

Not all additions add up when it's time to sell

Property Renovation

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A renovation could add dollars to a sale, but the trick is knowing what's worth doing and what's not, write Ben Hurley and Scott Elliott.

Australia is considered the nation of renovators, with many home owners opting for additions that increase the value and amenity of their home at a time when soaring property markets price them out of an upgrade.

However, expert renovators caution new hands to spend wisely as some renovations don't translate into price gains when the time comes to sell.

"There are lots of quirky, strange things people do but, in terms of whether it adds value, I don't always think so," says Angus Kell, ACT and NSW state manager of architecture advisory service Archicentre. Kell says first impressions are most important and renovators should look to enhance a home's more obvious features.

"People typically buy property in a very short period of time and may be looking at a lot of property in a short period of time," he says. "What people need is that first impression, that wow factor."

One of the best ways to achieve that is to put in a large deck, but not the 1960s variety where you hang washing or pot plants.

"Nowadays we need a space that is big enough to act as an external room," he says. "There needs to be space for a table and chairs or an outdoor lounge setting so it can be used as another activity centre."

Mortgage broker and renovation expert Jane Slack-Smith offers five fail-safe renovation tips: create a light and bright colour scheme guided by an interior decorator, polish wooden floorboards, upgrade fixtures in the bathroom, go for a new kitchen benchtop and, if possible, install skylights.

Having renovated seven of her eight homes, she says older properties offer some of the best money-making potential through converting the sitting room or lounge into another bedroom.

"In some cases you can move from a three-bedroom to four-bedroom price range and potentially add \$100,000 to your home for what could be the cost of a \$4000 wall," she says.

Melbourne architect Marie Wallin agrees that enhancing a home's existing floorplan is essential to the success of a renovation.

Wallin specialises in sustainable architecture, but admits that environmentally conscious renovations don't always translate into higher values when it comes time to selling.

"Those people interested in resale value don't usually go for a green refit; it's normally because they've got some sort of conscience themselves and they want to do their bit," she says.

"It's very straightforward in the sense that a lot of homes in Melbourne are the same; they are dark, old and their floorplan is complicated."

"What people want is light, open, simple-planned homes, they want the sun to come in and a good, ready connection to the garden."

Herron Todd White valuer Luke McNeilly warns that it's easy to overcapitalise on a garden by spending money on elements that simply can't be seen or shown off, such as integrated water systems and rainwater systems that can cost a lot of money.

"Unless the buyer can see them, they might not realise they are there," he says. "But having great landscaping adds to the aesthetics, appeal and, hopefully, sale price."

Melbourne-based boutique gardener Rick Eckersley has been privy to a number of exorbitant garden makeovers. "It should be beautiful, restful and romantic, and when the time comes to sell, it will make an impact," he says.

"Most people lack imagination; if they walk into a place and they see a garden that offers full amenity laid out for them, with no more to do, they will pay lots and lots of money for it."

One of Eckersley's clients sunk a \$100,000 bore to water a big garden, then found it was too salty for irrigation and paid another \$80,000 for an osmosis converter. Others add 140,000-litre underground rainwater tanks to support thirsty, traditional English gardens.

"That's \$100,000 to make storage for their water," says Eckersley. "It's like adding the cost of a swimming pool to a garden."

Not that swimming pools or tennis courts are any better, given Eckersley sees many that sit unused. The owners would be better off saving on the building materials and putting in a water-friendly garden of mostly natives.

Queensland agent Karl Grossman of PRDnationwide recalls a home in Reedy Creek where the owner spent \$60,000 putting in a new pool, hoping it would boost her sale price substantially – she got only \$30,000 more for the property.

Brisbane renovation guru Paul Eslick of Reno Kings says the addition of a pool will add value only to a top-end renovation.

"If you've got an inground pool, as an investor, I suggest you fill it in – it's an absolute minefield in your backyard, with insurance and fencing," he says.

Investors should look to increase their rental income, he says, by renovating the kitchen and the bathroom. "You don't want to overcapitalise – if you're doing a house up to sell, you will get a better price if you increase the rental return."

But some homes are so terrible that not even renters will move in.

Run-down "renovator's delights" are proving so popular in the inner-Sydney suburbs of Paddington, Annandale and Lilyfield that buyers are paying an absolute premium to secure them.

John Anderson of Di Jones Real Estate sold a dilapidated Paddington terrace at 40 Windsor Street for \$1.89 million in November last year. It is one of the suburb's best streets but the house needed a complete overhaul.

Herron Todd White's Luke McNeilly says the buyer could have secured a property that wasn't dilapidated further down Windsor Street for less money.

"It's quite unusual when people see a dilapidated house as an opportunity but they don't look at partially updated homes and see the same potential," he says.

"You can tear things out all the same."

Renovators should look to enhance the home's more obvious features.