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Future Tech Horizons – Challenge or Opportunity?

Whether it's buying or selling a house, investing in property or selling a home at auction, a host of tech-savvy new players are looking to grab a slice of the real estate pie by doing things more cheaply, efficiently and creatively, presenting the industry with both opportunities and challenges. Azal Khan rounds up the some of the players on the next technology horizon who are doing things a little differently.



Azal Khan · October 5, 2017 · 0 Comments · 🔥 310 · 📖 9 minutes read

Extending Settlement

A five per cent deposit to get a foot onto the property ladder? It sounds almost too good to be true, but that's the model Keith Burchill and his team have been working on for six years before bringing their Assquire "Mortgage Alternative" product to the market.

With Mortgage Alternative (MA) the purchaser buys a home with a contract of sale now at a pre agreed fixed price that is locked in today, but with a delayed settlement of up to ten years. The buyer can move in, and during the "settlement period" makes payments which cover deposit instalments, rent, rates, agreed maintenance and building insurance, plus a contribution to a savings account to build equity. They say that excluding the savings component, the monthly payment is similar to a mortgage payment plus property ownership costs.

Essentially, the model extends the settlement period to 10 years rather than the traditional 30 to 60 days.

For the Assquire Investor, who is prepared to sell (on deferred settlement within ten years) they get an accelerated (and higher) cashflow in return for forgoing a share of the capital growth. They say investors can earn around 40% - 60% more with little vacancy risk. And, the buyer shares in some or all of the future capital growth of the property (above 1.5%) to facilitate their end settlement with the investor, using a conventional mortgage, their monthly deposit payments and their embedded equity.

It can be used for new properties, or currently rented properties can be switched over.

"We have the Assquire investor and mortgage alternative on the other side," Burchill explains. "They are both like flip sides of a coin. The investor is looking for higher yield

and the homebuyer is looking to get into a home with lower upfront costs. So it's a happy marriage.

“Instead of investors competing with first-home buyers at auction, our Assquire investor is incubating them. We've lowered the upfront cost for young buyers, which is the biggest barrier to home entry. Self-funded retirees get a stable return and effectively recession-proof their investment.”

Burchill, a former tax lawyer and chartered accountant, has a team of experienced industry players, including former executives from the big banks. The company is focused on the south-east Queensland market and soft-launched in September, with plans to expand nationally.