

Types of Property Ownership

There are various types of property ownership. It is important to understand the tenure of your property as some are more restrictive than others. You need to also understand what it is that you are buying, what you can and can't do under that tenure, and the potential problem areas to check before going unconditional with an offer to purchase.

The most common types are:

- Freehold
- Cross lease
- Unit title
- Leasehold
- Company share

Freehold (or Fee Simple). This is the most common ownership type and means you own the land and the buildings on the property with few restrictions/encumbrances.

Cross lease. This is where there is more than one property on a title. In this case the owner of each property has a share in the freehold interest of the land and each owner leases the improvements from the other owners. This often means that you need to get permission from the other owners on the title to conduct a range of activities, including building new structures and additions and alterations to existing improvements. Some Cross lease titles are very basic, while others are more complex, conveying greater rights to the owners. For example some may show outdoor area as 'common' on the plan meaning all owners have equal rights to use it. Other areas may be marked 'exclusive use' such as courtyards that accompany each unit, and allocated parking or garaging. With this arrangement it is important to understand the relationships between the various parties, and to ensure that the physical situation that is being sold to you, matches the actual legal situation. Make sure you do your background research and if needed get legal advice.

Unit title (or Stratum Estate or Strata Title). This is generally used for apartments, townhouses or units. With this type of ownership you own your own unit and any additional units such a car parking or storage units. This form of title often has common legal areas and shared responsibility for any common property that is the responsibility of the body corporate. Your body corporate fee will normally cover maintenance and insurance of these areas.

Leasehold. This is where someone else owns the land that your property is on and the leaseholder buys the right to occupy it for a specific time period. With a leasehold ownership there are often restrictions on what you can do on the use of land.

Company Share. Again this is most common in apartment style properties, and essentially means you own shares in a company that owns the property. You do not own the building and land by yourself but instead normally you will get a license to occupy the property.

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The Rainey Collins property team offer Free 20 Minute Property Consultations for any first home buyer wanting to discuss the purchasing process or even briefly review a specific contract before they sign it. These consultations are obligation free.

Call, text or email us at any stage to find out how you can arrange a Property Consultation.

Latest Harcourts Sales Statistics (April and May 2015 Sales)

- **64% of properties sold for more than RV**
- **The average sale price was 13% over RV**
- **Highest sale price over RV was 31%**

How are Properties sold in Wellington

Offer and negotiation

Offer and negotiation involves setting an asking price then an interested buyer will make an offer. Further negotiations over price and/or conditions will occur before all parties are in agreement. Most offers are made using a standard Sale and Purchase Agreement contract. As a seller you have the right to negotiate the price and conditions once the offer is made. Due to the nature of the contract and negotiation period, it also allows you and the buyer to take the time needed to think about the price, and any other changes to the contract each time it comes back to you. Quite often buyers will make their offers conditional upon

aspects like building reports and finance. This means that even if the offer is initially accepted, until the sales goes unconditional the buyer still has avenues whereby they don't have to complete the sale. However, conditions can also be added by the seller. This can include clauses such as being allowed to accept a better offer, or a specific deadline to go unconditional.

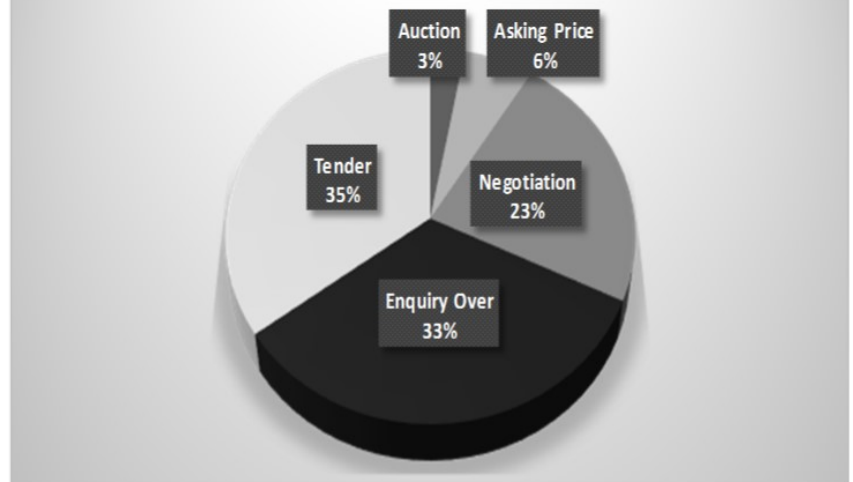
Auction

Another option is to put your property up for auction. This can be a quick process as once your reserve price is met, the offer is unconditional. You also have all your potential bidders there at the same time. Auctions also allow you to sell by a set date, with the option to still accept offers before the auction as well. At auctions, the buyers have done all their due diligence beforehand so generally they are committed to getting the property. Auctions can be beneficial if there is more than one buyer interested in the property as a bidding war can eventuate, and prices can be driven up. If your home doesn't reach reserve you can negotiate with the highest bidder to reach an agreed sale price. Otherwise, you may need to re-evaluate your selling strategy and determine what to do next. When selling by auction, your reserve price needs to be a price you'd accept, as once it hits this reserve, you are contractually obliged to sell.

Tender

Tenders are a way of selling your home privately. Each potential buyer submits their offer without knowing what any of the others is offering, and you get to pick the one to accept. Like auctions, tenders give you the opportunity to put a set date on the process, beneficial if you need to move out within a specific timeframe. Because buyers don't know what any other party is bidding, they generally put their best offer forward. Although this can give you a good idea of their price range, you still have the ability to negotiate with any offer if you don't want to accept any. Tenders can put buyers off. Because of the private, closed style of sale, some buyers prefer to avoid this method if possible. (Information from QV)

Listing Method - Wellington City 2014



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