

Should I buy before I sell?

It's a question most homeowners will have lost sleep over: do I sell my existing home before buying its successor, or do I buy my next home and then sell? Almost every home buyer will need or want to move location, upsize or downsize at some point. So how do I decide if I should buy or sell first?

Ask yourself this

1. What is your risk comfort zone?

Working out if you should buy or sell first comes down to your own risk profile and risk management. If you have a high risk threshold, buying first works best, particularly in a rising market and if you can negotiate a long settlement. If you are someone who is risk adverse, selling first will suit you better as, to a degree, there is lower financial risk because you know exactly what you have to spend.

2. Why are you buying and selling?

Are you trading homes to be near ageing parents or grandchildren? If personal circumstances are playing a role in your buying and selling decision, it may be advisable to find a suitable property in your chosen area and buy it before selling your home. Popularity in some areas may mean you have to wait many months to find another property.

3. How is the market performing?

It can also be helpful if homeowners can access both their buying and selling markets' cycles. If the market is hot and property prices are on the rise, you can have a little more confidence to buy first knowing your property is likely to sell. If time on market statistics do not look good, you'd be less likely to sell your property in the short timeframe required.



Pros & cons of selling before buying

Potential pros include:

- › If you can negotiate a delayed settlement it can give you time to buy another property and potentially move into the new place before settling your original property.
- › There's less pressure to achieve the sale before a certain deadline.
- › It stops potential buyers trying to cash in on the fact that you have already bought and really need to sell.

Potential cons include:

- › If you're too picky, nothing suitable is on the market or you simply miss out on a few properties, you could end up having to move out with nowhere to go. You can always rent short term, but there's the added expense and hassle of having to move twice.
- › Prices might go up after you sell and you might be priced out of the market, or not able to find the dream home for the right price.
- › You're at the mercy of what's on the market at that time.

Pros & cons of buying before selling

Potential pros include:

- › The possibility of negotiating a conditional offer subject to the sale of your own property.
- › Not being bound by any financial pressure to commit until you find a property that ticks every box.
- › In a rising market you can potentially get more for your money, and make more from your subsequent home sale.

Potential cons include:

- › The extra cost and stress of bridging finance when you have to finance two mortgages at once.
- › Conditional offers can turn off vendors and make them unlikely to negotiate on price.
- › You might need to make a higher offer to convince an owner to hold the property while you sort out your circumstances.