

A ticket to the Lucky Country:

World First tips for buying in Australia

Be bowled over by a home down under



David Trumper, content editor at **World First**, introduces your guide to buying property in Australia.

With its stunning beaches, relaxed way of life, warm weather and great scenery, it's no wonder Australia is the most popular location with Brits moving abroad.

But since it's located on the other side of the world, those that harbour dreams of a life down under need to be really sure before they take the plunge and buy in Oz.

With flights that cost thousands and an upheaval on a grand scale, it's the sort of place that's not easy to change your mind about once you're there. That's why you've got to get it right first time.

It's totally understandable that you're feeling a little daunted by leaving behind the life you're used to in the UK, but it's a great opportunity, and a life changing one too.

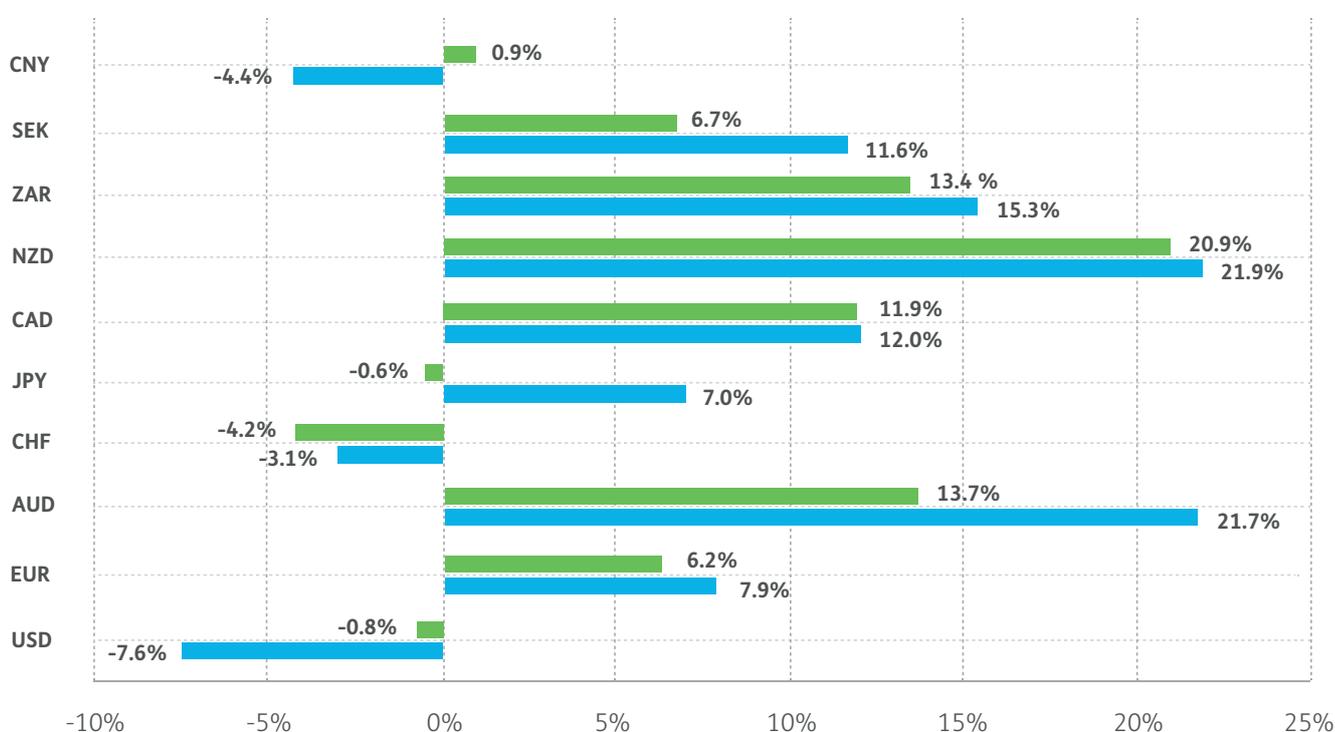
If you're after some pointers, we'll look at the process of buying property in Australia, so you know what to expect.

Oh, and there's some good news. We look at how your money goes further – thousands of pounds further – because of the strength of the pound against the Australian dollar in the last year.

It's a big decision to make, but I hope this guide will bring you one step closer to a life down under.

Your pounds go further: GBP vs the world

% change in exchange rates against GBP over the
past 12 months and since the start of 2015

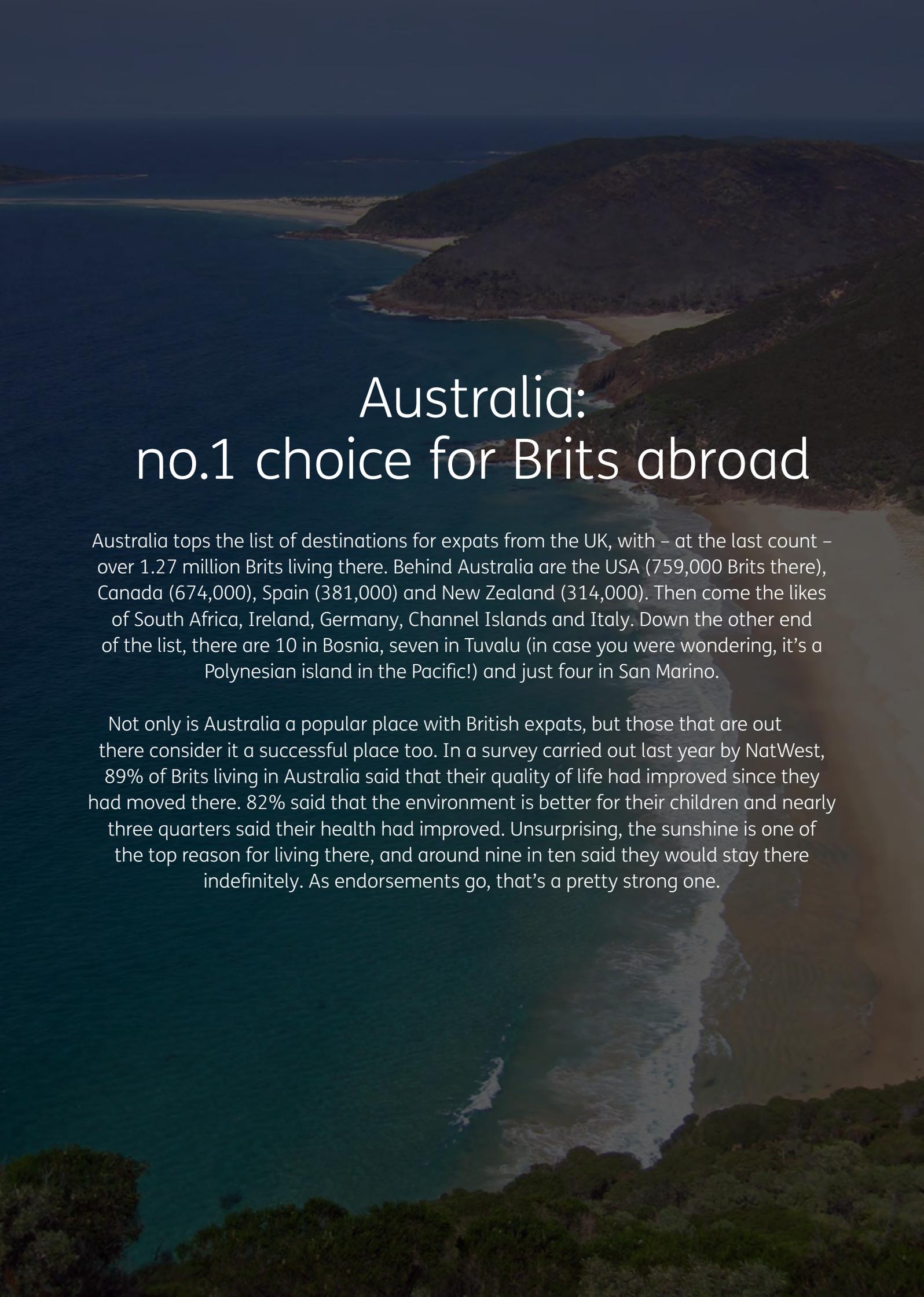


A strong pound means that when it comes to buying property abroad, your money goes further. Against the world's top ten currencies, the pound is up year-on-year against eight of them, and up since the start of the year against nine of them.

For those looking to buy a property in Australia, now really is looking like the ideal time to buy, with the GBPAUD rate 22% higher than at this time last year. For someone buying a property in Australia, an AU \$1,000,000 property would have cost £574,780 a year ago. Right now, a property worth that same amount would cost £454,960 – that's £119,820 less than a year ago.

It just goes to show what a massive difference the exchange rates can make.

While nobody can predict where the rates are going to go, we'll explore later in this guide how you can have some control over them.



Australia: no.1 choice for Brits abroad

Australia tops the list of destinations for expats from the UK, with – at the last count – over 1.27 million Brits living there. Behind Australia are the USA (759,000 Brits there), Canada (674,000), Spain (381,000) and New Zealand (314,000). Then come the likes of South Africa, Ireland, Germany, Channel Islands and Italy. Down the other end of the list, there are 10 in Bosnia, seven in Tuvalu (in case you were wondering, it's a Polynesian island in the Pacific!) and just four in San Marino.

Not only is Australia a popular place with British expats, but those that are out there consider it a successful place too. In a survey carried out last year by NatWest, 89% of Brits living in Australia said that their quality of life had improved since they had moved there. 82% said that the environment is better for their children and nearly three quarters said their health had improved. Unsurprising, the sunshine is one of the top reasons for living there, and around nine in ten said they would stay there indefinitely. As endorsements go, that's a pretty strong one.

Best Things



“The weather is great most of the time and especially in summer. Can be changeable though.”



“The schools are good and welcoming for those studying overseas.”



“Generally, the people are great, really friendly.”



“I feel safe here.”



“Great and diverse scenery, wildlife and birds.”



“Perfect for outdoors types - bike and walking tracks, swimming in the warm ocean – just wonderful!”



“Amazing beaches, and great if you’re a sucker for surfing.”



“There’s so much to learn, a varied history and culture.”



“Good job opportunities, good pay.”

Worst Things



“Very suburban in places.”



“I know it sounds silly, but sometimes the sun can be so strong as to be unpleasant.” (ED. Not too much sympathy from this end, I have to say!)



“Restrictive laws, rules and regulations. So much red tape.”



“Complicated tax system and high taxes – If you’re running a business over there, get the number of a good accountant.”



“Dangerous wildlife like snakes and spiders.”



“Droughts, water shortages and forest fires.”



“Poor internet speeds.”

You’ve heard the thoughts of people that have moved there, but before you start putting any offers in based on those views, you should spend some time over there yourself to really get a feel for the place.



5 amazing properties now **22% cheaper** than last year

If the thought of hot summers, a relaxed way of life and stunning beaches and scenery isn't enough, another big reason to move to Australia right now is the fact that the exchange rate is in the favour of Brits looking to buy property there. A year ago, £500,000 would have bought you a property worth AU \$869,900. At the time of writing, at today's exchange rates, that same amount of money is worth AU \$1,099,000 – AU \$229,100 more, in the space of just one year.

Moving to Australia is clearly a big deal, and a massive commitment. Before you start a new life there and buy a property of your own, you have to be really sure about it. But for those willing to take the plunge, the exchange rates are certainly in your favour, and could end up saving you tens of thousands of pounds.

By fixing an exchange rate now, you'll be able to benefit from the strong pound when it comes to actually paying for your property.

On the beach

Macmasters Beach,
New South Wales

AUD \$1,367,085

A year ago **£785,775**

At today's exchange rates **£621,970**

Saving **£163,805**



What a view!

Metung, Victoria

AUD \$951,897

A year ago **£547,130**

At today's exchange rates **£433,075**

Saving **£114,055**



Raby Love

Raby Bay, Queensland

AUD \$2,784,807

A year ago **£1,600,650**

At today's exchange rates **£1,266,975**

Saving **£333,675**



Go West

Vasse, Western Australia

AUD \$758,480

A year ago **£435,960**

At today's exchange rates **£345,080**

Saving **£90,880**



Plot of Gold

Port Macquarie, New South Wales

Plot of land, AUD \$1,175,021

A year ago **£675,380**

At today's exchange rates **£534,590**

Saving **£140,790**



Top tips from those in the know

When it comes to deciding whether to buy a property in Australia, and what to look for, the best people to talk to are those that have been there and done it. So that's what we've done, and we've come up with their five top tips for buying a home down under.

1. Consider renting first

Renting is a good way of 'trying before you buy', and gives you a little more flexibility in case things don't work out. It could also serve as a good short term measure, depending on your family situation, or if you're not sure how long you'll be working out there. If you are thinking about buying, be aware that house prices are rising all the time!

2. Have a plan if things go wrong

Without wanting to be negative, it really does make sense to have a plan of action should everything not go as expected. Consider what your next move will be if you're unable to find a buyer for your home in the UK, if your job doesn't work out, or if you can't get a job out there in the first place.

3. Looking for work

Don't wait until you get there to find out what work's available. Visit the various Australian job websites before you go just to get an idea of what's out there. Also check whether you're eligible and if you can, apply for your permanent residence visa. Having that would give you a real advantage when applying for jobs. It's worth sending a letter to every potential employer and recruitment agency in the area you're interested in, and when it comes to applying for jobs, be as flexible as you can be – say you're available for interviews face-to-face or over Skype.

4. Don't go mad bringing everything with you

Rather than bringing everything from home, it's probably cheaper – and definitely easier – to buy some new things when you get there.

The most cost-effective way of transporting your belongings is by sea, and you pay by the space you're taking up. You'll pay around £200 for the first cubic metre, then roughly £100 extra for every cubic metre on top of that. A 40ft container will cost around £5,000.

5. Offered a job? Don't just say yes without thinking

Should a tempting job opportunity come along in Australia, even if it's the most exciting and amazing job offer you've ever received, don't just jump in without thinking it through first.

OK, so the money's great, and it's going to really enhance your career, but you might not like it when you get there. By then, it's too late. Before you take that job, spend a few weeks in the area. Take time getting to know the place – and the locals.

Useful Links

World First – currency transfers

www.worldfirst.com

The Money Advice Service

www.moneyadvice.org.uk/en/articles/using-a-money-transfer-firm-to-send-money-overseas

The process

It's easy to see why over a million Brits now live in Australia, with a better quality of life, good weather and terrific scenery and beaches all given as reasons to move there. But what's actually involved in buying a home in Australia, and how does it differ from buying a home in the UK? Here, we'll run you through the process.

1. Get FIRB approval

You'll probably need to get permission from the Foreign Investment Review Board (FIRB) to buy property in Australia. You should find out whether approval has been given within 40 days, though it can take up to 130 days. You can still start your house hunt before approval's been given – you can even exchange contracts – but the contract must be drawn up on the condition that approval is given.

2. Get professional help

It's well worth getting hold of a lawyer with plenty of experience in Australian law. Buying property in Australia is not the most complicated thing in the world, and it's not a million miles from the process in the UK, but there's a lot of red tape, and you don't want to fall foul of that. A lawyer will make sure all the necessary clauses are included when it comes to signing the first contract and paying the 10% deposit.

3. Exchanging contracts

Once your offer's been accepted, it's typical for contracts to be exchanged almost immediately. After exchange of contracts, you're committed to buying the property, and you'll have to pay the 10% holding deposit. When paying the deposit, use a currency specialist like World First to get a better exchange rate than you'd get from your bank.

4. Searches

Just like in the UK, your solicitor will run local searches and will check the title deed before you are able to complete on the property. Generally, completion happens six weeks on from the day you've exchanged.

5. Fees and taxes

There are plenty of fees and taxes involved in buying property in Australia. It was ever thus! The extra costs will cost you an extra 5% of the purchase price, but it's worth allowing 7%.

This is made up of a Land Transfer Registration fee – which varies from state to state – legal fees, generally between AUD 500 and AUD 1,200 (£225 and £545), the local tax, survey, insurance and mortgage fees.

On top of that, you'll have to pay capital gains tax if you're spending less than six months of your time in Australia.

6. Use a currency specialist to pay mortgage and maintenance fees

On all subsequent currency transfers that have to be made – for example monthly mortgage payments from your UK bank account or ongoing maintenance fees – you should use a currency exchange specialist, like World First, rather than your bank to make the payments. You'll get better exchange rates, and you'll have the opportunity to fix an exchange rate in advance to protect yourself from fluctuations in currency markets. More on that later in this guide.

Useful Links

Living in Australia

<https://www.gov.uk/guidance/living-in-australia>

List of lawyers in Australia

<https://www.gov.uk/government/publications/australia-list-of-lawyers>

Buying property in Australia

<http://www.expatarrivals.com/australia/buying-property-in-australia>

Taxation in Australia

<http://www.expatfocus.com/expatriate-australia-taxation>



Get the best exchange rate and save thousands

GBP vs AUD in the last year



When you agree what you're going to pay for the property, and factored in all the extra fees, the amount you'll actually pay will depend on what you get for your money once it's been converted into euros.

So, taking the time to find the best exchange rate and avoiding fees when making your international payments can help you save thousands.

And another thing, you may be surprised how quickly the rates can change, so it makes sense to be aware.

Currency ups and downs make a huge difference

When transferring money to pay for the property, deposit, mortgage or to move your pension across, fluctuating exchange rates could be worth thousands.

As you can see from the graph, the pound has seriously gained in strength against the Australian dollar in the year to September 2015.

Those buying an AU \$800,000 property at the start of October 2014 would have had to pay just over £430,000 to secure it.

At the start of September 2015, you would have had to pay £370,000 – that's a difference of £60,000, and all because of the exchange rates.

The rise in the value of the pound against the Australia dollar in the last year represents a real opportunity for buyers to take advantage and get more for their money when they buy property in Australia.

And you could save even more if you make the right choice when making the payment.

To make sure you don't lose out on the exchange rate or unnecessary fees when making your international transfers, consider using a specialist currency broker like World First.



You may be surprised how quickly the rates can change, so it makes sense to be aware.





The currency specialist



If you're looking to buy a property in Australia, you could be surprised how much you could save – or lose – through the exchange rates, according to currency expert **Jennifer Bird.**

The idea of buying a property in Australia can sound like the stuff of dreams to many of us. For those for whom it becomes a reality, it's important to get your finances in order from the start.

One way to get prepared is by looking at the exchange rate and making sure that you won't end up paying more than you've budgeted for. For example, if you're buying a property in Australia worth AU \$1,000,000, a 2% shift in the currency rate is worth AU \$20,000 – that's the kind of difference that could get you a new kitchen or the garden landscaped.

To make sure you're not stung by uncompetitive exchange rates, it's a good idea to speak to a currency specialist who will take the time to understand your requirements and offer options that would best suit your needs. A good currency specialist will always be on hand to guide you through the process.

Fixing today for a purchase tomorrow

If you had agreed a fee for a property in Australia, but don't need to pay the balance for another two months – but want to take the current GBPAUD exchange rate, there is a way you can do that. Using what's known as a forward contract, you can secure that exchange rate now, which means you'll know exactly how much you'll pay for the property when you settle the balance in two months' time, no matter what the currency market does in the meantime.

You can also set up regular payments so that monthly international expenses, like your mortgage payments, are paid every month without you having to do a thing. Again, you can fix an exchange rate and know what you'll pay every time.

We work with many people that previously used their bank to transfer money – that's before they discovered that there are different ways of doing it that could save them money. With the banks, you could end up paying up to 4% more just because you're not getting a good exchange rate.

Jennifer Bird is the head of the private client desk at currency specialist **World First, who help clients save money when they transfer money to pay for property overseas.**

“ Fix an exchange rate and know what you'll pay every time. ”

Useful Links

World First – currency transfers

www.worldfirst.com

The Money Advice Service

www.moneyadvice.org.uk/en/articles/using-a-money-transfer-firm-to-send-money-overseas



The economist



Year on year, the pound is up against the Australian dollar, but then again, so is the cost of property down under, according to economist [Jeremy Cook](#).

Australia's relationship with China has always been a double-edged sword. Through the boom years of China's economy of the early and mid-00s, Australia's economy grew fat feeding the greedy industrial child 9000km to the north. China was Australia's sugar daddy, almost single-handedly powering an economy ever onward.

The past 12 months, however, have seen the other side of that argument and as the Chinese economy has slowed, the Australian economy has been dragged with it. 'Terms of trade' is a lofty economic phrase for a very simple concept – if digging stuff out of the ground forms a sizeable portion of your economy's output then changes in the market value of that stuff will impact your country's economy. For a long time, the tin and iron ore that Australia mined and sent to China was worth a healthy amount and China was prepared to pay it to keep their factories smelting, forming and machining.

No more.

A lack of global demand – characterised by poor growth in Europe and emerging markets – as well as an oversupply of commodities such as oil, copper tin and steel has created fears of deflation, and has caused currencies related to these commodities to collapse.

Readers will be glad to know that sterling is not one of those currencies and has therefore been able to take advantage. GBPAUD has risen by 13% so far this year and 22% in the past 12 months as sterling has pressed higher on the basis that the markets believe that the Bank of England is close to raising interest rates, while the Reserve Bank of Australia has cut interest rates by 0.5% since last September.

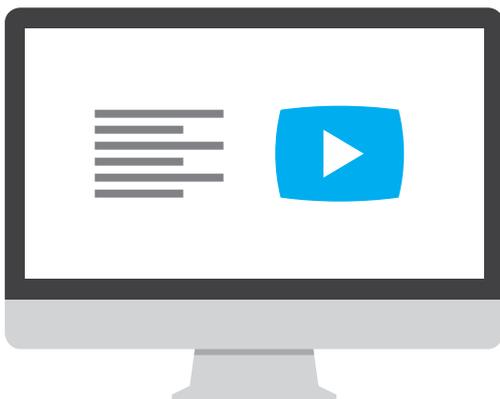
Property in Australia has remained buoyant throughout the period, however. Despite the Global Financial Crisis – and we know what that did to house prices here – house prices in Australia are up 53.5% since the beginning of 2007. Houses in Sydney are up 69% over the same period, Melbourne's prices are 71% higher on average with a relatively miserly 45% increase in Brisbane.

For Brits looking for a second home down under, buying a property in Australia is still relatively expensive when you factor in the performance of the pound. Since the beginning of the credit crunch, GBPAUD is down around 12%. In the past three years GBPAUD averaged a rate of 1.7912. In the three years leading into the Global Financial Crisis it averaged 2.4411.

That said, GBPAUD has gained 22% in the past 12 months, so compared to last year at least, your money goes further.

“ GBPAUD has risen by 13% so far this year and 22% in the past 12 months ”

Jeremy Cook is World First's chief economist. You can read his daily thoughts on the economy by [signing up to his Morning Update](#).



And another thing...

Even when your Australian property purchase is done and dusted, there are still plenty of other things you need to consider.

Tax

All taxpayers in Australia need to complete a tax return every year. The financial year runs from 1 July to 30 June, and the “TaxPack” must be completed by 31 October. Everyone living in Australia who earns money (whether that’s through investments, employment or both) must have a Tax File Number (TFN), which you should apply for as soon as you get there. You can apply for yours at a Tax Office, by post or online. If you start work before you’re allocated your TFN number, let your employer know it’s on its way so you don’t get clobbered with a higher rate.

You pay no tax up to \$18,200, then you pay 19% on amounts over \$18,200, 32.5% over \$37,000, 37% over \$80,000 and 47% over \$180,000.

The Double Tax Relief Agreement between the UK and Australia means that any income that you make in Britain and which is paid into Australia – and vice versa – is not taxed twice.

But be aware that the rules around tax are different when it comes to your pensions. While your pension in the UK isn’t taxed, in Australia, pensions are fully taxed. Worth speaking to a tax expert to find out more.

Healthcare

The healthcare system in Australia is regarded as one of the best in world, and expats moving there will find out that the provision is a public/private split.

If you’re leaving the UK for Australia on the 457 visa, as the vast majority of expats do, you must prove that you’re covered by a minimum level of private health insurance. Without that, you won’t be granted a visa. The Department of Immigration & Citizenship (DIAC) website will give you more information as to the minimum level of insurance you are required to have. This applies to British citizens despite the UK having a reciprocal health agreement with Australia. The reciprocal agreement usually only extends as far as immediate emergency care in the Australian public health system. You should make yourself aware of what is and what is not covered by the reciprocal arrangement.

Beyond that, Medicare, public health insurance in Australia, is paid for through your taxes, and is available to use once you’ve registered. Register a week after your arrival, and you should be fully signed up within the month.

Pension

Through what are known as Qualifying Recognised Overseas Pensions Schemes (QROPS) – overseas pensions which meet the rules of where they are located – you can have your pension paid into a bank account in your new country of residence.

However, HM Revenue and Customs has recently cracked down on overseas QROPS, and Australian expats were amongst the hardest hit of all. There were previously around 1,600 QROPS providers in Australia; that was then reduced to just one – the Local Government Superannuation Scheme. For those who had found that their pension’s QROPS didn’t qualify (expats could access their pension before the age of 55, so these schemes didn’t qualify as a QROPS by HMRC), they faced a 55% tax charge on the cash in the pot.

QROPS are now back in Australia, but these are now limited to age 55+, as per the regulations. You can transfer your pension fund from the UK into that just as would between pension providers back home. You needn’t worry about transferring your work pension scheme as you can transfer most types of pension, including personal pensions and those opted into through work.

And of course, when transferring your pension from the UK, make sure you use World First to secure a great rate.



Useful Links

Living in Australia

<https://www.gov.uk/guidance/living-in-australia>

List of lawyers in Australia

<https://www.gov.uk/government/publications/australia-list-of-lawyers>

Buying property in Australia

<http://www.expattarrivals.com/australia/buying-property-in-australia>

Taxation in Australia

<http://www.expatifocus.com/expatriate-australia-taxation>

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