# Property Inspection Red Flags

## 15 Things to Check Before You Make an Offer

What to look for at inspections — and what to ask the selling agent before you sign anything

By the team at Loan Experts · 2026 Edition

Phone: 03 7034 6634

Email: hello@loanexperts.au

loanexperts.au/get-a-free-assessment

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Most buyers inspect a property two or three times before making an offer — but without knowing what to look for, it's easy to miss issues that only become apparent after settlement, often at significant cost. This guide covers 15 red flags across seven categories, grouped by where on the property they appear, so you know exactly what to check at each inspection.

## Three Issues That Catch Buyers Most Often

### Hidden Water Damage

Often concealed by fresh paint or staging — damp and drainage issues are the most common post-settlement surprise.

### Pest Damage

Termite damage can be invisible until structural elements are inspected — always get an independent pest report.

### Unpermitted Works

Extensions, decks and garage conversions may not have council approval — a title search reveals what's registered.

No. 1

# Water, Damp and Drainage

Flags 1-2 — The most common and costly post-settlement surprise

Water issues are the single most common problem found in Australian residential properties, and they're also among the most expensive to fix once you own the place. Sellers and their agents are not always forthcoming about history of water ingress, and a fresh coat of paint on internal walls can temporarily conceal staining that signals an unresolved underlying problem.

### 1 Damp, staining or fresh paint on internal walls

Look for bubbling, discolouration or patches of paint that are slightly different in colour or sheen from the surrounding wall — these can indicate recent repainting over damp staining. Check behind furniture and in corners, especially on ground floor and below ground level. Ask the vendor directly whether any water ingress has occurred.

### 2 Poor site drainage and low-lying areas near the foundation

Walk the perimeter of the property after rain if possible, or look for signs of pooling — dead grass patches in low-lying areas, soil staining against the base of walls, or water marks on brickwork just above ground level. Poor drainage can cause ongoing subfloor damp and eventual foundation issues if left unaddressed.

**EXPERT TIP**

Always attend a wet-weather inspection if you can — drainage issues that are invisible in dry conditions become obvious when it's raining.

No. 2

# Structure, Foundation and Walls

Flags 3-5 — Issues that can make a property difficult or costly to finance

Structural issues are not only expensive to rectify — they can also affect your ability to get finance on the property at all. Lenders' valuers flag significant structural concerns in their reports, and a property with unresolved structural issues may come back with a valuation below purchase price or be declined for lending altogether.

### 3 Cracks in external brick or render

Horizontal cracks in brickwork (especially near windows and doors) or long diagonal cracks running from corners of openings are more concerning than short vertical cracks, which are often just from normal settlement. Wide cracks (enough to insert a coin) warrant a structural engineer's assessment before you proceed.

### 4 Uneven or sloping floors

Bring a small ball or marble to an inspection — roll it across the floor in several rooms. Significant slope can indicate foundation subsidence or subfloor framing issues. Some unevenness in older homes is normal, but anything pronounced warrants investigation.

### 5 Doors and windows that don't open, close or seal properly

Sticking doors, windows that won't latch or gaps visible around frames can indicate that the structure has moved. This is particularly relevant in older homes on reactive clay soils — seasonal movement is normal, but progressive movement may indicate an underlying problem that a building inspector should assess.

**EXPERT TIP**

A pre-purchase building inspection by a licensed inspector is money well spent — typically $400-$600 and can save tens of thousands in post-settlement surprises.

No. 3

# Roof and Ceiling

Flags 6-7 — Expensive to fix and easy to miss at an open inspection

Roof issues are among the most expensive rectification work a homeowner faces, and they're also genuinely difficult to assess at a standard open inspection. Getting into the roof cavity (or hiring someone to do so) is the only reliable way to check the full picture — the ceiling alone won't tell you what's happening above it.

### 6 Water stains or sagging on ceilings

Brown rings or discolouration on ceilings, particularly below roofline areas and in corners near exterior walls, almost always indicate past or current roof leaks. Sagging plasterboard is a sign of prolonged water exposure or physical damage. Ask how old the roof is and when it was last inspected or replaced.

### 7 Visible damage, rust or missing material on the roof exterior

If you can see the roof from the street or from a neighbouring elevation, look for missing or cracked tiles, visible rust on metal sheeting, deteriorated ridge capping, or sagging gutters pulling away from the fascia. A building inspector with a drone or roof access can check what you can't see safely from ground level.

**EXPERT TIP**

Ask the selling agent when the roof was last replaced or inspected, and whether there are any records. Roofing that's 20+ years old should be assessed as a potential near-term cost.

No. 4

# Electrical, Plumbing and Safety

Flags 8-10 — Issues that affect habitability, safety and lender acceptance

Outdated electrical systems, non-compliant plumbing and missing safety features are not just a safety risk — they can also cause problems with insurance, and some lenders will require rectification before they'll release funds. These issues are often invisible at a surface level but flagged clearly in a thorough building inspection.

### 8 Old or non-compliant switchboard and wiring

Ceramic fuses, ungrounded wiring or a switchboard with no safety switches (RCDs) are signs of an electrical system that hasn't been updated. RCDs are mandatory in most Australian states and their absence is both a safety risk and a flag that other electrical work may also be non-compliant.

### 9 Low water pressure or visible pipe corrosion

Run taps in multiple rooms simultaneously and flush toilets while the taps are running. Very low pressure can indicate galvanised steel pipes that have corroded internally — not visible from outside but expensive to reline or replace. Look under sinks for visible corrosion, staining or amateur pipe joins.

### 10 Missing smoke alarms, pool fencing or safety glazing

Smoke alarms must comply with current state legislation, and non-compliance must be rectified before or at settlement in most states. Pool fencing non-compliance is a safety and legal issue. Check glazing near doors and in bathrooms — safety glass is required in these locations in homes built after a certain date.

**EXPERT TIP**

Electrical and plumbing compliance issues found in a building report can often be used as leverage in price negotiations — get quotes before you offer.

No. 5

# Pests, Timber and Hazardous Materials

Flags 11-12 — Issues that can be invisible at inspection but devastating after

Termite damage is the defining example of a property defect that looks completely normal at a surface inspection but is catastrophic once revealed. A separate pest inspection by a licensed inspector — not just a visual check — is non-negotiable on any timber-framed property, and worth doing on any purchase regardless.

### 11 Evidence of termites or previous termite activity

Look for mud leads along walls, floor joists or in subfloor areas, hollow-sounding timber when tapped, or previous treatment stations in the garden or under the house. A licensed pest inspector uses moisture meters and thermal imaging to find activity that a visual inspection will miss. Even treated properties can have ongoing or recurrent activity if the colony isn't fully eliminated.

### 12 Asbestos-containing materials in pre-1990 homes

Homes built before 1990 — particularly fibrous cement cladding, roof sheeting, eaves, wet area walls and vinyl floor tiles — may contain asbestos. Bonded asbestos in good condition is generally low-risk but any damage, cutting or removal must be done by a licensed contractor. Ask the agent whether an asbestos register exists for the property.

**EXPERT TIP**

Always get a separate pest inspection — not just a combined building and pest visual. A licensed inspector with a thermal camera will find active activity a visual check will miss.

No. 6

# Title, Planning and Neighbours

Flags 13-14 — Issues a conveyancer finds, not an inspector

Not all red flags are physical ones you can see at a property. Some of the most significant risks to a purchase lie in the title, the council records and the neighbourhood context — and these are found by your conveyancer or solicitor conducting searches, not by walking through the property at an open home.

### 13 Unpermitted structures, extensions or garage conversions

Extensions, decks, garage conversions to living space, and outbuildings may have been built without council approval. A title search and council records check reveals what's been permitted. Unpermitted structures can require removal or retrospective approval, which can be expensive and time-consuming — and may not always be granted.

### 14 Easements, encumbrances, caveats or unusual title restrictions

An easement on a title allows another party (e.g. a utility company or neighbouring owner) rights over part of your land — restricting what you can build or do there. Caveats, writs and court orders registered on title can affect your ability to settle or finance the property. Your conveyancer will identify these in their title search well before settlement.

**EXPERT TIP**

Don't skip the conveyancer's title search to save money — it's the only way to find out about easements, encumbrances and unpermitted works before you're legally committed.

No. 7

# The Overall Picture — Flag 15

The one flag that trumps all others

The fifteenth red flag isn't a single physical defect — it's the absence of proper independent inspection reports. Buying without a pre-purchase building inspection, a separate pest inspection and a conveyancer's title search is the biggest risk of all. Any one of these can find an issue that either kills the deal at no cost to you, or gives you the information to renegotiate the price appropriately.

Together, a building report, pest report and title search typically cost between $800 and $1,500 depending on the property and location. On a property purchase worth hundreds of thousands of dollars, this is essential due diligence — not an optional extra. In a competitive market, buyers sometimes skip reports to move quickly; in practice, the risk of skipping usually far outweighs the risk of losing one deal.

- Flag 15: No independent building inspection, pest report or title search obtained
- A building report typically costs $400-$600 for a standalone house
- A pest inspection adds $200-$400 — worth it on every timber-framed property
- Conveyancing searches cost $300-$800 depending on state and search type
- All three together cost far less than one undisclosed defect after settlement

**EXPERT TIP**

Ask your broker to refer you to a trusted conveyancer and building inspector before you start actively inspecting — having them on standby means you can move quickly when you find the right place.

No. 8

# How a Broker Helps After You Find the Right Property

From inspection to pre-approval to settlement — coordinating the finance side

Once you've done your inspections and you're ready to move, the finance side needs to be in place quickly. A broker pre-approves your loan before you start making offers across 80 lenders, so you can act with confidence when you find the right property.

### Pre-Approval

Gets your loan pre-approved before you start making offers, so you can move fast.

### Valuation Awareness

Flags properties where lender valuations may come in below purchase price.

### Inspection Referrals

Can refer you to trusted building inspectors and conveyancers in your area.

### Structural Issue Advice

Advises whether a defect found in a report is likely to affect lending.

### Renegotiation Support

Can remodel your borrowing if you renegotiate price after an inspection report.

### Unconditional Timing

Coordinates the finance timeline with your solicitor's contract deadlines.

### Lender Panel Comparison

Compares 80 lenders for rate, features and valuation policy for your target property.

### Settlement Coordination

Liaises with your solicitor and lender to ensure a smooth settlement day.

**NEXT STEP**

Book a free assessment before you start inspecting — we'll get your pre-approval in place across 80 lenders so you can make an offer the moment you find the right property.

# Your Pre-Offer Inspection Self-Check

Tick off before you sign any contract or make an offer

- ☐ I've checked walls, floors and ceilings for signs of damp, staining or water damage
- ☐ I've checked drainage and the perimeter of the property for signs of pooling
- ☐ I've looked for cracks in brickwork, render or foundations and tested floors for slope
- ☐ I've checked that doors, windows and frames open, close and seal correctly
- ☐ I've inspected or arranged inspection of the roof exterior and ceiling cavity
- ☐ I've checked the switchboard for safety switches (RCDs) and assessed plumbing pressure
- ☐ I've commissioned a licensed pest inspection (not just a visual check)
- ☐ I've asked about asbestos in any pre-1990 property
- ☐ I've arranged a conveyancer's title search to check for easements and unpermitted structures
- ☐ I have a pre-approved loan in place before signing any contract

**GET YOUR FREE ASSESSMENT**
Not ticked everything yet? A free assessment with Loan Experts will get your pre-approval in place and connect you with trusted inspectors and a conveyancer before you make your first offer.

## Quick Reference — The 15 Red Flags at a Glance

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| **1.** | Damp, staining or suspicious fresh paint on internal walls | **9.** | Low water pressure or visible pipe corrosion |
| **2.** | Poor site drainage and pooling near the foundation | **10.** | Missing smoke alarms, pool fencing or safety glazing |
| **3.** | Cracks in external brick, render or foundation | **11.** | Termite activity or evidence of previous treatment |
| **4.** | Uneven or significantly sloping floors | **12.** | Asbestos-containing materials (pre-1990 homes) |
| **5.** | Doors and windows that stick, gap or fail to seal | **13.** | Unpermitted structures, extensions or garage conversions |
| **6.** | Water stains or sagging on ceilings | **14.** | Easements, caveats or unusual title restrictions |
| **7.** | Damaged, rusty or missing roof material | **15.** | No independent building, pest or title search obtained |
| **8.** | Old switchboard, missing RCDs or non-compliant wiring | | |

# Ready to Buy With Confidence?

We'll get your pre-approval in place before you make an offer — free, no obligation.

**Get Your Free Assessment**

**PHONE**
03 7034 6634

**EMAIL**
hello@loanexperts.au

**WEBSITE**
loanexperts.au

**OFFICE**
Melbourne VIC 3000

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