

# HARCOURTS PROPERTY FOCUS.

Bringing you the latest news, facts and figures from the world of Australian real estate.

## WHEN TO AVOID RENOVATING WHEN LOOKING TO SELL

If your property is in need of repair or you're even considering a few renovation projects to get it ready for sale, there are a few things you need to consider first. Whilst well planned, cost-effective renovations can certainly add value to a property, there is always the risk of over-capitalising. That's why it pays to look into the types of renovations that really add value to your property and appeal to potential buyers.

Remember, renovating for your own personal use and renovating to attract a wide range of potential buyers can really be two different things. It all comes down to your return on investment or ROI. Basically, you'll want to ensure the amount you invest in the renovation is less than the value you're adding to the property, and the sale price you're likely to achieve.

Here we explore some of the situations where we wouldn't recommend renovating if you're looking to maximise your sale price.

### IF MARGINS ARE THIN

If your property isn't in desperate need of repair, and you're confident you have quite a bit of equity existing in your property, then renovations may not be necessary. Especially if after crunching the numbers, you're not confident you would be increasing the sale price by that much, and remember a return on investment can never be guaranteed.

### IF THE RENOVATION WILL PERSONALISE THE HOME TOO MUCH

Some renovations appeal to most buyers, like upgrading kitchens and bathrooms, but others can be quite personal to you and your particular needs, taste and style and therefore

won't appeal to the largest number of potential buyers and should be avoided.

This can include adding extensions like granny flats, converting bedrooms into specific-purpose rooms like a media room or library, and separating rooms by adding additional internal walls.

### IF YOU NEED TO SELL QUICKLY

Renovations take time, both to plan and budget for as well as to be completed. So if you're looking to sell in the near future, renovations may simply not be possible. Remember that renovations often go over budget and can take longer than first anticipated so factor both of these considerations into your decision.

### IF THE RENOVATIONS WILL COST MORE THAN 10% OF YOUR PROPERTY'S VALUE

A general rule of thumb when it comes to renovating a property for profit, is to spend no more than 10% of the property's value on the renovations. So the first step would be to ensure you have an up-to-date valuation of your property, performed by a professional. The next step would be to work out a budget, and ensure you add a buffer in case of unforeseen additional expenses. Using the 10% rule, this means a home valued at \$500,000 would have a total renovation budget of \$50,000 plus a buffer amount. Much more than this, and you risk over-capitalising.



### IF THE RENOVATIONS WON'T SUIT YOUR TARGET MARKET

This is why doing your research is key. What is the demographic of your property's neighbourhood? Mostly singles and couples? Mostly retirees or mostly families? Finding out who the neighbourhood is likely to attract will help you determine suitable renovations and not so suitable ones.

For instance, if your local market is likely to attract families, think carefully before adding stylish but potentially hazardous staircases, or ornate glass features.

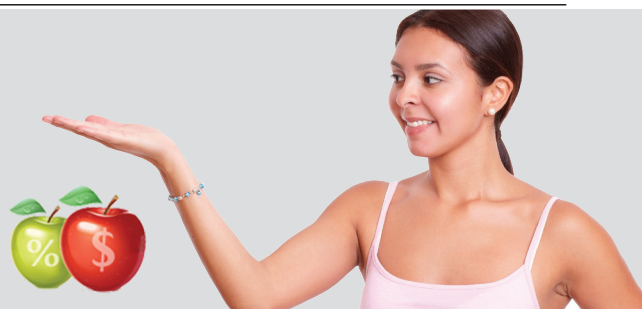
### ASK IF YOU'RE UNSURE

When planning a renovation, don't shy away from asking your local real estate sales consultant their opinion on the condition of the property, the type of buyer the home is likely to attract and any renovations they would recommend. You may be surprised, if your home isn't in need of massive renovations your sales consultant will tell you and you may save yourself a lot of hassle, time and money.

## NEED TO COMPARE LOANS?

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# THINKING OF MAKING YOUR RETIREMENT A TREE CHANGE? HERE'S WHAT YOU NEED TO KNOW...



As we look to wind-down in our careers, focus more on our hobbies, and perhaps even trade-in the family home, many of us contemplate the prospect of retiring in a rural setting. There are the obvious draw cards, the peace and quiet, the lovely, natural setting, and the distance from the neighbours. But before committing to a completely new lifestyle change, it's a good idea to make sure you know what goes into maintaining a rural lifestyle, particularly if you are transitioning from a smaller property or living in an urban area.

## AFFORDABILITY

One bonus that can come from retiring rurally is lower house and land prices than those you would expect in urban or city-fringe locations. This means you may be able to get more for your hard-earned dollars. Price growth in rural areas tends to happen at a slower rate than urban areas, but this is more a concern for investors than owner-occupiers who plan to live in their property long-term.

## KEEP THE CAR

Remember that some rural areas, even semi-rural areas probably won't have the same public transport options available as more urban areas. Bus routes may be more limited, or non-existent depending on the area. So make sure you take a look at what's available in your desired location, and plan to have a back-up option, like keeping the family car around.

## PLAN AND BUDGET FOR MAINTENANCE

Of course it depends on the age and condition of the property you're buying, but many homes in more rural and regional areas tend to be older-style homes or come complete with a much greater area and yard.

Older-style homes can be beautiful and extra yard space gives you even greater flexibility when it comes to pets and gardens, but remember that with these things comes additional expense and effort if you want to keep everything in good condition. A bonus if you have a green thumb!

## MODERN CONVENIENCES

Some rural areas aren't as well-equipped as others, so when scouting a possible retirement location, remember to factor in things like the distance to a large department store, local take-away shops, and the internet connection and speed.

Living near a rural hub may be the best option for you if you can't live without local shops and restaurants. Lots of rural towns have these options, and you'd be surprised how many have good internet speeds. So do your homework when property-hunting.

There are lots of options out there for anyone who is looking for a tree change in their retirement. Whilst it can take a little bit of extra homework, there are lots of lifestyle areas that offer the best of both worlds, especially at a time in your life where you don't have to worry about the commute to work!

Now that you have an idea of some of the considerations for moving from the city to the country, you can make your transition a smooth one!

## MARKET FACTS

Change in dwelling values across Australia as of end of August\*

REGION	CHANGE IN DWELLING VALUES			TOTAL GROSS RETURNS	MEDIAN DWELLING PRICE
	MONTH	QTR	YOY		
SYDNEY	1.1%	7.4%	17.6%	21.9%	\$773,000
MELBOURNE	0.0%	8.0%	10.6%	14.3%	\$563,500
BRISBANE	0.0%	2.2%	3.9%	8.7%	\$451,000
ADELAIDE	0.7%	-0.1%	1.8%	6.2%	\$405,000
PERTH	-1.3%	-1.5%	-1.8%	2.3%	\$500,000
HOBART	-1.1%	1.7%	1.5%	7.0%	\$320,000
DARWIN	0.3%	-3.2%	-4.6%	1.1%	\$527,500
CANBERRA	-1.7%	-0.8%	-0.9%	3.4%	\$537,000
COMBINED CAPITALS	0.3%	5.3%	10.2%	14.4%	\$570,000
REST OF STATE*	0.1%	-0.5%	2.3%		\$355,000

\*Rest of state change in values are for houses only to end of July

SOURCE: CORELOGIC RP DATA