

Buying and selling at the same time

Managing the juggle of buying and selling simultaneously.

Upsizing to a new property is exciting, but it's not without its challenges. Navigating both a purchase and a sale at the same time requires careful planning. If you're looking to make a move, here are some tips to help navigate the process smoothly.

Where to begin

1. Get a market appraisal for your current property

Work with a local real estate agent to get a current market appraisal. This gives you an estimate of your property's value and helps you to calculate your net sale proceeds and deposit for your next purchase:

$$\text{Sale Price} - \text{Mortgage Owning} - \text{Agent Fees} - \text{Break Fees/Cash Clawback} = \text{Net Sale Proceeds}$$

(Note: Cash clawback may apply if the sale occurs within your cashback period and break fees may apply if you're breaking a fixed-term interest rate).

2. Apply for conditional pre-approval

Secure loan pre-approval from your bank, based on the estimated proceeds from your property sale. By getting pre-approval, you'll not only have a clear idea of your budget but also gain more confidence to enter the market. It may even help make your offers more attractive to sellers. Pre-approval is usually conditional on the sale of your current property and the bank's assessment of the new home you wish to purchase.

3. Start house hunting or list your property for sale

Once pre-approved, you can start house hunting (on a conditional basis) and prepare to list your property for sale. If you're house hunting already, you'll now know the price range you're working with, giving you confidence to make conditional offers on your next property.

Buying options once pre-approved

You now have two main choices for securing your next property:

1. Offer subject to sale

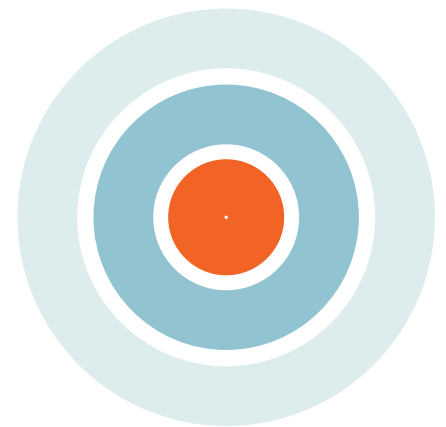
Make an offer on a new property contingent on selling your current property. This specifies the amount you need to sell your property for in order to proceed. Keep in mind that sellers may prefer buyers without this condition, especially for highly desirable properties, so you might get pushed out of the sale if another cashed-up buyer comes along. Properties going to auction are also not going to be an option for you until you're sold up.

2. Sell first

Selling your current property first puts you in a stronger position as a cash buyer. This can make your offers more attractive and allow you to move quickly when purchasing as well as giving you the freedom to bid at auction. If you're selling first, negotiate a long settlement date (ideally 3 months) with your buyers to give yourself ample time to find your next home. You could also include a clause in your sale and purchase agreement that allows the settlement date to be moved forward by mutual agreement. This can help align settlement dates if your purchase settles earlier, avoiding the need for bridging finance.

Squirrel

Mortgages. Saving. Investing.
Squirrel.co.nz 0800 21 22 30



If your financial position allows (e.g., significant equity in your current property or strong income), you could consider keeping your existing property as a rental instead of selling it. This approach requires formal pre-approval for a new property purchase and a rental appraisal for your current property to confirm its rental income potential.

By weighing up both options, you can decide whether buying and selling simultaneously or retaining your current property is the best option for you.

