

Podcast 34 - Buying a Home in Australia

by Rob McCormack - Thursday, February 13, 2014

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Learn English while learning about daily life in Australia, with Rob McCormack

Podcast Number 34 – Buying a Home in Australia

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Hi,

Around 70% of Australian households own their home. It's something Australians see as important. I can remember when my wife and I were first married, we very soon started to think about buying a house. Paying rent didn't make a lot of sense to us, when you could take a loan from the bank and buy your own house. Somehow, when you buy a house of your own, it becomes a home. Your home is a part of you. It's where you belong and it makes you feel more secure and part of the community. We were very proud the day we moved into our first home. It was only small, but it was ours and that was important. In this podcast, I would like to tell you about buying a home in Australia.

Almost everybody in Australia has to take out a loan from a bank, in order to buy a home. For example, the average price of a house in Melbourne in March of 2013 was \$545,000. The average price of a house in the regional town of Ballarat in Victoria was \$280,000. Almost no-one has that sort of money in their bank account, especially if you are young. The solution is to borrow the money from a bank or a building society.



Most banks and building societies require a minimum of 5% deposit. This means that if your house will cost say \$400,000, then you must have saved at least \$20,000 (or 5%) before you can apply for a loan. This is called the deposit. But having the deposit in the bank does not mean you will get a housing loan approved. The bank will also look at your employment. You need to have a steady job with good prospects of continuing to earn a regular income for years to come. Your salary will also need to be enough to cover the regular repayments to the bank. The property or house will also need to be acceptable to the bank. Its value is assessed by the bank to ensure that it is worth the value of the loan they will be giving you. This is because the house will be the security for the loan. This means that, in the unhappy event that you can't make the repayments, the bank may sell the house in order to get its money back. Thankfully, this doesn't happen very often at all. When the bank is happy that the loan is a low risk for them, then they will approve your loan.



Normally, people will find the house they want, then put in an offer to buy the house which is ‘subject to bank loan approval’. This means that you agree to apply to the bank for a loan to buy this particular house, and if the loan is approved, then the sale of the house becomes final. If the bank won’t give you a bank loan, then the sale is cancelled.

There are three basic ways to buy a house. First, you can buy an existing house through a private sale. In a private sale, the seller puts a price on the house and you can either pay that price or negotiate for a lower price. The second way is through an auction. Here, the house is offered for sale at a public auction where you must bid with other buyers in order to buy the house. In an auction, the price is not known until the auction is complete. Sometimes it can go quite high as different buyers each bid to be the lucky purchaser. I have never bought a house at auction, but I think it must be nerve-racking. In the blink of an eye you are agreeing to pay a very large sum of money. You would have to know what your limit is and then make sure you don’t go over it in the heat of the moment. To find existing houses which are for sale, most people use Real Estate Agents who have lists of houses to show you, usually on the Internet.



They also charge a commission or fee for their services. The third way to buy a house is to have a new house built. In this situation, you must first buy a block of land, either by private sale or by auction, usually through a Real Estate Agent, and then chose a house plan.



There are many home builders in Australia who have lots of house plans for you to look at and who offer good value in building you a new house.



My wife and I have used this third method of buying a house. In fact, we have used it 3 times. We like it because we can choose the house plan that suits us best and then make small changes so that the finished house will be just right for us. The only disadvantage in this third method is that you will usually need to go one of the outer suburbs in order to find a suitable block of land. And then, of course, you must also design and plant your own garden.

Of course, it's not only houses that people buy. You can also buy an apartment. An apartment is in a large building with more than one storey or floor. Our son recently bought a 2 bedroom apartment in the centre of Melbourne. It's in a building about 15 storeys high and is a great place for him to live, with trams and trains nearby and Melbourne's city restaurants and shops all within a few hundred metres. It was a good investment, as well as being a great lifestyle decision.

In fact, the rising prices for houses and apartments in Australia is something which is great for investment, but not so great if you are wanting to buy your first home. In the period 2002 to 2012, Melbourne house prices have risen by around 68%. So it's really hard for young people to get their first home. Even so, young Australians keep buying houses and I think that's good.

If you have a question or a comment to make, please leave it in the comments box at the bottom of this page. Or, you can send me an email at rob@slowenglish.info. I would love to hear from you. Tell me where you live, a little bit about yourself and what you think of my Slow English podcast. I will write back to you, in English of course. Perhaps you could suggest a topic for a future podcast. If you would like to take a short quiz to see if you have understood this podcast, you will also find it on my website. Goodbye until next time.

Rob

[WpProQuiz 17]

Vocabulary

acceptable = when people accept or agree with something

approved = when someone has agreed with a request you have made

assessed = to measure

average = the middle number in a range of numbers. To calculate an average, add all the numbers and then divide the total by how many numbers you have.

bank account = a record of your money which you have at the bank

belong = when you are part of something

bid = when you offer to pay a certain price for something

blink = when your eye is closed for a very short time

block = a small piece of land, usually small enough for a house and garden

borrow = when someone gives you something, but you must give it back later

building society = a type of company which is like a bank

cancelled = when a planned event no longer happens

community = the people who live in your city, town or area

continuing = when something doesn't stop

disadvantage = the bad thing about an idea

employment = your job

ensure = to make sure something happens

existing = when something is already there and has been for some time

final = completed

home = a building or place where you live and belong

house = a building where you live

households = a family living in one house

investment = when you pay some money and expect the amount of money to get bigger

lifestyle = how you live

limit = as high or as low as you can go

loan = when you borrow money from a bank and pay it back over a long time

negotiate = to talk about what price you will pay, so that you can get a lower price

nerve-wracking = when something or an event makes you very nervous

offer = when you ask if you can buy something for a particular price, usually less than the normal price

outer suburbs = a part of the city which is a long way from the city centre

own = when something belongs to you

particular = when talking about one thing

price = how much something costs

prospects = what will happen in the future

proud = when you have something which you think is very good.

purchaser = the person who buys something

Real Estate Agent = a company that can find you a house to buy, or can sell your house for you

regional town of Ballarat = a town about 112 kilometres from Melbourne

regular income = when you keep getting pay for your work in the future

rent = when you pay a regular amount to the owner of a house so you can live there

repayments = when you make payments back to someone who has lent you money

secure = when someone or something is safe from harm

security = when something is made safe

sense = when something is a good idea

subject to = when one thing must happen before another thing can happen

suits = is good for

the heat of the moment = do something quickly without thinking about it

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