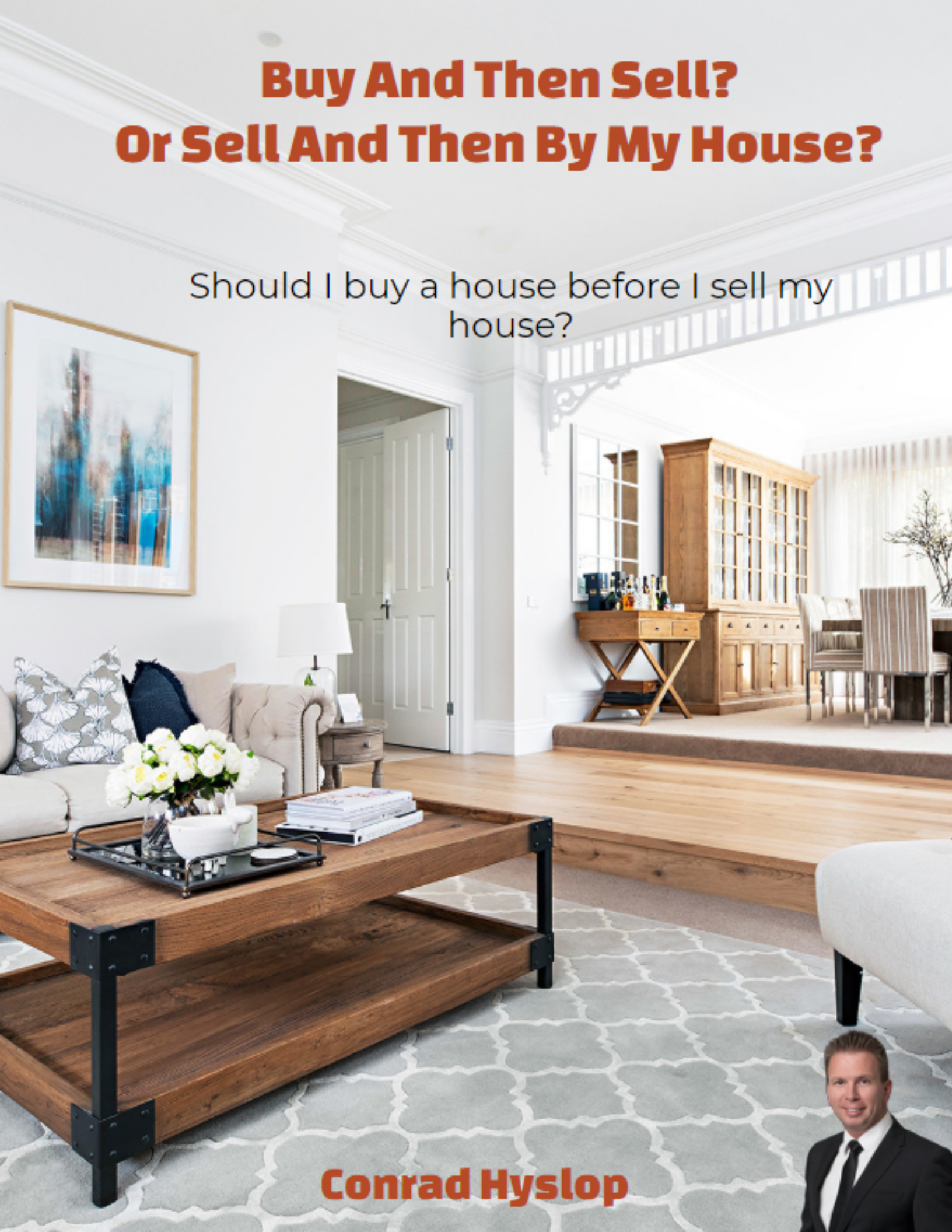
Buy And Then Sell?
Or Sell And Then By My House?

Should I buy a house before I sell my house?



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Usually, a homeowner is either upgrading, downgrading or relocating. This means that you'll be looking to sell your existing home as well as buy a new one. However, you may be asking, should I buy before I sell? Or maybe the other way around! Here's everything you need to know about the ongoing debate.

In effect, there's no perfect answer around whether buying a new home before selling is the right or wrong answer. However, there are certain implications to take into account. Your personal circumstances and subsequent unpredictable events around the transactions of the homes will determine which is best for you.

In the meantime, it's worth understanding the reasons why you'd consider each decision.

Should I buy a house before I sell my house?

Buying first means that you can take your time with purchasing, with no hurry to sell your current residence. You can make offers without rushing and make them with the seller's objectives in mind. This includes offering settlement terms that may be attractive for them. Not being desperate to purchase leaves you in one of the best negotiating positions. This is particularly so when buying from a vendor who is urgently wishing to secure a sale.

If you find the perfect home, you may just be tempted to buy first. Not doing so can risk you missing out on an opportunity. In fact, purchasing another home before selling means that you can also benefit from any subsequent capital growth in those area. This goes for both your current home and the one you buy. You can also take your time moving from one home to the other.

Yet, there are specific downsides. If, subsequent to purchasing, your home isn't selling as quickly as expected, then you may face anxiety and financial hardship. This could leave you in the "desperate vendor" position you benefited from before, selling at either less than the home is worth or to terms that don't suit you very well. Holding onto an asset unnecessarily can be a money drain. It also means that you cannot invest those funds in other ventures. Clearly, this is not an ideal situation.

Similarly, your lender will not necessarily provide you the funds to purchase your next home until your current primary place of residence is sold. If this is the case, then your only option is to sell first, or to face adding clauses into your contract 'on condition of sale of current primary place of residence' that may be unattractive to a seller wanting a quick sale. Rushing the sale puts you immediately on the back foot.

If the bank does accept that you can hold both assets, ensure that you can comfortably afford it and won't end up regretting your choice when your cash flow is limited. It may be worth considering renting out one of the homes, even on a short term basis, until your property is sold to counter the repayments. Speak to your accountant about the implications.

If you own your current home outright, then you may be in a better situation to borrow for your next property while holding both.

Another point of consideration is that, just as you may benefit in a rising market, a falling market may see you with two depreciating assets. Of course, markets don't move overnight. However, holding onto a home for several months may not get you the same result as today's expectation. If you do then sell for less than planned, then you may find that your overall situation does not align with what you, or the bank, had in mind.

Should I sell my house before I buy a house?

Selling first may, after those considerations, sound like the best option. Of course, selling first gives you plenty of time to consider your price, negotiate with buyers and be flexible with when you sell and which of your offers you accept.

It also means you will only be stuck with one mortgage at a time and will not face hardship as a result of financially biting off more than you can chew. You'll also potentially be more likely to achieve your next mortgage without the cash flow drain.

If you do not find a home soon after agreeing to sale, then you will face the realities of renting. Or worse yet, living with relatives or friends! While this works for some, the outlay in rent and storage, the potential inconvenience of not being in your own home and sometimes the difficulties in finding temporary rental accommodation can make the situation unrealistic. Effectively, you're in limbo until you buy. This may not be something everyone is willing to tolerate – particularly those with pets and children or who need a solid home base (for instance, if you work from home).

This may see you rush your purchase as a result; potentially leading you to buy a home that isn't quite right for you or for a price that you would have preferred to negotiate. It's worth considering how much you can handle before you start rushing the process and scrimping on research and due diligence to buy. Sometimes it takes a while for the right property for you to come on to the market.

Weak markets may assist in bringing prices down in the meantime, allowing you to buy in sooner. However, on the flip side you may also find that hot markets will see prices swing upwards. You may not be able to afford the home on the other end of market growth if you stay out of the market for too long, and have missed out on capital growth that you could have achieved while holding onto your existing home.

Many buyers and sellers do try to sell their moves closely to the time of the other contract going through. Given these pros and cons, it's understandable. In order to determine the best outcome for yourself it is worth knowing your personal and financial circumstances well and discussing ahead of time with other involved family members or investment partners. No choice is necessarily wrong when it is made in full consideration of the available facts.

Book Your Appraisal

Selling and buying is one of the largest decisions most people every make. Get the facts to help you make informed decisions. Book your no obligation property appraisal, have all your questions answered.

Learn more

The Largest Investment Most People Make

The largest investment most people make is their home. That makes selling a home - whether a single-family residence, duplex, or apartment - the single largest, most complex transaction a person will ever undertake.

It involves new terms and concepts, financial acumen, and larger figures than normally dealt with. It is also one in which emotions may come into play to the detriment of good judgment. Surely, the seller thinks, my home where I raised my children and made so many memories is worth more than the bricks and mortar it contains.

Real estate transactions involve dozens of decisions and substantial investment in homeowners' time, energy, and money, and emotions almost always lead to problems in a sales price negotiation. The home seller's objective is to find that home shopper who cannot resist buying your house at the highest price. To do this, you need to offer potential buyers a striking home sales presentation that outshines other homes on the market.

It requires making a fantastic first impression, creating in the buyers an instant feeling that they are traveling up the front walkway of their new home for the first time, and not visiting someone else's. It's about falling in love at first sight, from the street, in those initial fleeting seconds.