



Talking Real Estate with Steve Slicker

Hi folks,

I have a couple of properties currently for sale that are most definitely “do-er uppers”, so this week thought I would discuss the potential perils and advantages of buying such a home. There is no doubt that some buyers are attracted to the clean slate potential of a property advertised as “renovators delight”. After all they get the layout, décor and colours they have always wanted and completely brand new. It’s also a way of getting into a preferred area at a lower price than normal. So is it really that easy?

While on the one hand stories abound about marriages breaking up over renovations and budgets blowing out, there is an equal number of stories about people who renovate and make money in the process when they re-sell. So what makes the difference?

Firstly the very ‘clean slate’ concept that often attracts buyers in the first place carries its own danger. Home buyers who gut a house with the aim of getting it just how they want it need to do their research and be aware of the amount of money represented by the amount of reconstruction needed. Research also needs to be done in the local marketplace to make sure that the amount spent on the property plus cost of renovations equals potential selling price if it were to be placed on the market *now*. You often hear people say that if home owners hold onto a property long enough they will get the money back, but often this theory is simply allowing the costs to be absorbed into the capital gain that would have happened even if the property remained unimproved - as on average, most property doubles in value every seven to ten years.

Much of the uncertainty can be overcome by seeking advice from several expert sources before purchasing. A builder can assess what a renovation project is likely to cost but a real estate agent’s advice should be sought about the potential selling price of the property once the work is done. If the prices being achieved in the street or suburb don’t justify the state of the art renovation, it should be pared back to something simpler and more in keeping with the local pricing. The best house in the street rarely sells for a price commensurate with the cost of getting it that way. Before buying, would-be renovators should always get builder, architect or engineer to have a look (there may be a fee for this but it’s worth it) and do a report on such things as roof, guttering, tiles, floors, walls, electricity and plumbing so that they will not be surprised by having to spend money on improvements that don’t really make the house look any different, or add equivalent re-sale value.

If you are thinking of selling your home please call me on the numbers below or contact me via email steve@steveslicker.com alternately fill in your details on my website www.steveslicker.com

Kind regards,

Steve Slicker

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