

Rural and Regional Property Focus

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

Should I buy a house with a granny flat?

You may be one of the thousands across the country who are considering buying a property with a granny flat.

If so, it could be for a host of purposes, and despite the name, it could be for a reason other than accommodating an elderly parent.

You may have one or more “boomerang children” in tow – adult children who have returned temporarily to enjoy the multiple benefits of living at home.

Or, you may be seeking additional income from renting your granny flat or need an office for your home business.

Whatever your reason, the advantages of owning a property with a second living space on the same block of land are obvious and many.

So it is no surprise that in Sydney alone, building approvals for granny flats have almost tripled on a yearly basis since 2010.

Granny flats can either be attached or unattached to the main residence, but in all cases, smaller. They are often self-contained with kitchen, bathroom and living areas.

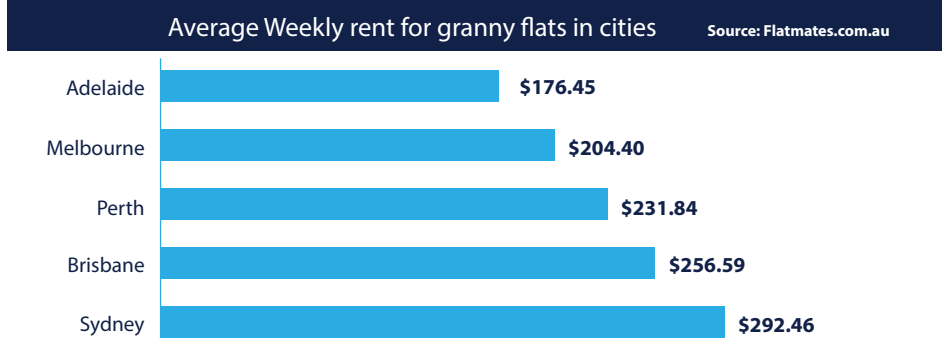
Any bigger than 60 square metres and they cease to be a granny flat, and are then classified as another primary dwelling.

Buyers need to be aware that when it comes to granny flats (or secondary dwellings as they are commonly called in the legal sense), there are different laws across States and local councils applying to their building and renting.

Different laws apply to the size of a block of land where a secondary dwelling can be built, the type of access, and in some cases, even the legality of collecting rent.

So when buying a property with a granny flat, besides familiarising yourself with the appropriate laws at a State and local level, your first priority should be finding out if the dwelling is legal with all appropriate compliance paperwork in place.

So what are the benefits and risks of buying a property with a granny flat?



BENEFITS

Accommodating family members

There is no doubt that part of the reason behind the exploding popularity of granny flats is the win-win solutions they provide for extended families. An elderly parent can live affordably on-site, while fulfilling the role of a handy babysitter. By paying mates-rates rent, an adult child can quickly save up for a deposit for their own house or an overseas odyssey.

Extra rental income

With new accommodation websites such as Airbnb or flatmates.com the possibilities of marketing an additional living space are now limitless. Granny flats can become handy earners.

Spreading your risk

If you have only one investment property, an extended vacancy can be cruel, but with the addition of a granny flat, you immediately have another rental income. The likelihood of two vacancies at the same time is highly unlikely.

More tax depreciation

If the granny flat is new, and is being rented, then the owner has the opportunity to claim depreciation. Before making a decision based on depreciation, you should first talk with a professional who can advise you on depreciation schedules.

RISKS

Increased property management costs

An extra dwelling brings extra responsibilities and maintenance costs, particularly if there's plumbing.

It may be vacant

The original purpose for your buying a property with a granny flat may change. The boomerang child may move out or you may no longer need a home office. If the granny flat is vacant for an extended period, maintenance will still be needed. Often, a vacant dwelling deteriorates more quickly than one that is occupied, and the last thing you need is a backyard eyesore.

You may reduce your rental market or resale potential

When it comes to reselling, the presence of a granny flat will reduce the size of your pool of potential buyers, and therefore may lead to a lower price than otherwise possible in a tight market.

Subdividing possibility

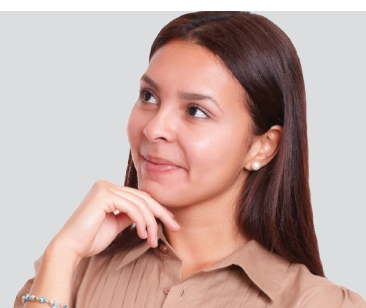
On a bigger property, the granny flat could effectively stop you from subdividing into two titles.

Granny flats have outgrown their name. Multi-purpose, adaptable, young and hip, these little dwellings can add a valuable punch to any property if handled wisely.

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All you need to know about a quick sale, and speed dating

You're desperate to sell your house. In fact, you need to sell yesterday.

Whether it's financial stress, or your new job is in another part of the country or overseas, the most welcome sight in the world right now would be the words "SOLD" emblazoned in your front yard.

Hence, you are preparing for the real estate equivalent of speed dating.

Just as in speed dating, you know roughly what you want, you need to meet someone who likes what you have to offer, but the last thing you want is to give any hint of desperation. Don't panic. Whether speed dating or preparing to sell your house quickly, the key is to remain calm by clearly understanding which factors are in your control, and which are not.

So, what are the factors in your control?

PRICE YOUR PROPERTY COMPETITIVELY FROM THE START

Pricing your property correctly, right from the start, is without doubt your top priority.

Well-priced does not mean "cheap", but a price that meets the market. Suitable pricing for selling a property quickly, is what wearing a pleasant smile is to a speed dating night – nothing gets started without one.

A new property listing will attract the most views in the first two-three weeks, and then interest levels plunge. So to sell quickly, you need to take full advantage of this window of opportunity with a price that will attract the most interest. This cannot be overstated. Smile at your market with an attractive price.

MARKETING STRATEGICALLY

There is no doubt that the systems, expertise and connections available to you through

engaging a professional real estate agent will increase your chance of a quick sale.

Don't forget your real estate agent not only has a vested interest in selling your property, but doing so quickly. They are on your side.

Talk to your agent about using all the marketing tools available to gain maximum exposure for your property, and make sure these tactics are connecting with the type of buyer more likely to buy.

Open houses are important, but be ready at all times for a showing and second inspections. Follow up your Sales Consultant continually for feedback from potential buyers.

PREPARE YOUR HOUSE FOR SALE

There are bare minimums that need to be done to ensure a fast sale. At the very least, you'll have a shower before speed dating. Cleaning, de-cluttering, de-personalising, and making repair are all part of the preparation.

STAGING AND PROFESSIONAL PHOTOGRAPHY

OK ... here comes another speed dating analogy. Who goes to speed dating nights in their gardening clothes? Presentation is king or queen. Dress your house in metaphoric fine jewellery, beautiful clothes and spray on Chanel No. 5.

Property staging or styling is the process of using a property stylist to "stage" your property with furniture when preparing for sale. Generally, items are hired for a term of approximately six weeks.

By going the next step, and engaging a professional photographer to capture images of your house once it's been styled, you can multiply the styling effect in the market place. Dress for success!

METHOD OF SALE

An auction is the go-to sale method for those



with a tight time frame, as it gives the vendor a potential predetermined sale date. In a seller's market, auctioning for a quick sale is a no-brainer.

In tougher markets, there is always a risk that the house will not sell, or you may not meet your reserve, but auctions still increase the visibility of a property in the market place over a short time frame. Talk to your Harcourts Sales Consultant about whether an auction is right for your property.

PREPARE FOR AFTER THE SALE

Do you know anyone who has gone to a speed dating event with a marriage contract prepared, ready to go? Probably not.

It's an audacious step to say the least, but if your objective is to sell your house quickly and move on, and you are committed to the sale, fast-tracking the conveyancing process makes good sense.

Preparing the paperwork that will be needed after the sale of your house beforehand is also a great way to get you in a positive frame of mind.

Like speed dating, selling your property quickly is daunting, and potentially an emotionally draining task. Take the time to plan and prepare with the help of a real estate professional, and understand the factors you can and cannot influence, and who knows – you may quickly find your perfect match in the market.

Market Facts

State-by-state – key data over 12 months to November 2015

	Total value agricultural properties sold	No. of Sales - highest % in square meterage	Number of agricultural property sales
New South Wales	\$7.7 billion	68.4% - 4-40 ha	12,202
Victoria	\$3.8 billion	76.5% - 4-40 ha	8656
Queensland	\$1.7 billion	36.2% - 4-40 ha	1648
South Australia	\$909 million	52% - 4-40 ha	1647
Western Australia	\$1.4 billion	66.6% - 4-40 ha	2466
Tasmania	\$532.3 million	84.2% - 4-40 ha	1548
Northern Territory	\$174.7 million	76.1% - 40-40 ha	310

Source: CoreLogic RP Data