

# Home renovations made easy

YOU WANT TO RENOVATE YOUR HOME, BUT WHAT'S THE BEST WAY TO GO ABOUT IT AND HOW WOULD YOU KNOW IF YOU WERE OVER-CAPITALISING ON YOUR PROPERTY? PATRICK BRIGHT HAS SOME TIPS.

It's important when renovating that you don't over-capitalise on the property, especially if you're planning on selling. This is a common mistake I see. People pay, say, \$460,000 for a three-bed, one-bathroom property, then spend \$75,000 renovating it. Take into consideration buying and selling costs of \$35,000 and they need \$570,000 just to get their money back. When most tidied-up three-bed and one-bathroom places in the area are selling for mid-to-high 500s, you have done a lot of work for very little or no return.

#### Doing the numbers backwards

When I used to buy, renovate and sell properties, I would work it all out backwards. I would work out the finished price I was likely to achieve for, say, a three-bedroom, one-bathroom property in an area, totally renovated. For example, if \$600,000 was the money and I worked out that renovation costs to bring this property up to scratch would be \$60,000, add in purchasing and selling costs of \$35k, then every dollar below \$505,000 down to what I purchased the property for would be my profit.

#### What to fix up

The important things to renovate and where you can improve the capital value of a property most are kitchens, bathrooms, landscaping and gardens, plus a coat of paint. These areas are where you can get the best return on your investment. Other

improvements you should include are:

- replacing rotten or fixing squeaky floorboards
- building a new fence
- fixing eaves and gutters or adding a driveway to a property
- basically, fixing anything visual that can create an objection.

#### Council approval

Of course, if you are going to do major renovation work, like moving walls or building a carport or deck, then you need to consider council(s) and other statutory authorities. It's a good idea to approach your local council and have a discussion about your proposal before you do it.

#### Work out a detailed wish list

If you are improving the place for your own personal use, then I suggest you create your own personal detailed wish list before getting started. Spend the time to get a feel of what you would like your new home or renovation to look like. Create an ideas folder where you can store your own photos, picture cut-outs, colour schemes, floor layouts, information on external finishes and information on internal finishes. This information will act as a design brief for the architect.

#### Budgeting and finance

Establishing a budget for your renovation project is a very good idea. Many people

run out of cash partway through as they didn't put the time in upfront to work out costs in detail. Others just don't stick to a budget. It is also a good idea to consider the separate costs of moving in, such as new furniture, appliances, etc. to go with your new styled place.

#### Managing your building contract

As a carpenter by trade, I used to do 90 per cent of the work myself. However, if you decide to do major renovations, you will need a carpenter or builder to project manage or do the work. I suggest you agree upon a regular communication schedule and format within the contract, whether it be weekly, fortnightly or monthly. It is also a good idea to agree on a process for dealing with changes in the scope of work during the construction, as there will always be variations.

#### Final tips

Remember:

- add natural light whenever possible
- open up tight spaces with an open-plan feel
- plant colourful flowers
- get rid of any clutter.

**info** Patrick Bright is the owner of EPS Property Search and author of *The Insider's Guide To Buying Real-Estate*. To purchase a copy of the book visit your major book stores or [www.epspropertysearch.com.au](http://www.epspropertysearch.com.au) or call 1300 SEARCH.

