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How to buy a home when you have one to sell

The hardest time to buy a home is when you already own one. Financially, you need to sell your home to buy the next one, but the person you are buying off doesn't want to be tied down waiting for your home to sell in case things don't work out.

This is especially true in a hot market.

In a hot market, most properties are auctioned or attract multiple offers. Buyers have to be able to buy unconditionally and sellers are less inclined to accept a conditional offer. Particularly one that is reliant on a house sale.

Buyers need to be in a cash position to be competitive, which is hard to achieve if you already own a home.

Faced with this scenario, buyers with a house to sell are confronted with a series of unattractive options:

Option 1:

You can keep offering on properties subject to selling your own home, but it's likely you will keep missing out. As a result, you could spend serious time and money investigating properties with little chance of success.

Option 2:

Secure bridging finance from your bank so you can buy before you sell. Bridging finance can be extremely expensive if your home takes a long time to sell and the approval criteria can be hard to meet.

Option 3:

Sell first and hope that you will find a home you like once you've sold. If you don't find something fast you could end up having to find temporary accommodation and paying to move twice.

Option 4:

Buy first and take a punt that you can sell your home before you need to settle. This option comes with zero backup plan and potentially puts pressure on you to accept the first offer that comes your way. You could end up selling for less than you should just to sell your home in time. Not an option for the faint-hearted!

You'd be forgiven for thinking that none of those sound particularly appealing. But there are other options...

Alternative solutions to consider

- **Sell first with a long settlement (most popular)**

One perk of a hot market is that cash buyers are often flexible on settlement dates. Sell your existing home first and ask for a 3 to 4 month settlement, giving you time to find your next home before you have to move. This also gives you clarity on exactly how much you can spend on your next home.

This approach also allows you to take your time and focus on securing the best possible price for your home.

- **Sell and then rent**

This could be the best option if you are moving to a new location. Many families choose to rent for 6-12 months to get to know an area before deciding exactly where to buy. Explore different suburbs, check out local schools, discover your favourite local café and scope out amenities like nearby parks and walking tracks.

- **Keep your existing home as a rental**

Talk to a property manager to find out what your home might rent for. If the numbers stack up, your existing home could become your first investment property!

Getting into a new home can be challenging, especially if you already have a home to sell.

Keep in mind, there is a way through it. It might seem like an insurmountable problem, but many homeowners have successfully made the transition while also achieving a great sale price for their existing home.

I've helped countless families through this exact situation and would love to help you too. Call me today to book a free consultation to talk through the pros and cons of each option.

I can also help with advice on what to do to your home to secure the best possible price in the shortest amount of time on the market.