrower's debt-to-income ratio when determining if they will lend money. Let's say your monthly mortgage payment is \$1,000 a month, and your other expenses are \$1,000, so overall, your monthly financial obligations come to \$2,000. Now, let's say you have a gross monthly income of \$6,000, which puts your debt-to-income ratio at 33%, which may be too high.

### **Homeowning Expenses Beyond the Mortgage**





Getting preapproved for a home loan is an essential first step in the homebuying process, but it is only one consideration. A mortgage isn't the only recurring expense: homeownership comes with many other ongoing costs, which buyers need to anticipate. These include homeowners' insurance, utilities, repairs, and maintenance costs. Maintenance alone can add up: The lawn needs to be cut, the snow must be shoveled, and the leaves raked. Buyers also need to consider property taxes.

These expenses can add significantly to your monthly outlays, making a home that seemed affordable on paper pricey in reality. So you should include all of these costs and other regular expenses when determining how much home you can afford. A \$1,500-per-month mortgage payment may be palatable, but add \$1,500 in monthly expenses, and suddenly your obligations have doubled.

### **Your Down Payment Should Dictate the Purchase**

Generally, lenders want homebuyers to pay at least 20% of the purchase price in cash. If they can only make a down payment below that amount, they can still get a mortgage but often must also shoulder the extra expense of private mortgage insurance (PMI).

Paying PMI means their monthly mortgage payment will go up by anywhere from 0.5% to 1% of the loan amount.

How much you pay in PMI will depend on the size of the home, your credit score, and the potential for the property to appreciate, among other things. If you can't swing \$60,000 down on a \$300,000 home, shoot for at least 10%. The more down payment, the less interest you'll pay over the life of the loan, and the smaller your monthly mortgage payment will be, even if you are hit with mortgage insurance.

The amount you saved for the down payment should also influence the house you buy. If you have enough to put 20% on one home but 10% on another, the cheaper home will give you more bang for your buck.

Buyers also need to set aside closing costs, which can amount to between 2% and 5% of the purchase price, depending on which state you live in.

If you purchase a \$200,000 home, you could pay between \$4,000 and \$10,000 in closing costs alone. The less you have to finance the loan, the lower interest you will pay over the life of the loan, and the sooner you'll see a return on your investment.

### **Choose a Property You Can Handle**

When considering the affordability of a home, first-time buyers need to consider the condition and size of the property. After all, large isn't always good, especially if heating and cooling break your budget. A quaint home sitting atop a picturesque hill may be a dream

come true, but shoveling that long, steep driveway during the winter months could be a costly nightmare. So could that 3,000-square-foot fixer-upper, which seems super cheap until you realize that you need to renovate every room in the house.

Look at utility bills for the properties you're considering—and have a construction expert estimate what fixing it up could cost. If you're planning to do it mostly yourself, be realistic about what you can handle, both in skill sets and time.

### **How Much Home Can I Afford?**

A good rule of thumb for how much home you can afford, one way is to calculate your homebuying budget is the 28% rule. This rule states that your mortgage should not cost you more than 28% of your gross earnings each month.

### **What Is the Amount of Down Payment I Need?**



How much down payment you need to spend depends on a few factors, including what the seller will accept. A conventional mortgage usually calls for 20% of the selling price down but an FHA home loan, only calls for the buyer to spend 3.5% of the purchase price.

### **What Is the 28% Rule?**

The 28% rule is a common "rule of thumb" for how much money you can afford to spend on a monthly mortgage payment. This recommendation is you should not spend more than 28% of your gross monthly salary. This rule isn't always right for every home buyer. For example, the Federal Housing Administration (FHA) recommends consumers can use as much as 31% of their gross income on a mortgage.

## Wha Does House Rich But Cash Poor Mean?

When you are "house rich but cash poor," it means you have more equity in your home than cash in your bank accounts. In these cases, most of your money is tied up in your home versus accessible liquid assets. If you need to access cash quickly, you may not be able to if all of your money was invested in your home. However, if you have a lot of home equity, you can access it with an equity line of credit or home equity loan.

## 4. Process To Buy A House in Sydney



Buying a house is an exciting time. These steps will smooth your way through the house buying process.

### 1. Save for a house deposit

The first step is to get your finances sorted. Do a budget to identify how much you can afford to save for your deposit.



Next, do some house price research. Getting a general idea of house prices helps you set a goal to work towards. A great savings goal for a house deposit is 20% of the purchase price, plus enough to cover buying costs (see steps 5 and 6, below).

See [save for a house deposit](#) for more about how much you'll need to save, and ways to save faster.

## **2. Work out what you can afford to borrow**

Everyone's situation is different. How much you can afford to borrow depends on your:

income and financial commitments

house deposit, plus any other savings

credit score and credit report

Be realistic about what you can afford. Mortgage interest rates are on the rise, so give yourself some breathing room.

## **3. Find the best home loan rate**



When looking for a good deal on a home loan (mortgage), the interest rate matters. A home loan is a long-term debt, so even a small difference in interest adds up over time.

### **Compare home loan rates**

Contact at least two different lenders to get loan options personalised for your situation. A rate even 0.5% lower could save you thousands of dollars over time. See choosing a home loan.

### **Get help if you need it**

With many lenders to choose from, you may decide to get a mortgage broker to find loan options for you. See using a mortgage broker for tips on what to ask your lender or broker.

### **Get pre-approval to buy**

Consider getting loan pre-approval from a lender. They'll ask for evidence of your current financial situation to assess your ability to repay the loan. Pre-approval lasts for 3–6 months and shows you're eligible to apply for a loan up to a certain amount. It doesn't commit you to a loan. It lets you set an affordable price range, and tells sellers you're serious about buying.

## **4. Find a house to buy**

Find a balance between the lifestyle you want and what you can comfortably afford.

### **Know why you're buying**

Reflect on why you want to buy. Are you planning to grow your family? Do you want to renovate? If you're buying with a partner, talk about this together. Being clear about why you're buying helps narrow down your property search.

### **Consider your must-haves and nice-to-haves**

Make a list of your:

'must-haves' (can't do without), e.g. property size, layout, public transport, schools

'nice-to-haves' (could do without for now), e.g. design, fittings, outdoor space

Focusing on your must-haves will help you prioritise the things that matter most.

### **Stick to your price range**

If you've been pre-approved for \$500,000, don't waste time looking at properties advertised at \$600,000. If your ideal suburb is outside your price range, keep an open mind about where to look.

### **Do your research**

Look online, talk to real estate agents, go to property inspections and explore what's on offer. Pace yourself — your search could take months.

### **5. Negotiate to buy your house**

Finding a house you love is thrilling. It's easy to get carried away by your emotions. Stick to your budget, and be as clear-headed as possible when bidding or negotiating to buy.

### **Auction or private treaty**



If you're a first home buyer, observe a few auctions so you understand how they work. Bring an experienced friend or family-member along to help you bid. Or consider hiring a buyer advocate to help with the buying process.

If buying at auction, expect to pay a deposit immediately (for example, 10% of the purchase price). There's no cooling-off period if you buy at auction.

If buying privately, the contract of sale will include the deposit amount and when you need to pay it. There's a short cooling-off period in most states and territories. You can usually get out of the contract and get most of your deposit back if you give written notice.

### **Contract of sale**



The seller (vendor) of a property will prepare a contract of sale. As a potential buyer, first inspect the property and talk to the real estate agent or seller. Then, ask to see the contract of sale. Get help from a solicitor or conveyancer

to review the contract before signing. Paying a legal expert is the best way to avoid costly mistakes.

### **Building and pest inspection**

Once you've found a property you like, get a building and pest report done by a professional:

building inspection — structural issues, damp, electrical safety, cost of maintenance or repairs

pest inspection — termite activity, other pest issues

This could save you a lot of money down the track.

### **Make an offer**

When you're ready, there are two ways of making an offer:

unconditional — a binding contract to buy outright, if you have confirmed finance and are sure about the property

conditional — becomes a binding contract to buy, if certain conditions are met (e.g. valuation, finance approval, inspections)

### **Finalise your loan**

Tell your lender you've found a property you wish to buy, and apply to finalise your loan.

## **6. Settle on your new home**

You're on the home stretch now, with a few more costs to take care of before you can move in.

### **Settlement**

The settlement date is when the property title is transferred into your name, and your mortgage begins. The contract of sale sets out the settlement period, when you have to pay the full purchase price. Your solicitor or conveyancer will finalise the settlement with the lender and seller. Then you'll get the keys to your new home.

### **Home and contents insurance**

Protect your home and contents against damage or loss. This may be a condition of your home loan. See home insurance.

### **Stay on track with your repayments**

Finally, update your budget with your mortgage repayments, plus ongoing costs like council rates and land tax (when known). Extra expenses may take time to get used to, so keep an eye on your spending for a while.

See pay off your mortgage faster for tips on how to stay on track.

## **5. Make an Offer on a House**



You've found your dream home, now all you need to do is make an offer. The amount you offer will be your primary consideration, so thoroughly analyze the housing market. Remember to use professionals, such as real estate agents and lawyers, if necessary. When it's time to make your offer, draft a purchase and sale agreement.

### **Setting Your Bid**

Look at comparable sales. A seller will expect to sell for a price similar to what comparable homes ("comps") have sold for in the same market. Their asking price should be based on these sales, but do your own research. Check websites such as Zillow for market comps.

Account for unique features. No two homes are the same, so you should adjust your bid based on any unique features. For example, the home might have a swimming pool, which none of your comps have. Or the house might have a breathtaking view.

Assess the market. If the market is hot, then the seller can probably get their asking price or a little more. However, if homes have been on the market a long time, you have more power as a buyer. Check how long homes are sitting on the market before selling. If most homes are sitting for four or more months, then the market is very slow.

Decide what you can afford. There's no reason to bid on a home if you can't afford it. Pull together a monthly budget and check how much it costs for you to live. You can use online calculators to estimate how much your mortgage will cost.

Find out why the seller is moving. Some sellers might be particularly motivated to sell. When you walk through the home, ask the seller questions (if they are there). A real estate agent might be more tight-lipped, but still try to find out why the sellers are moving.

Discuss your offer with an agent. You might not know where to start or how to come up with a bid amount. Meet with an agent who is experienced in the market where you want to buy a home. You can find agents in the phone book or online.

### **Getting Pre-Approved for a Mortgage**

Review your credit history. You'll be in a stronger bargaining position if you get pre-approved for a mortgage. For this reason, you should check your credit history to see if there's any negative information that might trip you up. In the Australia, you are entitled to one free credit report a year from each of the three credit reporting agencies.

Look at your credit score. Your credit score will affect whether you can get a mortgage and the interest rates you'll pay. Generally, you'll need a score of 620 to qualify for a conventional mortgage. A score above 740 will qualify you for the best interest rates.

Gather required information. You must give the lender quite a bit of personal information when you apply for pre-approval.

Apply. You can apply for pre-approval at a bank or credit union. You'll have to complete an application and provide copies of your supporting documentation. Ask how long it will take for the lender to analyze your information.

Receive your pre-approval letter. If you're approved, then the lender should send you a letter stating the amount you have been approved for. This letter is not a mortgage commitment—the bank actually needs to appraise the house you intend to buy. However, the letter is solid proof you can financially qualify for a mortgage.



## Drawing Up an Offer

Read your jurisdiction's laws. Every state and country has different laws that regulate how purchase offers are made. For example, in some U.S. states, only a lawyer can draft a legal offer.

Look for purchase offer forms. Your jurisdiction might have a form local real estate agents use. You can get a copy by contacting your state's Department of Real Estate or by searching online.

Include basic information in the purchase offer. A valid purchase offer should identify the address of the property and sometimes include the legal description, which you can find on a deed. Without this information, the contract will not be valid. You can get the description from the title company, and then both parties will need to sign it.



Explain what you will pay. A purchase offer must also include details about what you will pay for the house and how.

Include contingencies. Contingencies protect you. Include any of the following contingencies that apply to your situation:

You might not be able to buy unless you get financing, so include that contingency if necessary.

You'll definitely want a satisfactory home inspection soon after making your offer. You can back out if the inspection reveals problems.

Set the duration of your offer. An offer isn't good forever. Instead, you get to decide how long it is good for. Talk with your agent and discuss what is typical for your area. For example, a bid might be good for a couple of days or only a few hours.

Add other necessary provisions. Purchase offers contain a lot of conditions meant to protect you in the sale.

Review all information. If the seller accepts your offer, then the purchase offer becomes a binding contract (subject to your contingencies). Because of this, you need to thoroughly review all of the information you've included.

Write up a list of comps. If your initial offer is lower than the asking price, consider explaining your reasoning. Draw up a list of comps and explain why you used them to set your bid. The seller's agent must give the seller anything you submit.

Consider writing a letter of interest. In a hot real estate market, you need to stand out. One way to do that is to tell the seller your story. Write a letter of interest in which you describe yourself, your family, and why you are interested in the house.

## **Conclusion**

In conclusion, buying a house in Sydney, NSW, is a multifaceted process that demands thorough preparation and informed decision-making. By securing pre-approval, researching the market, engaging a knowledgeable real estate agent, and conducting meticulous inspections, you can navigate the competitive Sydney property market with confidence. Utilizing professional legal and financial advice ensures all contractual and settlement aspects are handled smoothly. With careful planning and the right support, you can successfully purchase your dream home in one of the world's most vibrant cities.

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