

# renovate wisely

You want to renovate your home, but you don't want to overcapitalise on your property. Real estate buyer's agent PATRICK BRIGHT offers these tips on renovating your property for sale.

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

## Doing the numbers backwards

Work out the finished price you're likely to achieve. For example, say it's a totally renovated three-bedroom, one-bathroom property. If \$600,000 is the money and you work out that renovation cost to bring this property up to scratch would be \$60,000 add in purchasing and selling costs of \$35,000 then every dollar below \$505,000 down to purchase price of the property would be profit.

## What to fix up

The important renovations to improve capital value of a property the 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 worthwhile improvements include replacing rotten or fixing squeaky

floorboards, building a new fence, fixing eaves and gutters and adding a driveway to a property. Of course, if you are going to do major renovation work, you need to consider council and other statutory authorities.

## Budgeting

Establishing a budget for your renovation project is a very good idea. Many people run out of cash part of the way through as they didn't put the time in upfront to work out costs in detail. Others just don't stick to a budget.

## Managing your building contract

If you undertake a major renovation you will need a carpenter or builder to project manage the work. Agree upon a regular communication schedule and format within the contract and agree on a process for dealing with changes in the scope of work during the construction, as there will always be variations.

Article written by Patrick Bright who is the author of The Insiders Guide to Buying Real Estate. For more information about Patrick visit [www.epspropertysearch.com.au](http://www.epspropertysearch.com.au)

## getting top dollar

To make sure of a good sale, keep these main points in mind.

### Renovate but don't overcapitalise

Look at what the house is worth now and what it's going to cost in time and money to renovate. Then look at what difference it will make to the sale price and decide if the difference is worth the effort. Call in a real estate agent for advice.

### Present well

If renovations aren't needed then go for aesthetics - call in professional cleaners, add some fresh flowers, and get rid of clutter. Because first impressions count with buyers, always present the front of the house as best as you can.

### Ask the right price

Research the market to make sure your property is priced correctly, especially for a "down" market, so it sells rather than devalues as it languishes on the market.

### Market aggressively

Marketing is expensive so make sure the advertising you do works well. Stand out from the crowd by taking larger advertisements, adding photographs to the ads and the 'For Sale' board.