

Should you undertake renovations when selling?

Renovating before sale can add thousands of dollars to the sale price but the decision to make improvements should depend upon your target buyer type.

The key to knowing whether to renovate or not lies in knowing your local market. Hundreds of local residents each year are glad they first consulted a PhilipWebb Agent, benefiting from over 44 years' experience in the eastern suburbs.

It is amazing the difference a lick of paint and freshly laid carpet can make to the look and feel of a home, but if you think that small cosmetic changes are a silver bullet to riches, think again. Renovation for profit only works in some cases.

According to the Housing Industry Association's Winter 2015 Renovation Roundup, Senior Economist Shane Garrett said, "Over the past year, extremely low interest rates have helped drag the renovations market back onto a path of growth."

Pinpointing your market will form the foundation of your marketing and presentation to buyers and should therefore be ascertained well before you decide to renovate.

Not all homes benefit from renovations prior to sale. If your home will be marketed to developers as a potential build site, they won't care for major kitchen overhauls or professional staging, but they may be swayed by a fresh lick of paint if they plan to let the home prior to their build. Again you have to ask: Who is your target market?

PhilipWebb Real Estate Agent Joseph Corsi sold 87 Gracedale Avenue, Ringwood at auction for an outstanding \$1.05M. The vendors painted the home inside and out and replaced the main bathroom prior to sale with the marketing directly aimed at families looking for a comfortable and idyllic lifestyle. When asked if those renovations had paid off the vendors had this to say:

"Absolutely, I believe we saw a really big return on those investments. Prior to those being undertaken we could have seen a sale price \$150K-\$200K less than what we achieved," the vendor said.

"We had renovated the kitchen a few years earlier, however, those improvements were for us to enjoy, not necessarily for sale.

"During the sale I think putting in as much effort to clean and tidy the home, presenting it in the best light all adds value to your home.

"My family laughed with all the raking and sweeping, the watering of the garden and all that, but I think it makes a nice impression and creates a nice feeling for buyers. It's an emotional purchase so you want to get buyers feeling at home. I even made sure I used my favourite room scent – the Langham Hotel scent – throughout the open for inspections."

Just as this vendor explained, it is important to be able to differentiate between renovating to improve your lifestyle and renovating for profit.

Renovating to improve your lifestyle may take place years before you decide to sell your home, be exclusively tailored to your personal taste and may not necessarily be within a budget. These kinds of renovations may not see a return on investment at all.

Renovating for profit is undertaken specifically to improve the sale price of your home and as such will be cost-effective and have wide appeal – a fresh coat of paint, curb appeal and upgraded appliances are low cost/high impact changes that can be made on a budget.

There is nothing wrong with renovating to your own tastes, but the expectations at the point of sale need to be tempered with the knowledge that buyers may view some of your decisions as items to be changed after sale and they may deduct the cost of these changes from their offer.