

## + RENO GUIDE

### A valuable garage

FINDING somewhere to store your car isn't just a matter of convenience any more, it's a matter of necessity in most capital cities... and one that can enormously boost your property's capital value and rental yield.

At this Federation semi on Sydney's lower north shore suburb of Naremburn, Patrick Bright, buyers agent and director of EPS Property Search, explains how by adding a garage, his client will add \$150,000 capital value to his investment property and an additional \$80 weekly rental yield.

**Location:** Naremburn, Sydney

**Property value:** \$925,000

**Type of car space added:** Double garage

**Property size:** Two bedrooms, sunroom, one bathroom

**Property type:** Federation semi

**Number of vehicles residing at this property:**

The tenants only have one car but the next tenant may have two cars or have requirements for lots of storage.

**Where the vehicles are usually parked:**

There is street parking however the deciding factors for the purchase of this investment property for our client was that it's in an excellent position. We could manufacture capital, which would increase its value and increase its rental return.

**The rent increase:**

The current rent is \$600 per week. Once the double garage is added it will increase the rent by approximately \$80 per week.

**The capital value increase with this garage:**

Approximately \$150,000

**How the cost effectiveness is calculated:**

We considered both the capital value increase and the rental increase. We traded that off against the cost of construction.

**Finding the garage space:**

We only had to give up a few square metres of rear garden, however there is plenty so it wasn't a real concern.

**The challenges so far:**

Adding value and renovation projects are always a challenge, especially if you require council or body corporate permission. And there are often neighbours who want to stick their nose in to object to the development even if it has no direct impact on their property. These challenges can usually be overcome if your design and plans are sound and meet the council requirements and precedents set in the area.

"If there's not the potential to expand what you've got there then try another option – enough money can buy two houses side by side. If you can do this then create a shared driveway, or if not, then talk to your neighbour about creating a right of way over each other's property."

He adds, "A sympathetic and entrepreneurial neighbour would see the value in this idea – just talk to a lawyer and draw up an agreement... it would be like digging up gold from beneath the ground."

Cerexhe explains how he's come across two older blocks of flats side by side – one

### The numbers

**Cost of construction:** \$70,000

**Increased capital value:** \$150,000

**Increased rent:** \$80 more per week or \$4000 more per annum

**Strategy:** Financing the \$70,000 to construct the double garage at an interest rate of seven per cent would be \$4900 in interest costs per annum so the client is almost cash flowing the cost of the improvements by the increased rent.

More important though is the increase in capital value that will be added to the property. The client has a strong income so can easily cover any interest costs.

However, what is harder to do is save \$80,000 in four months. So we are doing what we call 'manufacturing capital to reinvest'. The \$80,000 we are helping our client manufacture will assist him to purchase another property and do it all again.

with a pool and one with a tennis court. He explains how they created a third strata plan for a shared facility with subdivision plans.

"They improved the amenity by looking at what their neighbour had, so now everyone gets to use the pool, tennis courts and of course the car parking – which was developed onto the subdivided piece of land."

While he realises this option isn't for everyone, Cerexhe does insist that the hidden value in property is in transforming it.

"That's the insight of an entrepreneur... the savvy investor will put two and two

together to make six. And he won't rely on experts totally... If you rely on experts alone, they'll often miss the value aspect."

He also adds that you need to be comfortable spending money on adding a car space.

"People tend to just run down to Bunnings for a quick fix but you need to be prepared to involve experts and at least \$30,000 to install a car space or garage."

Cerexhe appears to be a great supporter of stackers (C Boxes) and Caulfield believes their popularity is only increasing, especially in inner-city areas where space is hard to find.

Caulfield explains how this hydraulic structure designed for two cars lifts and lowers, depending on the height, to make room for two vehicles.

"They're expensive (\$12,000) but vastly becoming more affordable as demand increases. Another design trend is the paved rear courtyard doubling as a car space."

To save money, Doidge suggests paving the driveway yourself and even using grass pavers to compensate for eliminating any existing garden.

### SAFETY CONSIDERATIONS

Locating the car space so it has a safe path to exit and enter off the street is crucial, says Caulfield. He suggests maintaining good visual access, particularly on busy streets. And he stresses the importance of considering child safety in the design of the car space.

"According to KidSafe," Caulfield says, "every year at least one child is run over by parents backing up the car in the driveway, so it's always important to separate the car space from the kids' play area."

### THE DIMENSIONS

"When planning the dimensions and where the posts will go," Doidge says, "don't put the posts where people get out of their cars; this is often a mistake people make. So instead, spend a little more and create a bigger structure to eliminate this problem."

Eslick notes, "Many people have four-wheel-drives with roof racks now so build it to these maximum dimensions – don't just stick to standard sizes. And always find out what's underneath before you dig – you don't want to be cutting into any electrical lines or pipes – that can be an expensive exercise."

Caulfield advises, "Five metres by three metres is the minimum size for a car space, and that's basically the size of a small room, a tough challenge if it's a one-storey on a small block in the inner city. Of course, more than a one-storey house helps." api