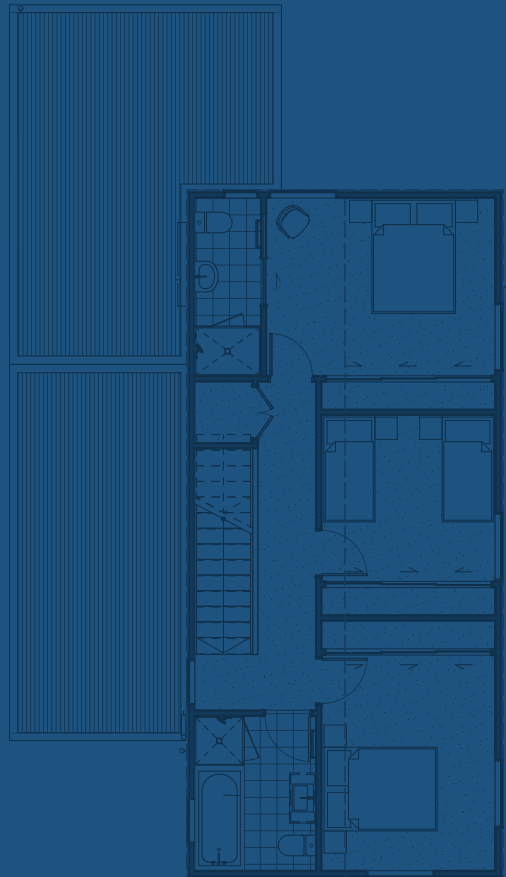
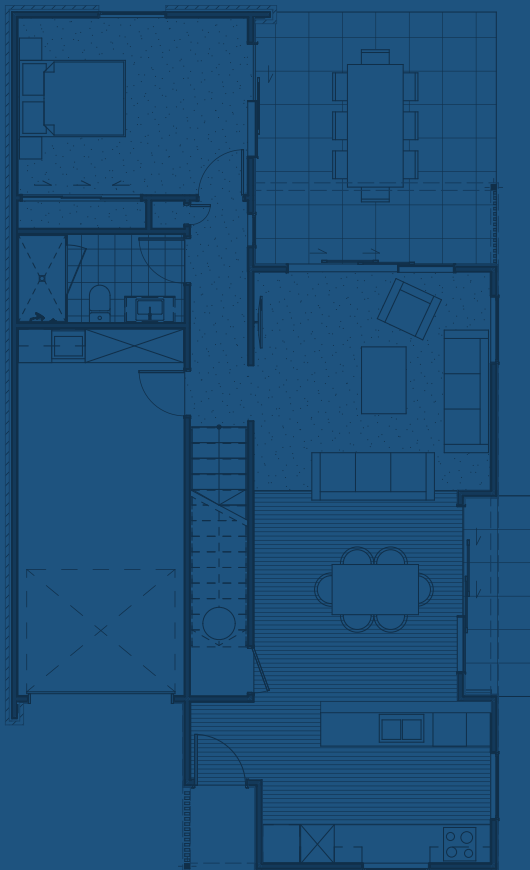
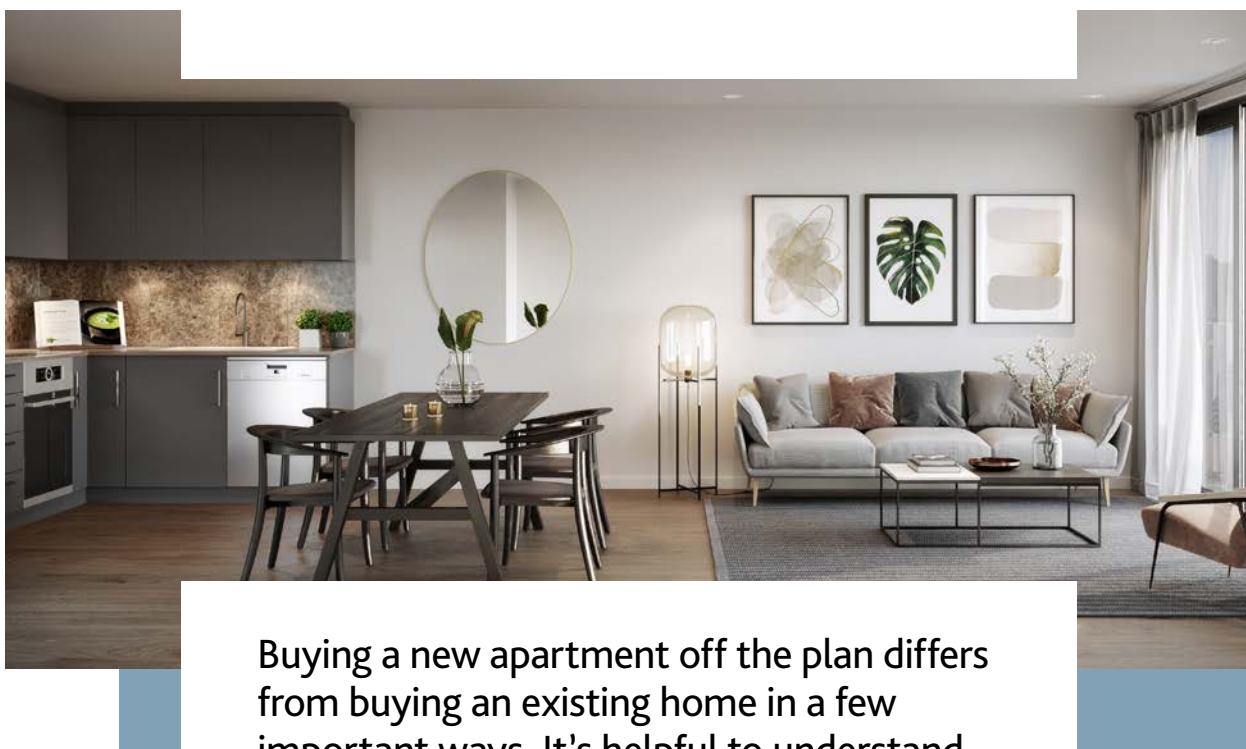


# BUYING A NEW APARTMENT OFF THE PLAN



# A LITTLE HOMEWORK CAN GO A LONG WAY

*There are some real benefits to buying off the plan, but you do need to do your homework so you get the best outcome.*



Buying a new apartment off the plan differs from buying an existing home in a few important ways. It's helpful to understand what's involved in the process so that you can do your homework before you buy.

This guide gives you answers to many of the questions that are likely to pop up as you look for the right apartment to call home, so take a look!



# CONTENTS

<b>BUYING OFF THE PLAN</b>	<b>1</b>
Is buying off the plan a good idea?	2
What are the main benefits of buying off the plan?	3
Does buying off the plan 'fix' the price?	3
How can I feel confident about buying an apartment I can't walk through?	4
<b>DOING YOUR RESEARCH</b>	<b>5</b>
How long will the build take?	6
How do I know if the builder has a good reputation?	6
How do I know if the finished product will be good quality?	7
Will I be able to visit my apartment while it is under construction?	7
Can I choose the interior finishes and fittings such as tiles, carpet and appliances?	9
How do I know whether I'm going to hear my neighbours?	9
How do I know if my apartment will get good light/sun?	10
Will I get a parking space?	11
What's a body corporate?	11
How do I get a feel for the size of the apartment when buying off the plan?	12
<b>MONEY MATTERS</b>	<b>14</b>
What will my deposit be?	15
When will I have to pay in full for the apartment?	15
What happens if the builder doesn't start building?	16
Can I sell the apartment before it is finished?	16
<b>APARTMENT BUYER'S GLOSSARY</b>	<b>17</b>

# BUYING OFF THE PLAN



## IS BUYING OFF THE PLAN A GOOD IDEA?

Yes, there are some real benefits to buying this way, but you do need to do your homework so that you get the best outcome. Read on to get clear about some of the pros and cons.



## WHAT ARE THE MAIN BENEFITS OF BUYING OFF THE PLAN?

- » You'll secure your apartment at today's price by paying a deposit, and won't have to pay the balance of the money until the project is complete. If the housing market continues to rise you will already have equity in your home when you take ownership.
- » You'll have time to get your finances sorted (and keep saving) while the apartment is being built.
- » Early in a project you'll likely get more choice of apartments. You can pick the home that suits your needs best or has something that makes it more appealing to you, for example the apartment with the best views or sun.
- » You'll know the price upfront, unlike an auction or multiple offer situation for an existing home, so there's less risk that you'll be tempted to go over your budget.



## DOES BUYING OFF THE PLAN 'FIX' THE PRICE?

Yes, it should. Some builders put a clause in the Sale and Purchase Agreement so they can pass on increases in the cost of building the apartment to the buyer.

Make sure you show the agreement to your solicitor, so they can tell you what this could mean for you.

## HOW CAN I FEEL CONFIDENT ABOUT BUYING AN APARTMENT I CAN'T WALK THROUGH?

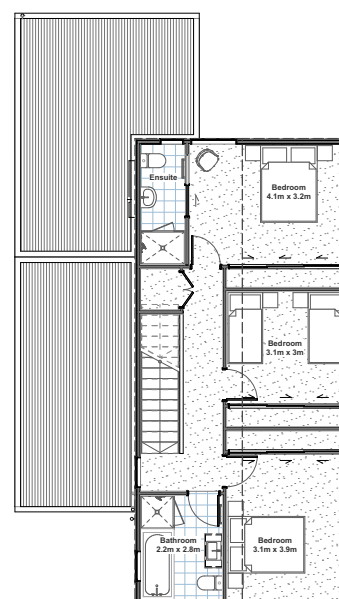
Our trusted builder partners use a variety of tools to help you envisage the building and the internal spaces.

- » Renders are drawings (artist's impressions) of the building's exterior and interior.
- » Floor plans show you the layout of the space. If they don't include dimensions you can always ask for a more detailed plan so you know what size the spaces are.
- » A virtual tour is a sequence of 3D renders which allow you 'look around' the apartment on your device.
- » Display suites are physical spaces you can visit, often on or near the site of the new building, where you will see examples of some of the interior fittings and finishing.
- » A show home is a completed apartment you can visit by appointment or at set times.
- » We recommend that you visit a completed project by the builder to get a feel for the quality of the building.

### THIS IS A RENDER



### THIS IS A FLOOR PLAN



# DOING YOUR RESEARCH





## HOW LONG WILL THE BUILD TAKE?

Most apartments within Kāinga Ora-led developments take between a year and 24 months to build. Large apartment projects can take longer. Keep in mind that building may not start as soon as you pay your deposit. Some builders ask you to commit to buying before they have confirmed the development will go ahead. If you prefer more certainty, buy within an apartment development that has a firm timeframe for construction.



## HOW DO I KNOW IF THE BUILDER HAS A GOOD REPUTATION?

Kāinga Ora's trusted builder partners are selected for their strong track record. You should be able to ask about their previous developments and whether you can visit them to have a look around, and if they can put you in touch with someone who lives in one of their earlier apartments so you can have a conversation about what the building is like to live in.



## HOW DO I KNOW IF THE FINISHED PRODUCT WILL BE GOOD QUALITY?

Kāinga Ora requires all new homes to be a minimum of 6 Homestar. To achieve a 6 Homestar rating, your apartment will need to have greater insulation, moisture control and water efficiency measures than

those recommended by the New Zealand Building Code.

That means your apartment will be more comfortable and energy efficient than other developments that have reached New Zealand Building Code standard, but no higher.

You'll be given specifications for the interior of your apartment so you will know which materials, fittings and appliances you are buying. It's a good idea to also ask about the type and quality of the exterior materials used in construction, such as the cladding. This information should be readily available from the builder.



## WILL I BE ABLE TO VISIT MY APARTMENT WHILE IT IS UNDER CONSTRUCTION?

It varies from builder to builder. If this is important to you, ask before you buy. Providing site visits is not as easy as it sounds because of the strict health and safety requirements on a building site. Some builders send construction updates to buyers while others are not very good at keeping you in touch with progress at all, which can be testing if you're not the patient type.



## TOP TIP

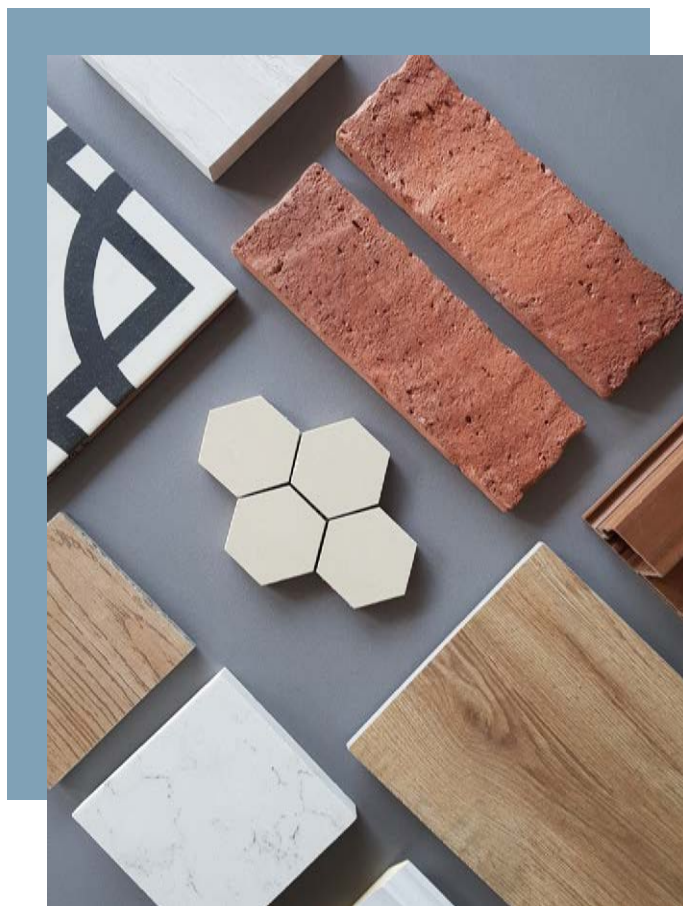
Unlike when buying an existing home, you won't need to sink money into builder's reports (which is wasted if you don't end up buying the house).

New apartments are built to a higher standard these days, thanks to improvements in the New Zealand Building Code moisture, thermal and acoustic ratings. They're also more energy-efficient and are covered by warranties (generally 10 years) from the builder so there will be few maintenance costs in the initial years and you won't need to pay for renovations.





## CAN I CHOOSE THE INTERIOR FINISHES AND FITTINGS SUCH AS TILES, CARPET AND APPLIANCES?



and window furnishings.

Appliances are usually chosen by the builder. For interior finishes like tiles, carpet, kitchen cabinets and benchtops it is common to be offered a choice of themes which have been put together by an interior designer. There's often a light coloured theme and a darker theme included. Colours tend to be kept neutral to have the broadest appeal. You can add colour and personality with your own furniture, art



## HOW DO I KNOW WHETHER I'M GOING TO HEAR MY NEIGHBOURS?

Look for a sound rating that is above the New Zealand Building Code so that you do not have to worry about noise transfer between apartments. This is particularly important if you have people living above you. The minimum NZ standard is 55 Sound Transmission Class (STC) and Impact Insulation Class (IIC). Aim for a higher rating, eg 65 STC/ IIC or higher, and you will enjoy your apartment more.



## HOW DO I KNOW IF MY APARTMENT WILL GET GOOD LIGHT/SUN?

The direction your apartment's windows face, its layout and the buildings around it will all influence how much sun and light you receive, how comfortable you are in summer and winter and your energy costs. Take a careful look at the plans and quiz the builder about how the building's design maximises solar gain, i.e. using the sun's energy to help heat the building. What protects the building from too much sun in the summer? If your apartment has cross ventilation (windows that open on both sides of the apartment), you'll be cooler in the summer because of the through-breeze.

If there is more development happening very nearby, find out from the builder or Kāinga Ora what is planned so that you know your light/sun will not be affected by new buildings on adjacent sites. If you are lucky enough to have large street trees, then check whether these are evergreen or deciduous. Deciduous trees that lose their leaves in winter let the sun through. Either sort can provide welcome shade in the summer.



## **WILL I GET A PARKING SPACE?**

This varies by builder. Some apartments come with no parking, some come with a space/spaces included, and sometimes you can choose to pay extra to buy a park from the builder. All masterplanned Kāinga Ora neighbourhoods are designed to make it easier to walk, cycle or use public transport.



## **WHAT'S A BODY CORPORATE?**

A body corporate is a useful way of managing the maintenance of shared spaces within your building. Make sure you understand how the particular body corporate you are buying into works. Ask about the rules up front, so you know whether it's going to be the kind of building you will enjoy. For example, are there restrictions on keeping pets? How about having parties? Are you allowed/not allowed to hang washing out on your balcony?

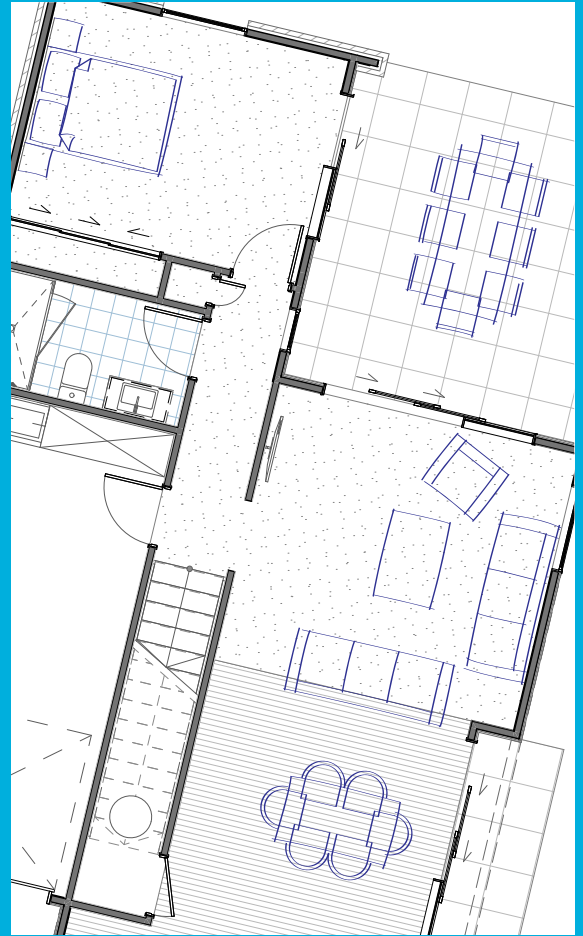
Also ask what the annual body corporate fees will cost and how often, and by how much, will they go up. If the apartment has communal amenities like a pool or gym, fees will be higher. Think about whether you will get enough use out of these to justify the extra cost. Body corporate fees usually include your home insurance and all maintenance costs for exteriors and common areas. This makes them compare favourably to what you'd spend on a standalone house.

## HOW DO I GET A FEEL FOR THE SIZE OF AN APARTMENT WHEN BUYING OFF THE PLAN?

- » Builders use different measures when stating the size of apartments in the sales material. It's worth asking whether the advertised size is the net floor area (NFA) or gross floor area (GFA). Net floor area includes the area you can occupy. Things like stairways, mechanical rooms and wardrobes are not included. Gross floor area includes the thickness of interior walls, stairways, wardrobes, and the space taken by columns or other features.
- » Ask if the total size of the apartment includes or excludes balconies.
- » Ask for a 1:100 scale plan; that way if you don't have all of the dimensions you need on the plan, you can use a normal ruler to figure them out. One centimetre on the plan will be 1m when built. Beware, though, this is a rough guide only. builders provide simplified floor plans for buyers which are not as complete or accurate as their own construction set.



- » Take your 1:100 plan and draw in your furniture at scale to see whether it will fit. Check you have enough space to move around between couches or for people to pass between the dining chairs and the walls while people are seated in the chairs.
- » High ceilings will make your apartment feel a lot more spacious. The standard ceiling height is 2.4m. That is the minimum you should be looking for in an apartment – higher is better.
- » Balconies increase your living space, and if sheltered from the wind, can be used for much of the year with the addition of some outdoor heating. Use your 1:100 scale plan to test whether you could fit the things you'd like on your balcony, eg a barbecue and an outdoor table and chairs.
- » Consider how much storage you will have and whether it is enough for your needs. It is a good opportunity to pare back and get rid of the stuff that is weighing you down, but make sure you can realistically store the things you really need - your clothes and shoes, bed linen and towels, vacuum cleaner. Check how much storage has been provided in the kitchen and bathrooms as there may not be room to add more.





# MONEY MATTERS



## WHAT WILL MY DEPOSIT BE?

It varies, but usually either 5% or 10% of the purchase price.



## WHEN WILL I HAVE TO PAY IN FULL FOR THE APARTMENT?

The Sale and Purchase Agreement will include a settlement date on which you will pay the balance you owe (the full price, less the deposit) and ownership will pass to you.



## WHAT HAPPENS IF THE BUILDER DOESN'T START BUILDING?

Some developments depend on a predetermined number of the apartments being sold off the plan before the development goes ahead. Pre-selling these apartments enables the builder to get funding from the bank to begin the construction. Make sure you know whether this is the case in the apartment development you are interested in. If it is, ask when the decision will be made. If the building doesn't go ahead, your deposit will be returned. Ask your solicitor to check this clause in the contract. It's also worth asking where your deposit money will be held, for example in a trust account.



## CAN I SELL THE APARTMENT BEFORE IT IS FINISHED?

As with all homes, you will need to settle before you can put your new apartment on the market. If you have taken advantage of any of Kāinga Ora's homeownership products, such as KiwiBuild, you have to own your home for a set period of time before you can sell it.

# APARTMENT BUYER'S GLOSSARY

## **BODY CORPORATE**

An administrative body made up of all the owners within a group of units or apartments. The owners elect a committee, which handles the administration and maintenance of the site. If your apartment has a body corporate, you must pay an annual fee to belong, which covers maintenance of the exterior and common areas of the apartment building, and insurance.

## **COMMISSION**

Real estate agents are usually paid a commission by the seller when a property sells. The commission is the agent's fee for selling the property, and it is detailed in the agency agreement the seller signs with the agent. Commission rates vary and can be negotiated.

## **FIRST HOME GRANT**

This is where first-time home buyers or previous home owners who have been making regular KiwiSaver contributions for at least three years, could be eligible for a First Home Grant of up to \$10,000. You apply for the grant directly on the Kāinga Ora website.

[kaingaora.govt.nz/home-ownership/first-home-grant/](https://kaingaora.govt.nz/home-ownership/first-home-grant/)

## **FIRST HOME LOAN**

This is a special loan underwritten by Kāinga Ora which requires just a 5% deposit for a home. Visit the Kāinga Ora website for a list of participating banks and eligibility details.

[kaingaora.govt.nz/home-ownership/first-home-loan/](https://kaingaora.govt.nz/home-ownership/first-home-loan/)

## **GROSS FLOOR AREA (GFA)**

The measurement of an apartment size that includes the thickness of interior walls, stairways, wardrobes, and the space taken by columns or other features.

## **HOMESTAR**

Homestar is an independent tool, run by the not-for-profit Green Building Council, to rate and improve the performance

of homes. Kāinga Ora requires all new apartments in our developments to be a minimum of 6 Homestar. To achieve a 6 Homestar rating, your apartment will need to have greater insulation, moisture control and water efficiency measures than those recommended by the New Zealand Building Code.

## **KĀINGA ORA**

Kāinga Ora - Homes and Communities is the Government agency tasked with delivering tens of thousands of homes to Aucklanders over the next 10 years. Alongside homes, Kāinga Ora is also delivering upgraded and new infrastructure, and amenities like parks, walkways and playgrounds to each of their large scale development neighbourhoods.

## **KIWISAVER**

If you're a KiwiSaver, you may be able to access the KiwiSaver first home withdrawal. This is a government scheme whereby you can withdraw all of your KiwiSaver savings (except \$1,000) to put towards buying your first home. Contact your KiwiSaver provider to find out more.

## **KIWIBUILD**

Many of the apartments being built in Kāinga Ora developments will be KiwiBuild homes. KiwiBuild is a government initiative designed to increase the supply of more affordable housing options for New Zealanders. Homes built by KiwiBuild must be sold under the price cap of \$650,000 for a three-bedroom home. You can check your eligibility, learn about the buying process, view upcoming and available KiwiBuild homes, and subscribe for the latest updates here:

[www.kiwibuild.govt.nz/buying-a-kiwibuild-home/are-you-eligible](http://www.kiwibuild.govt.nz/buying-a-kiwibuild-home/are-you-eligible)

## **NET FLOOR AREA (NFA)**

The measurement of an apartment size that only includes the area you can occupy. Things like stairways, mechanical rooms and wardrobes are not included.

**OFF THE PLAN**

To purchase a property before a structure or dwelling is built on the site, after having only seen the plans.

**SALE AND PURCHASE AGREEMENT**

A legally binding contract between the buyer and seller for the sale and purchase of a property. The agreement sets out all the agreed terms and conditions in writing.

With thanks to the Real Estate Authority. See their larger glossary at [rea.govt.nz/glossary](https://rea.govt.nz/glossary)





# Planning for the future

Auckland's housing market is set to welcome the arrival of a new breed of high-quality apartments in suburbs as diverse as Hobsonville Point, Northcote, Mt Roskill and Mangere. Housing developments in these neighbourhoods have been 'masterplanned' by the Urban Development team at Kāinga Ora, the government agency tasked with delivering tens of thousands of homes to Aucklanders over the next 10 years.

Kāinga Ora has carefully selected the partners who will build these apartments, to ensure a consistently high standard in design, durability and sustainability. Alongside homes, Kāinga Ora is also delivering upgraded and new infrastructure, as well as amenities like parks, walkways and playgrounds, to each of the development neighbourhoods.







## HOW ABOUT AN APARTMENT AT HOBSONVILLE POINT?

Set in beautiful natural surroundings, Hobsonville Point is a masterplanned community with everything it needs to thrive. Parks and well-planned roads, schools, jobs in the neighbourhood, public transport to the CBD, shops and local restaurants, bars and cafes; family homes and apartments by the water – it will all be here. You'll love living in neighbourhoods that are easy and safe to walk or cycle around, both day and night.



**HOBSONVILLE POINT**  
Moments away, a world apart.

# GET IN TOUCH

If you're a local or keen to move to Hobsonville Point, please visit us at the Hobsonville Point Information Centre at 1 Hastings St.

Open 7 days, 10am to 4pm

[hobsonvillepoint.co.nz](http://hobsonvillepoint.co.nz)