



## Consumer advice for buying property off-the-plan

The boom in strata developments and land sales in WA has prompted Consumer Protection to offer advice to off-the-plan buyers of land or property.

A new consumer guide, now available online, gives useful information on the pros and cons of buying land or property off-the-plan.

Acting Commissioner for Consumer Protection Gary Newcombe said, while the vast majority of developments are completed successfully, the biggest risk for off-the-plan buyers is if their development fails to proceed as planned.

“For this reason, it is absolutely essential that buyers ensure that any deposit they pay up front is held in a designated trust account by an independent party such as a real estate agent until the property is ready to settle,” Mr Newcombe said.

“When buying off-the-plan it is also important to know the status of any planning approvals, the likely timelines for these being settled and what happens if approvals are not granted within acceptable periods.

“Contracts for these developments are usually drawn up by the developer and their agents so their interests are generally protected, but consumers must ensure that their interests are also protected should things go wrong.

“Off-the-plan buyers need to consider whether changing circumstances might affect their ability to honour the contract. There might be changes in the buyer’s financial situation, interest rates may rise and property values may fall – all factors that will affect their ability to get finance when settlement time comes many months or even years down the track.

“The risk of a buyer defaulting could mean their deposit is lost and the developer could claim other damages and losses. So careful consideration needs to be given before making a commitment now on a development that could be up to several years away from completion.

“While the consumer guide is not intended to replace professional legal advice, it will give buyers some tips as well as issues to consider which will help them in the process of negotiating with the developer or their agents.”

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...continued from page 1

Some of the answers to these questions can be found in the guide:

- What are the pros and cons of buying off-the-plan?
- Who should hold the deposit and to whom will interest, if any, be paid?
- What happens if the buyer can't go through with the deal, or the development doesn't proceed as planned?
- Can the developer increase the price of the land or property after the contract with an agreed price is signed?
- Can the quality of the property be guaranteed and what happens if the builder changes the plans?
- What's at risk if the buyer can't get finance by the settlement date?
- Under what circumstances can a buyer pull out of the contract without any penalty?

The "Buying land or property off-the-plan" consumer guide can be downloaded from the Consumer Protection website:

[www.commerce.wa.gov.au/buying\\_off\\_the\\_plan](http://www.commerce.wa.gov.au/buying_off_the_plan) (underscores, not spaces, between the words)

Further advice or information about lodging a complaint against a developer or their agents can be obtained by contacting Consumer Protection by email: [consumer@commerce.wa.gov.au](mailto:consumer@commerce.wa.gov.au) or by phone **1300 30 40 54**.

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