

The charm of age versus

Choosing between an old or new flat is not a straightforward matter, writes **David Adams**.



Alan and Margaret Harvey bought an investment flat in this 40-year-old block, rather than something newer. PICTURE: KEN IRWIN

Couple opt for tried and true over youth and beauty

WHEN Alan and Margaret Harvey went looking for an investment property recently, they opted for an older flat in a blue-chip suburb, Malvern, rather than a newer one in the same price range.

They paid \$297,000 for something that was a little further from the centre of town.

"We were convinced that buying in a blue-chip area, even though (the building) wasn't new, would be a better investment," says Mr Harvey, who works as a railway station officer.

The one-bedroom flat in Johnstone

Street, is on the third floor of a block of 12. It is about 40 years old.

Mr Harvey, 54, said that while they looked at many newer flats in the area, they were "a bit too small".

Theirs not only appeared to be solidly built but seemed to have no substantial maintenance problems, he says.

Not that he believes buying in a new building would mean no maintenance problems.

"New apartments can have as many faults as old apartments," Mr Harvey said.

LOOKING to move into a flat with sharp, contemporary style and state-of-the-art facilities? Or perhaps you would prefer the unique period appeal of an older building.

Whether to buy an old or new flat is a question many buyers ponder. According to the experts, there's no easy answer, with pros and cons on both sides of the fence.

James Kitsiou, director of L.J.Hooker City Residential, says that while most buyers in the inner city are opting for new buildings, a distinct segment prefers an older style, particularly with period attributes, based on the fact that they're an "irreplaceable, finite resource".

"So as the population increases, as demand increases, the supply won't increase and if anything — over the years and the decades — it slowly decreases," Mr Kitsiou says. "So it is definitely a pro."

In contrast, he notes that many younger people won't even consider an older building, a trend that applies to tenants as well as to owner-occupiers. This, he says, may result in higher rents for an investor. "They like contemporary, they like modern," he says.

Many newer buildings have views and facilities not found in older ones, including swimming pools, gyms, modern security systems, storage space and secure undercover parking.

But buyers' advocate Jason Wier says that if such facilities aren't important to the buyer, then an older building may prove a better option.

"There's got to be value for money in the body corporate," he said. "Some people that don't have a need for gyms and pools and tennis courts don't like the idea of paying body corporate fees that cover the maintenance of those."

Buying an older flat also enables the purchaser to see it in a way that walking through a display suite does not make possible.

"It's great to be able to have that touch-feel aspect for some people," says Mr Wier, principal of St Kilda Road-based company Real Estate Angel.

Older buildings, particularly those of the art deco

COVER STORY

era but even those dating from as recently as the '70s, are also becoming highly sought after because of their reputation for solidity, their scarcity and their architecture, he says.

But the maintenance of an older building can be a problem and anyone considering buying one should get a building inspection done before purchase.

"You want to make sure that there's no underlying structural faults that might be in one part of an older building but can't be seen to be causing any effect in the apartment you might be purchasing," Mr Wier says.

"But if there's underpinning repairs required to the back corner of the building, as an owner of an apartment, everyone's going to have to contribute to that repair even if it hasn't affected your apartment directly."

However, if the building has been standing for some time, chances are any faults may have already been identified.

By contrast, buying in a new building might mean that you, as the first owner, will be the first to face any problems that come up.

"It's not uncommon for someone to buy a new property and have to call the builder back continually for the next two years because of faults in some of the trade work that's been provided, whether it's leaking sinks or tile work that's a bit dodgy and



hasn't been sealed properly," Mr Wier says.

Some of the biggest advantages in buying a new flat are financial. These include greater depreciation allowances than for older buildings — although there can still be considerable depreciation allowances for older flats, particularly if they've been renovated — and stamp duty savings.

Ariel Brukarz, general manager at the Apartment Superstore, which sells new and off-the-plan flats, says buying new can mean stamp duty savings of up to 4 per cent of the price.

Buying off the plan will allow would-be owners to

Buying old or new?

- Which is more important: location or price?
- Does an existing property require maintenance?
- Have you taken into account stamp duty savings on off-the-plan purchases?
- Have you considered the size of depreciation deductions?
- What facilities do you require in the building?
- If it is to be rented out, will the style appeal to tenants?

