

Breaking into the property market... take a different approach

by Adam Smith

With lending restrictions up, the number of first-home buyers is down – and property prices are really making it tough on most looking to own their first home. But when times get tough, the tough get creative.



What do we mean by creative? Well there's more than one way to own a home, and we'll take you through a few options below that may just expand your horizons when it comes to getting on the ladder.

Having a home of your own is the ideal of most New Zealanders. We, like many others, believe smart property ownership is a good investment, especially in the long run – [take a look here](#).

In these times, though, it can seem beyond you to ever get into the highly sought-after homeowners club. However, changing your perspective on what you should buy and what you're buying it for, may just open a few more doors to you.

Your ability to do that really comes down to your age and stage. Being young, free and flexible definitely helps, but even if you're frustrated with trying to figure out a way to get your family into a home of your own, there are many possibilities – it may just take a change in thinking. **Take a look...**

1. Buy as an investment

Yes, the idea of settling into your own little place is usually the No.1 priority for first home buyers, but it can be much more economically viable to get your foot in the door on an investment property first. By getting on the property ladder, you then have the opportunity to build equity in a home, which you can then use to purchase another property, either by selling up or using that equity to finance you into a second home. By buying as an investment you don't have to be so hung up on suburb or even size of the property, but you're in the market, which means you're one step closer to living in your own home.

2. Ask mum or dad for help

Now this can be a delicate one, but it's the way many families are going. If parents are able, many are willing to look at ways to help their kids into a home, as they see it as almost the only way in. Mixing family and money can be a risky business, but with the right advice from a good solicitor, everyone can be protected. This might also suit to help you into option 1, above. Ways to do it:

- a. Parents can offer their home as security – This way a loan of up to 100% can be approved from a bank.
- b. Raise the deposit required against parents' property.
- c. Take out a joint loan.

[Have a chat to us](#) and see if these possibilities could work for you – a bit of background knowledge might make it easier to discuss with the family.

3. Look outside the city you live in

You may not be able to afford to buy where you live, but that doesn't stop you looking at other cities. It can be a smart way to get into the market and the return on investment can be just as worthwhile

in a smaller city – rents may be less but so are the prices on houses for sale. Do some research into rising areas in other cities – [we're happy to give you some free guidance](#) – it could be a great investment.

4. Buddy up

Like the parental partnerships we mentioned above, buying a home with a friend might sound risky, but it can work in some cases, especially if you put the right checks and agreements into place with a solicitor. It means you're essentially buying a 'share' of a house, and by combining your funds it allows you to purchase more than you could on your own. Perhaps one friend has the deposit and the other the income to pay the mortgage, or you're splitting things equally and both putting in to the deposit and mortgage. However you do it, remember, fewer people involved means less friction... and think about the exit strategy too! At some point you'll probably want to move on.

Home ownership is pretty daunting stuff first time round, but we hope these suggestions can help you take a wider look at how you could make purchasing a home a possibility.

Talking to a good mortgage broker can be a huge help – so [ask us for our recommendation](#). We're also happy to give obligation-free advice any time on how or where to buy – [just get in touch](#).