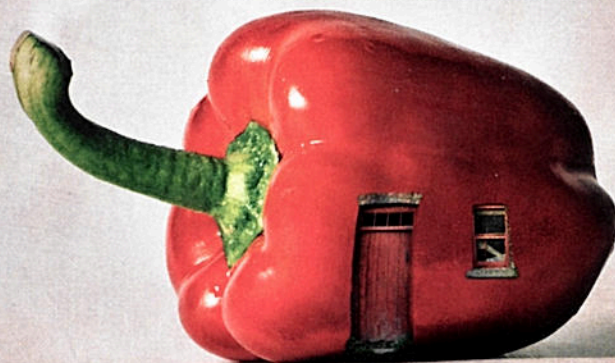


STORY MARIA BEKIARIS

# Matching the mix

Smaller may be better at some time in your life



**F**EWER ROOMS TO CLEAN, A smaller garden to maintain and savings on gas and electricity bills – these are just some of the reasons people consider downsizing the family home. “People of all ages consider the need to downsize their home – whether due to divorce, health issues, death of a loved one, or the more traditional kids move out and leave parents home alone,” says real estate agent Peter Taliangis from Realty One.

And, of course, there are those wanting to free up capital in the lead-up to retirement. Sydney buyers agent Patrick Bright, of EPS Property Search, says downsizing is becoming popular with baby boomers. He expects this to peak in the next five years. “If you’re a baby boomer I would start downsizing sooner than later, before the rush,” he says.

As well as lifestyle there are cost considerations. On the plus side a smaller home is cheaper to maintain. As well as lower utility bills, maintenance will probably be cheaper and you’ll also save on the mortgage as you’ll probably need to borrow less.

Even though you may save in the long run initial costs can be high. Take a look at the breakout for a list of possible expenses.

You need to decide whether downsizing is right for you. “Think about whether or not you can live in a smaller house or in a place where your neighbours share common walls or the same floor of an apartment building,” says Taliangis. Can you entertain? Will you have space to entertain your friends and family?

Bright suggests you take it slowly and don’t just jump in – especially if you are changing locations. “The property costs involved in selling up and resettling in a new location can be significant and will run into the tens of thousands of dollars or more by the time you take into account stamp duty and other expenses,” he says. “It’s important not to rush

this process because if you’re not happy in your new location and want to move back to your original base, you will be paying these costs all over again.”

His tip is to rent in the new location for six to 12 months to decide whether it is right for you. Consider holding on to your existing property and renting it out during that time so you are absolutely certain.

This will also make sure you are transacting in a similar market – something Bright recommends: “If you sell your home and rent and the market takes off, you risk being priced out of the area you want,” he says.

When choosing a new home, make sure it suits your current and future lifestyle. “Pay particular attention to ensuring the property has easy access such as lifts so you don’t have several flights of stairs to climb in the years to come,” Bright says. “Be realistic with the size of the property you need so that you don’t

## “Selling and resettling costs can be significant”

have endless space and unused rooms to be cleaned each week.”

It’s also important to plan the move and that may involve some decluttering. “You will potentially have less storage space in your new home so sort your clothing, your kitchen, your book and magazine collections and your garage,” says Taliangis.

You may be able to make some extra cash from selling any unwanted items and use that money towards the new house.

“There are no small mistakes when buying and selling property, just expensive lessons as

too many people find out after the fact,” says Bright. “So I would strongly encourage people to get some advice before making such a major financial and lifestyle decision.” Read a few books and get expert advice about buying and selling – especially if you haven’t done it in a while, he adds. **M**

### CHECK WHAT YOU’LL PAY

**T**here are numerous costs to think about before you downsize. Real estate agent Peter Taliangis from Realty One says you need to budget for:

- **Selling fees** Expect to pay up to 3% of the value of your home to a real estate agent as their selling fee. You will also pay up to \$5000 on marketing your property. (These figures vary considerably, so you should get specific pricing and quoting from an agent.) A settlement agent or conveyancer or lawyer to handle the transaction will cost up to \$2000.
- **Moving fees** You could expect to pay up to \$5000 to move house, depending on how much stuff you have and how far you have to move it.
- **Stamp duty & capital gains tax** Stamp duty applies to the price of the property you are buying. Capital gains tax counts if you have ever used your home as an investment property or used part of it as a home office.
- **Bank charges** You may need to discharge a mortgage and you will need to know the costs associated with this.
- **Fees** associated with your new property. If moving into an apartment you need to consider such expenses as common property insurance and strata levies.
- **Budget** to fit out the smaller spaces with tables, beds, fridges, etc.