

# PLATINUM

February 2018

## Renovation

### Mastermind Event

Melbourne

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## Tamara Read

*National Coach*



**I LOVE**  
REAL ESTATE

# Event Outline -

- 6:00 – 6:30 Networking
- 6:30 - Start
- 6:30 – 6:45 Introductions
- 6:45 – 8:00 Accountability
- 8:00 – 8:30 Networking Break
- 8:30 – 10:00 Renovation

# Workshop Format

- Use microphone
- Involve everyone in the conversation
- Be supportive



# Housekeeping

- 2018 Monthly Dates (Thursday's):
  - ❖ 8<sup>th</sup> March; 5<sup>th</sup> April; 10<sup>th</sup> May; 7<sup>th</sup> June; 5<sup>th</sup> July; 9<sup>th</sup> Aug; 6<sup>th</sup> Sept; 4<sup>rd</sup> Oct; 8<sup>th</sup> Nov, 6<sup>th</sup> Dec.
- 2018 National Conference Dates:
  - ❖ 10 & 11<sup>th</sup> March – Melbourne
  - ❖ 4 & 5<sup>th</sup> August – Sunshine Coast
  - ❖ 24 & 25<sup>th</sup> November - Sydney

# Housekeeping

- 2018 Ultimate Bootcamp Dates:
  - ❖ Sydney: 2-4<sup>th</sup> March
  - ❖ Melbourne: 6-8<sup>th</sup> April
  - ❖ Gold Coast: 4-6<sup>th</sup> May
  - ❖ Perth: 26-28<sup>th</sup> Oct
- 2018 Other Ultimate Dates:
  - ❖ Realestate Millionaire Within – Brisbane: 13-15<sup>th</sup> July
  - ❖ I Love Realestate Super Conference – Melbourne: 9-11<sup>th</sup> Nov
- 2018 Quantum Events: Check Ultimate Website



Imagine a small row boat. Your **goals** are like the **rudder** on the boat. They **set the direction** and determine where you go. If you commit to **one goal**, then the **rudder stays put** and you continue moving forward. If you **flip-flop** between goals, then the rudder moves all around and it is easy to find yourself **rowing in circles**.





We are **seven billion people** in the world, imagine if we all co-operated and collaborated in order to solve the world's most biggest problems.



But

Lets start with **your problems first!**

The way to do this is understand your **VISION**

**WHY?**

**WHAT?**

**HOW?**



# WHY?

- Asking *why* is about **questioning everything we know**. It's about investigating the status quo, our habits, and normative perceptions.
- **Why do we** want that particular goal?
- Why is it that **we are so passionate** about achieving that particular goal?

Our **belief system** needs to be in **alignment with our goals** – if you set a goal but deep down you don't believe it is possible – you won't achieve it! Asking **why brings beliefs and passion and emotion and logic and self belief all into alignment**.

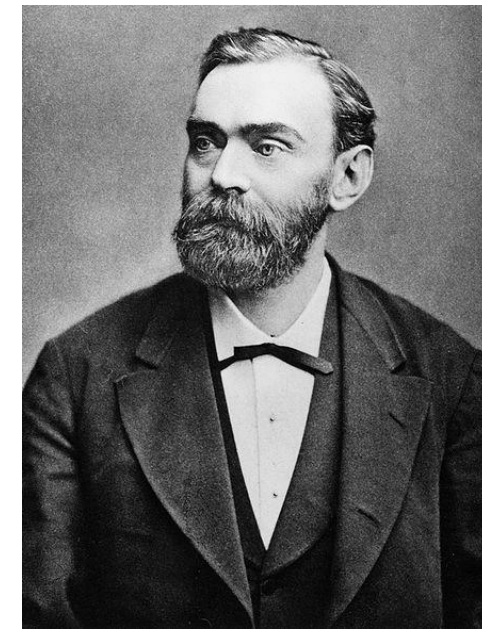
# What?

- When answering the “What” question, we are **defining the strategy** we are going to concentrate on.
- If we were talking about fitness – What might be “I will maintain a consistent weight of xxx Kg”. Where as when we talk property then it might be “**By xx time I will own xx properties, that produce \$xx or greater passive income**” or “By xx time I will have my first property suitable for subdivision with a potential profit of \$xx or greater.”
- You can fill in the blanks

# How?

- Asking **how** we do something is a **next logical step**, it is a **manifestation of our purpose** on a more concrete level. Answering the question *how* question nails down the exact **step by step process**.
- From a real estate perspective this is **seeing the end result** and **working backwards to monthly, weekly and daily to do lists**
- If at any step you are unsure – **talk to your coach**

**Alfred Bernhard Nobel** - 21 October 1833 – 10 December 1896  
was a Swedish chemist, engineer, inventor, businessman,  
and philanthropist.



Known for inventing [dynamite](#), Nobel also owned [Bofors](#), which he had redirected from its previous role as primarily an iron and steel producer to a major manufacturer of cannon and other armaments. Nobel held 355 different patents, dynamite being the most famous.

After reading a [premature obituary](#) (should have been for his twin brother who had just died but the newspaper made a mistake) which condemned him for profiting from the sales of arms, his whole focus changed and he bequeathed his fortune to institute the [Nobel Prizes](#). And now generations later, it is this that he is now remembered and revered for establishing.

The synthetic element [nobelium](#) was also named after him. His name also survives in modern-day companies such as [Dynamit Nobel](#) and [AkzoNobel](#), which are descendants of mergers with companies Nobel himself established.





So  
What's your  
WHY?  
WHAT?  
HOW?

For 2018, Write down  
your why, what and how  
and discuss in your  
group



# PLATINUM

## Accountability Monthly Goals



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# Buddy Process Follow-Up



# PLATINUM

# Renovation

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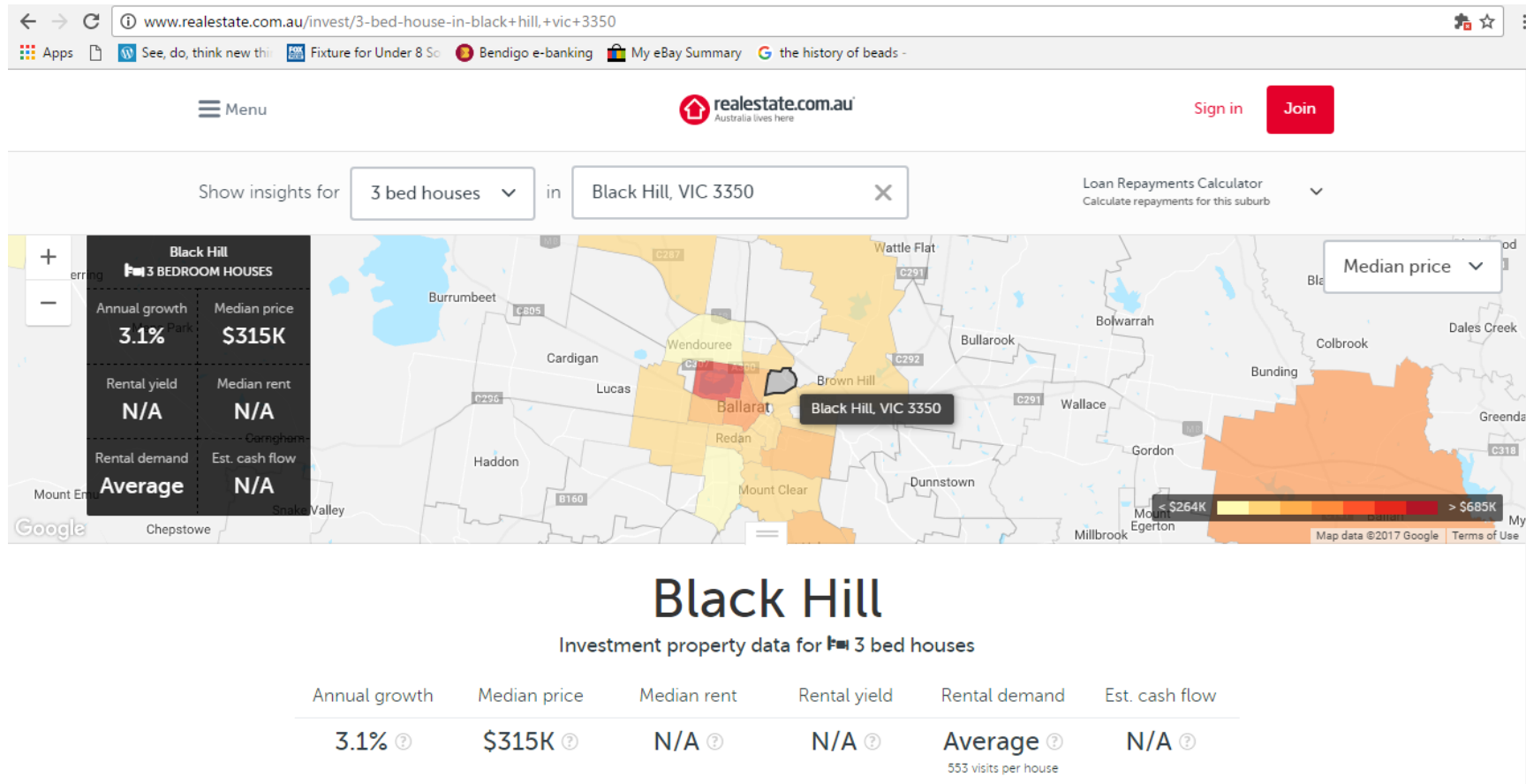
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REAL ESTATE

# Renovation Process – Workshop Format

- Phase 1 – Location Selection - Grid Variance Analysis
- Phase 2 – Deal Finding
- Phase 3 – Preliminary Scope of Works & Due Diligence
- Phase 4 – Costing Works & Feasibility
- Phase 5 – Docs - Working SOW / Works Program
- Phase 6 – Project Management
- Phase 7 – Financing, Selling, Renting

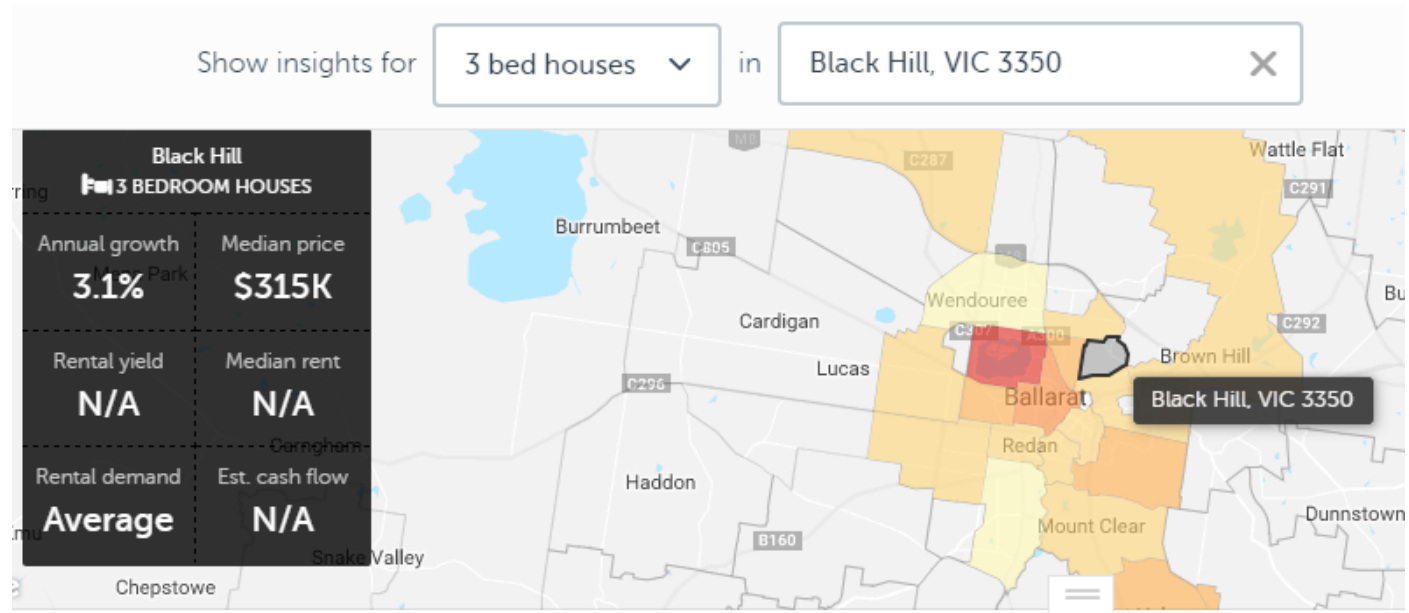
# Phase 1 - Identify Target Suburbs

- Induction Webinar Series - Purchase price, distance from you, population etc.
- Heat Map - Make list of potential suburbs in your price range (e.g. \$280-\$320k)



# List Suburbs

- List suburbs that meet price point off Heat map
- Grid out or clockwise order from CBD

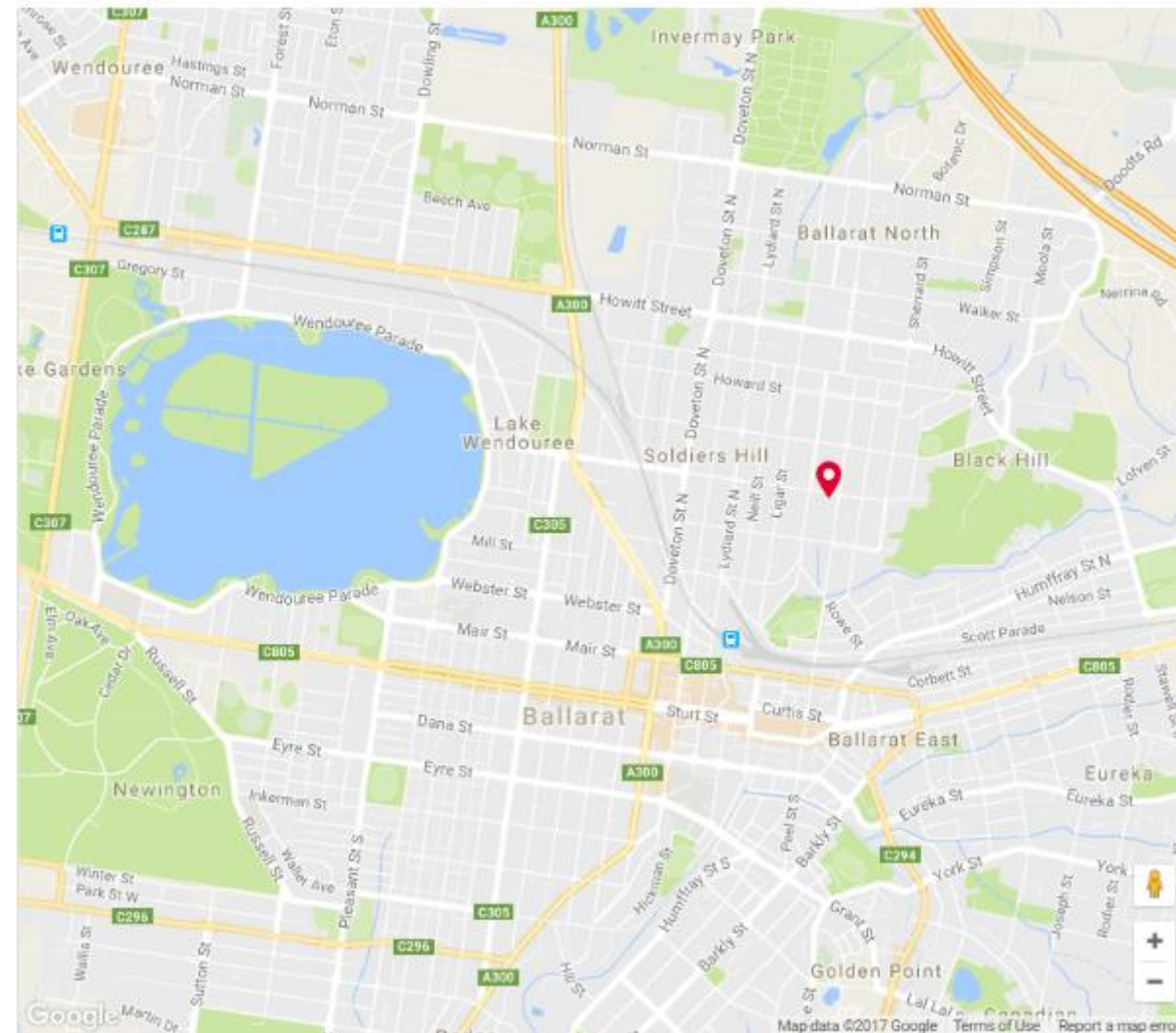


| Suburb         | Median \$ |
|----------------|-----------|
| Ballarat North | \$285k    |
| Black Hill     | \$315k    |
| Ballarat East  | \$295k    |
| Golden Point   | \$295k    |
| Delacombe      | \$290k    |
| Alfredton      | \$320k    |



# Prioritize Suburbs to Research

- Consider Proximity to – CBD, transport, jobs, lifestyle, neighboring expensive suburbs etc. – create table
- Use Google maps etc.



# Activity – Prioritize suburb list

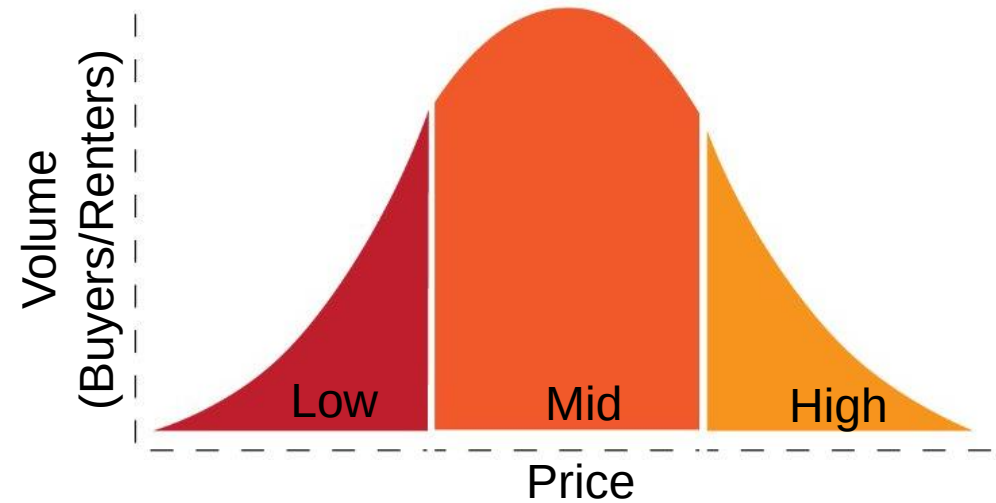
- Use Heat map / street map etc.
- Summarise in table
- Note suburb characteristics & prioritize suburbs e.g. 1- 6
- Identify target suburbs to start researching

| Suburb         | Median \$ | Characteristics                                                                              | Priority |
|----------------|-----------|----------------------------------------------------------------------------------------------|----------|
| Black Hill     | \$315k    | Close to CBD, borders expensive suburb, train station, good road access, price growth ....., |          |
| Ballarat North | \$285k    |                                                                                              |          |
| Ballarat East  | \$295k    |                                                                                              |          |
| Golden Point   | \$295k    |                                                                                              |          |
| Delacombe      | \$290k    |                                                                                              |          |
| Alfredton      | \$320k    |                                                                                              |          |

# Grid Variance Analysis

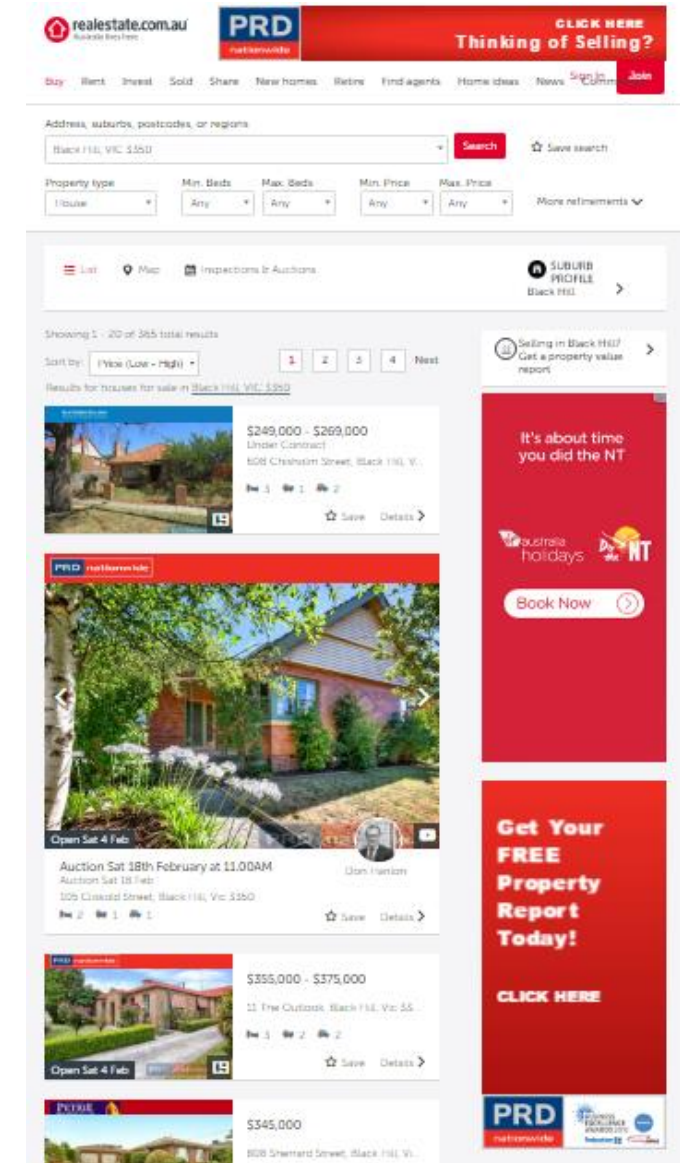
- Buy at low, reno, sell at mid price (with upside in market)
- Start with highest priority suburb first
- Research Low, Mid, High prices

| Suburb         | Low | Mid | High |
|----------------|-----|-----|------|
| Black Hill     |     |     |      |
| Ballarat North |     |     |      |
| Ballarat East  |     |     |      |
| Golden Point   |     |     |      |
| Delacombe      |     |     |      |
| Alfredton      |     |     |      |



# RE.com.au suburb search

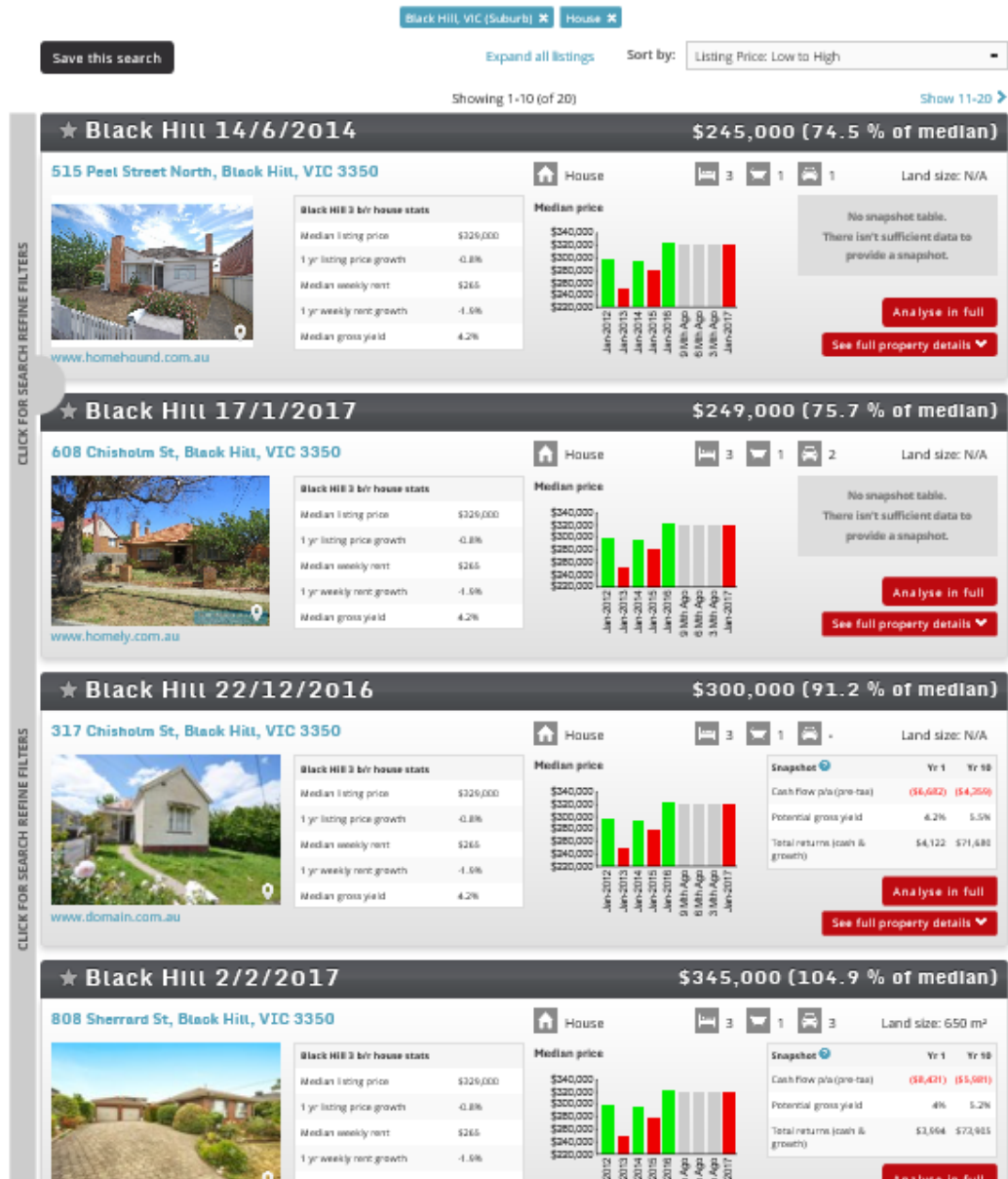
- Search suburb name, houses only
- Sort results lowest to highest price
- Record results



# Investar Suburb Search

Suburb sales and rental listings summary for Black Hill (all bedroom types)

| All sales listings |    | House sales listings |          |
|--------------------|----|----------------------|----------|
| Total              | 31 | 20 total             |          |
| House              | 20 | No Price             | 5        |
| Unit               | 3  | Up to \$99K          | 0        |
| Townhouse          | 3  | \$100K-\$199K        | 0        |
| Multi Dwelling     | 0  | <b>\$200K-\$299K</b> | <b>2</b> |
| Land               | 4  | <b>\$300K-\$399K</b> | <b>6</b> |
| Other              | 1  | <b>\$400K-\$499K</b> | <b>4</b> |
|                    |    | \$500K-\$599K        | 1        |
|                    |    | \$600K-\$699K        | 1        |
|                    |    | \$700K-\$799K        | 1        |
|                    |    | \$800K-\$899K        | 0        |
|                    |    | \$900K-\$999K        | 0        |
|                    |    | \$1,000,000+         | 0        |





# Low & Mid of Market – Black Hill



- 412 Peel St
- Low Price = \$220k
- Pre-reno (2brm)



- 6 Napier St
- Mid Price = \$350k
- Post-reno (3brm)



# Right around corner!



- Low - 412 Peel St



# High of Market – Black Hill

Menu realestate.com.au Australia lives here Sign In Join

hockingstuart



4-8 Simpson Street, Black Hill Vic 3350

Property No. 124512574

**\$780,000 - \$830,000**

Show Page Visits Mortgage Calculator

Home loans may be available from approx. **\$3,297 per month**

6 4 4 House

Floorplan

Print Page Get Directions Twitter Save Send to a Friend Like Be the first of your friends to like this.

Enlarge Map Street View

- High Price = \$780k - \$830k
- Significantly larger house

# Calculate % Variance

- Low Price = \$300k
- Mid Price = \$400k
- Calculation Formula:  $GVA\% = ((\text{mid-low})/\text{low}) \times 100$
- Calculation:  $(\$400k - \$300k) = \$100k$ ;
- $\$100k / \$300k = 0.33$ ;  $0.33 \times 100 = 33\%$
- Hence  $\$100k$  difference off  $\$300k$  entry price =  $33\%$  variance

# Activity - Calculate % Variance (Manual Method)

- Calculate % variance in table

| Suburb         | Low    | Mid    | High   | Variance %<br>(low to mid) |
|----------------|--------|--------|--------|----------------------------|
| Black Hill     | \$220k | \$350k | \$830k | 59.1%                      |
| Delacombe      | \$295k | \$355k | \$431k |                            |
| Ballarat East  | \$241k | \$317k | \$437k |                            |
| Golden Point   | \$228k | \$267k | \$302k |                            |
| Ballarat North | \$246k | \$358k | \$519k |                            |
| Alfredton      | \$333k | \$437k | \$575k |                            |

# Activity - Calculate % Variance (Manual Method)

- Calculate % variance in table

| Suburb         | Low    | Mid    | High   | Variance %<br>(low to mid) |
|----------------|--------|--------|--------|----------------------------|
| Black Hill     | \$220k | \$350k | \$830k | 59.1%                      |
| Delacombe      | \$295k | \$355k | \$431k | 20.3%                      |
| Ballarat East  | \$241k | \$317k | \$437k | 31.5%                      |
| Golden Point   | \$228k | \$267k | \$302k | 17.1%                      |
| Ballarat North | \$246k | \$358k | \$519k | 45.5%                      |
| Alfredton      | \$333k | \$437k | \$575k | 31.2%                      |



# John Bone – Grid Variance Program (Auto Method)

| Grid Variance Analysis (v4.6)                                   |                                                                                          |                              |                                                    |                            |                                                           |          |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------|----------------------------|-----------------------------------------------------------|----------|
| Target Suburb Summary                                           |                                                                                          | Suburb / Town Selection      |                                                    |                            |                                                           |          |
| Number above Average High<br>in the range \$548,900 to \$665,0  | Target Suburb / Town :                                                                   | Ballarat North               | Process Selection                                  | Output to Google Maps      |                                                           |          |
| Number from Mid to High<br>in the range \$369,000 to \$475,0    | State :                                                                                  | VIC                          |                                                    | Output Results to PDF      |                                                           |          |
| Number from Mid to Low<br>in the range \$249,000 to \$320,0     | Post Code 1 :                                                                            | 3350                         |                                                    | Export Data to CSV File    |                                                           |          |
| Number below Average Low<br>in the range \$150,000 to \$245,000 | Local Government Areas (1) :                                                             | Not Currently Available      |                                                    | Output This Sheet to PDF   |                                                           |          |
|                                                                 | (2) :                                                                                    |                              | Process Favourites                                 | Output to Google Earth     |                                                           |          |
|                                                                 | (3) :                                                                                    |                              |                                                    | Add to Favourites List     |                                                           |          |
| Select Surrounding Suburbs :                                    | <input checked="" type="radio"/> NO <input type="radio"/> YES                            | Select by Post Code :        | <input type="radio"/> YES                          | Select Property Type :     | House                                                     |          |
| Select by Walking Distance :                                    | <input type="radio"/> YES                                                                | Walking Distance (Metres) :  | 800                                                |                            |                                                           |          |
| Include Sold Properties :                                       | <input type="radio"/> NO <input type="radio"/> YES <input checked="" type="radio"/> AUTO | Within Time Period (Days) :  | 182                                                | Analyse Sales History :    | <input type="radio"/> NO <input type="radio"/> YES        |          |
| Include Property Land Sizes :                                   | <input type="radio"/> NO <input type="radio"/> YES                                       | Process Alerts :             | <input type="radio"/> NO <input type="radio"/> YES | Analyse Sales or Rentals : | <input type="radio"/> SALES <input type="radio"/> RENTALS |          |
| Selection                                                       |                                                                                          | Sale Price Variation Amounts |                                                    |                            | Variation %                                               |          |
| Target Suburb                                                   | No of Properties Listed                                                                  | Average Low Price            | Average Sale Price (Mid)                           | Average High Price         | Mid-Low                                                   | Mid-High |
| Ballarat North                                                  | 27 - (27 Priced)                                                                         | \$246,000                    | \$358,000                                          | \$519,000                  | 31.3%                                                     | 45.0%    |

Council Website 1

Council Website 2

Council Website 3

On The House

Property Data

Google Maps

Domain Postcode Profile

A.B.S.

Wikipedia

Property Reporter

Street Directory

realestate.com.au

RPData Members Login

Investar Members Login

Price Finder Log In

Done! - 1815 Dwellings = 1.49% - 0 Sold

# Profitable Variance? Rule of Thumb Test

- Use rule of thumb test to confirm sufficient variance to be profitable
- 21% Variance = Break Even (For Cosmetic Reno)

|                | Rule of Thumb% |
|----------------|----------------|
| Cosmetic Reno  | 10%            |
| Purchase Costs | 6%             |
| Hold Costs     | 2%             |
| Sales Costs    | 3%             |
| Total          | 21%            |
| *** No Profit  |                |

# Rule of Thumb Test – Including Profit

- 21% + 15% Profit = 36% Variance required

|                      | Rule of Thumb% | Low = \$300k |
|----------------------|----------------|--------------|
| Cosmetic Reno        | 10%            | \$30k        |
| Purchase Costs       | 6%             | \$18k        |
| Hold Costs           | 2%             | \$6k         |
| Sales Costs          | 3%             | \$9k         |
| <b>Profit Margin</b> | 15%            | \$45k        |
| Total                | 36%            | \$108k       |
| Sale Price Target    | 136%           | \$408k       |

# Activity – Calculate Rule of Thumb

- Black Hill - Purchase @ low = \$220k



|                   | Rule of Thumb% | Low = \$220k |
|-------------------|----------------|--------------|
| Cosmetic Reno     | 10%            |              |
| Purchase Costs    | 6%             |              |
| Hold Costs        | 2%             |              |
| Sales Costs       | 3%             |              |
| Profit Margin     | 15%            |              |
| Total             | 36%            |              |
| Sale Price Target | 136%           |              |



# Activity – Calculate Rule of Thumb

- Purchase @ low = \$220k



|                   | Rule of Thumb% | \$220k |
|-------------------|----------------|--------|
| Cosmetic Reno     | 10%            | \$22k  |
| Purchase Costs    | 6%             | \$13k  |
| Hold Costs        | 2%             | \$5k   |
| Sales Costs       | 3%             | \$7k   |
| Profit Margin     | 15%            | \$33k  |
| Total             | 36%            | 80k    |
| Sale Price Target | 136%           | \$300k |



Compare to  
mid price of  
suburb



# Shortlist Suburbs

- Short list suburbs with high variance and high priority location



# Confirm Demand in Shortlisted Suburbs



# Activity – List Research to Confirm Demand

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# Activity – List Research to Confirm Demand

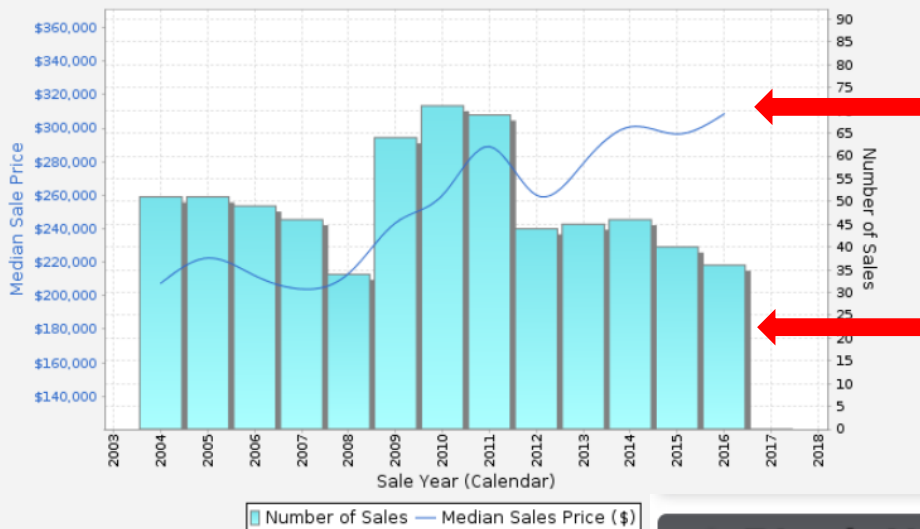
- DOM
- Number (Volume) of Sales
- Discounting Rate
- Price trend
- Auction clearance
- Listings cleared in last 30 days
- Avg # visits on RE.com.au

# Activity – Research Demand – Black Hill

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# Activity – Research Demand – Black Hill

Sales & Growth Chart for BLACK HILL



## Black Hill suburb stats

|                                      |       |
|--------------------------------------|-------|
| Vacancy rate                         | 2.7%  |
| 1 yr vacancy rate change             | -0.7% |
| Average days on market               | 76    |
| Current listings                     | 31    |
| Listings cleared in the last 30 days | 13    |
| Clearance rate                       | 41.9% |

## ★ Black Hill 22/12/2016

\$300,000 (91.2 % of median)

317 Chisholm St, Black Hill, VIC 3350

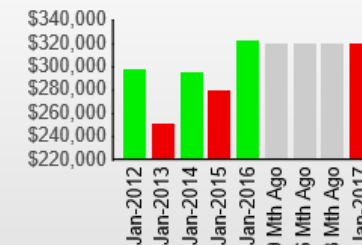


[www.domain.com.au](http://www.domain.com.au)

### Black Hill 3 b/r house stats

|                           |           |
|---------------------------|-----------|
| Median listing price      | \$329,000 |
| 1 yr listing price growth | -0.8%     |
| Median weekly rent        | \$265     |
| 1 yr weekly rent growth   | -1.9%     |
| Median gross yield        | 4.2%      |

### Median price



### Snapshot ?

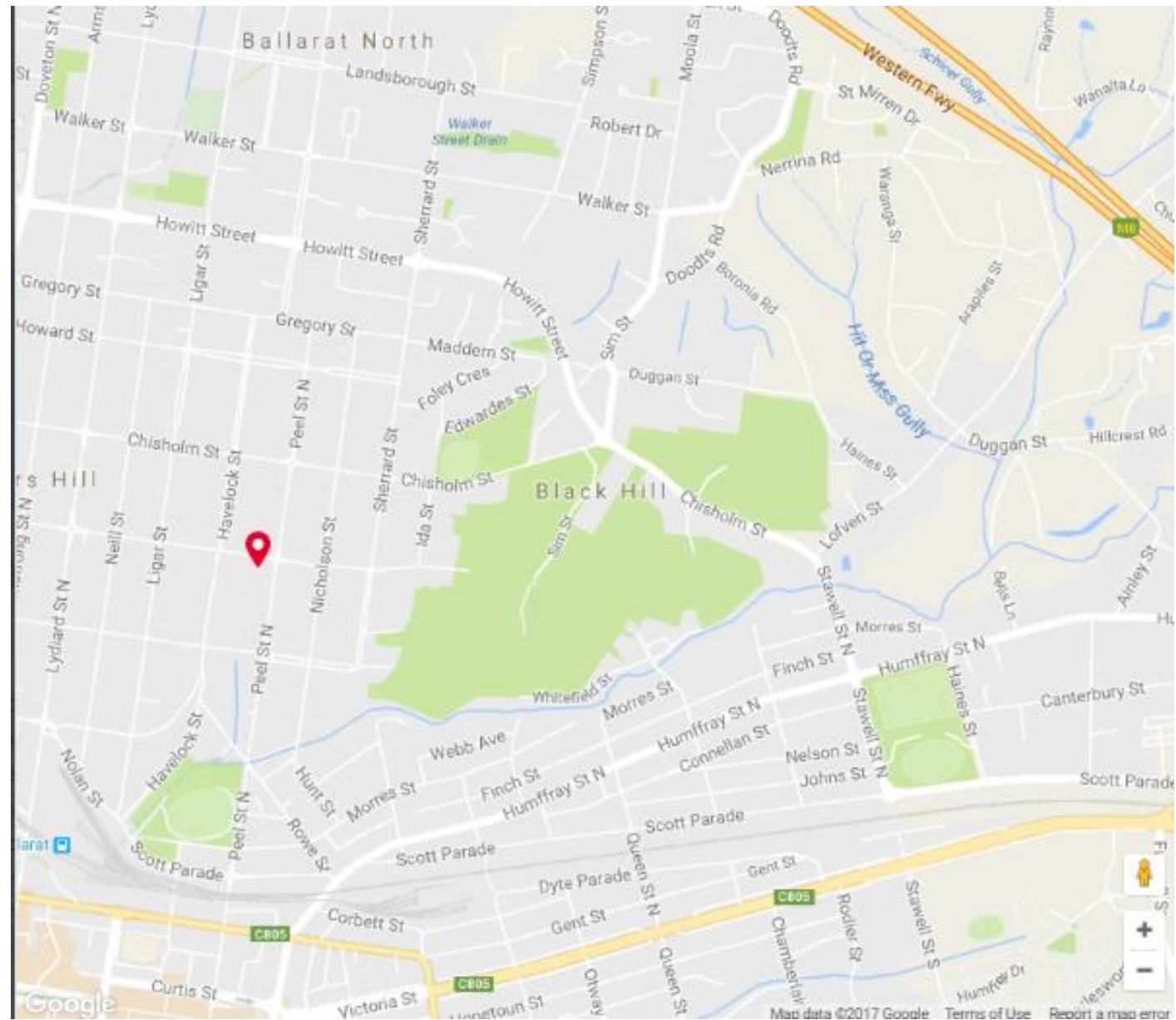
|                               | Yr 1      | Yr 10     |
|-------------------------------|-----------|-----------|
| Cash flow p/a (pre-tax)       | (\$6,682) | (\$4,359) |
| Potential gross yield         | 4.2%      | 5.5%      |
| Total returns (cash & growth) | \$4,122   | \$71,680  |

Analyse in full

See full property details



# Become an Area Expert – Street map --- Black Hill



# Activity – List Characteristics to Show on Map

- Use Street/Aerial Map – Google Earth

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# Activity – List Characteristics to Show on Map

- Transport links
- Public transport
- Schools
- Lifestyle areas – café strip, parks etc.
- Shopping
- Job hubs
- Affluent vs cheaper areas
- Slope, views, infrastructure spending etc.
- Constraints – flooding, heritage, crime etc.

# Phase 2 – Deal Finding



# Activity – List Deal Finding Strategies

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- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Activity – List Deal Finding Strategies

- Internet searches – RE.com, Investar, Gumtree etc.
- Realestate agents
- Buyers agent
- Tradies / Hairdresser /Word or Mouth
- Door knock
- Letterbox drop



# Sample Property Identified



## Target



















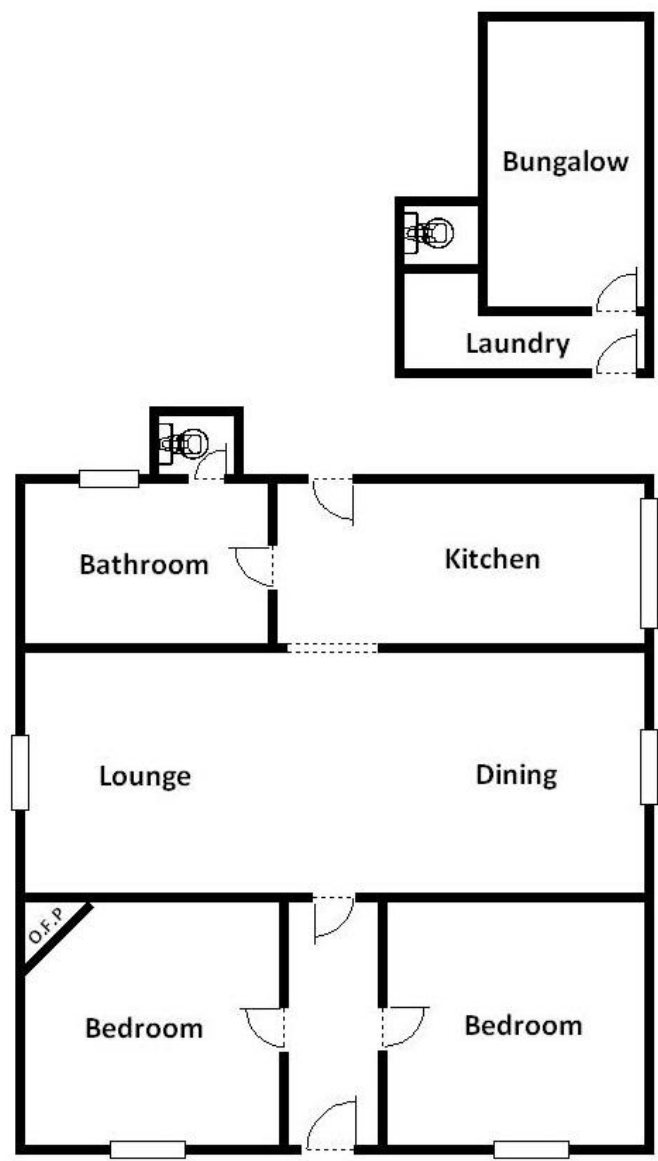








# Floor Plan



# Phase 3 – Preliminary Scope of Works (SOW)

## Activity –

- Room by room walk through
- List works required & priority





# Frontage & Yard



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# Driveway & Yard



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# Rear & Yard



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# Entry / Hallway



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# Lounge



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# Kitchen



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# Bedrooms



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# Bathroom



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# Renovation Checklist

| <i>Renovations - Internal</i> | <i>Required</i> | <i>Price</i> | <i>Qty</i> | <i>Total</i> | <i>Actual</i> | <i>Notes</i> |
|-------------------------------|-----------------|--------------|------------|--------------|---------------|--------------|
| <i>Kitchen</i>                |                 |              |            |              |               |              |
| Architraves / skirting        | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Blinds / Curtains             | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Ceiling                       | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Ceiling fan                   | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Cooktop                       | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Cornice                       | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Dishwasher                    | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Disposal unit                 | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Door - handle                 | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Door - internal               | Yes / No        |              |            | \$ -         | \$ -          |              |
| Door - jamb                   | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Door - stop                   | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Floor coverings               | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Kitchen bench top             | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Kitchen cabinets              | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Kitchen door                  | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Light - downlights            | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Light - fitting               | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Light - oyster (Dome)         | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Light switches - double       | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Light switches - single       | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Microwave                     | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Oven                          | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Phone point                   | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Power points - double         | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Power points - single         | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Rangehood / fan               | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Sink                          | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Sink tap / mixer              | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Splash back options           | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Stove                         | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Wall tiles                    | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Walls                         | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| Window insect screens         | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Window locks                  | Yes / No        | \$ -         |            | \$ -         | \$ -          |              |
| Windows                       | Yes             | \$ -         |            | \$ -         | \$ -          |              |
| <i>Total</i>                  |                 |              |            | \$ -         | \$ -          |              |



# Activity – List Property Due Diligence

- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_
- ☐ \_\_\_\_\_

# Activity – List Property Due Diligence

- **Condition** of property & extent of reno required (cosmetic, structural, extension)
- **Ease** of undertaking reno e.g. structural walls
- **Construction type** – timber, brick
- Single story, **high-set**, two story plus
- **Proximity** between kitchen, bathroom, laundry re plumbing run
- Property **age**
- **Heritage** or demolition control restrictions
- **Signs of concern** – major cracks in walls / ceilings / floors / foundations
- **Uneven** floors, windows & doors that jamb
- **Musty smell**, mold & potential rising damp

# Activity – List Property Due Diligence

- Dry rot & water damage
- Termite damage
- Fire or flood damage
- Asbestos
- Capacity to reconfigure layout & add bedrooms & bathrooms
- Use a builder or skilled handyman to inspect with you if you are not confident.
- Do building & pest inspection

# Phase 4 – Cost SOW & Feasibility





# Activity – List Ways of Costing SOW

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Activity – List Ways of Costing SOW

- Visit **Bunnings**
- Visit **suppliers** – tile / plumbing / kitchen shops
- **Online** suppliers – ebay, gumtree, trading post etc.
- **Auction** houses, salvage yards
- Talk with **tradies, handyman**
- Review **other peoples costs** – friends, students etc.
- Get **quotes on your own property (or your rental if renting)**
- Get **quotes on deal property**

# Activity – Compare SOW to Budget & Trim Costs

- Budget = 10% of Purchase (\$220k) = \_\_\_\_\_
- List ways to trim costs

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Activity – Compare SOW to Budget & Trim Costs

- Buy **secondhand** not new
- DIY
- **Friends** & family
- **Handyman** vs chippy vs builder
- Auction houses / ebay etc.
- **Trade** e.g. Bartercard
- **Revise specs** e.g. laminate vs stone benchtops
- Paint kitchen cupboards vs replace
- **Repair** vs replace
- Get 3 + **quotes**
- **Detailed** quoting docs (specs, photo etc.)

# Activity - Rough Feasibility -

- Start from the **end product** & work backwards
- Fill in **headings and costs**: \$220k purchase

| Item                        | \$ |
|-----------------------------|----|
| _____ Value                 |    |
| Sale _____                  |    |
| _____ Price                 |    |
| Purchase _____              |    |
| Strategy _____ : Renovation |    |
| _____ Costs                 |    |
| Total _____                 |    |
| Profit / _____              |    |



# Activity - Rough Feasibility -

- Start from the **end product** & work backwards
- Fill in **headings and costs**

| Item                            |                   | \$        |
|---------------------------------|-------------------|-----------|
| 1. Sale Value                   | Comparables (Mid) | \$350,000 |
| 2. Sale Costs                   | 3%                | \$10,500  |
| 3. Purchase Price               | Low               | \$220,000 |
| 4. Purchase Costs               | 6%                | \$13,200  |
| 5. Strategy Costs: Renovation   | 10%               | \$22,000  |
| 6. Operating ExpensesHold Costs | 2%                | \$4,400   |
| 7. Total Costs                  | Sum 2-6           | 270,100   |
| 8. Profit / Loss                | 7-1               | 79,900    |

# Phase 5 – Documentation – a) Working Scope of Works (SOW)

- Turn preliminary SOW into Working SOW
- Different formats

| Carpenter |                    |                                                                                                                                         |           |
|-----------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Trade     | Room               | Task                                                                                                                                    | Materials |
| Carpenter | Existing Bedroom 2 | Remove non-structural wall and door from existing lounge leading to existing Bedroom 2. Currently This wall does not reach the ceiling. |           |



| Material List      |                         |                                                               |                                                                       |                   |                    |
|--------------------|-------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|-------------------|--------------------|
|                    | Room                    | Task                                                          | Materials                                                             | Supplied by trade | Supplied by owners |
| CARPENTER          | Create two new walls    | Create new walls up to the roof line.                         | Villa Board (not recessed edge)                                       | ✓                 | ✗                  |
|                    |                         |                                                               | Architraves                                                           | ✓                 | ✗                  |
|                    |                         |                                                               | Skirting boards                                                       | ✓                 | ✗                  |
|                    | Bedroom 1 Internal door | Install new internal door for bedroom 1                       | Cornice beading (quad)                                                | ✓                 | ✗                  |
|                    |                         |                                                               | New internal doors                                                    | ✓                 | ✗                  |
|                    |                         |                                                               | Door handle with entrance lock (matching keys for all internal doors) | ✗                 | ✓                  |
|                    |                         |                                                               | Hinges                                                                | ✓                 | ✗                  |
|                    | Bedroom 2 Internal door | Install new internal door for bedroom 2                       | Door Jam sets                                                         | ✓                 | ✗                  |
|                    |                         |                                                               | New internal doors                                                    | ✓                 | ✗                  |
|                    |                         |                                                               | Door handle with entrance lock (matching keys for all internal doors) | ✗                 | ✓                  |
|                    | Bedroom 3 Internal door | Install new internal door for bedroom 3                       | Hinges                                                                | ✓                 | ✗                  |
|                    |                         |                                                               | New internal doors                                                    | ✓                 | ✗                  |
|                    |                         |                                                               | Door handle with entrance lock (matching keys for all internal doors) | ✗                 | ✓                  |
|                    | Bathroom 1              | Replace shower basin with moulded shower                      | Hinges                                                                | ✓                 | ✗                  |
|                    |                         |                                                               | Door Jam sets                                                         | ✓                 | ✗                  |
|                    |                         |                                                               | Fully moulded shower with central soap holder, corner waste outlet    | ✗                 | ✓                  |
|                    | Bathroom 2              | Install new moulded shower in conjunction with plumber        | Shower head (only to be purchased if current fitting insufficient)    | ✗                 | ✓                  |
|                    |                         |                                                               | Fully moulded shower with central soap holder, corner waste outlet    | ✗                 | ✓                  |
|                    |                         |                                                               | Shower Head                                                           | ✗                 | ✓                  |
|                    |                         | Construct wall around shower                                  | Mixer Taps                                                            | ✗                 | ✓                  |
|                    |                         |                                                               | Shower curtains                                                       | ✗                 | ✓                  |
|                    |                         |                                                               | Villa Board (not depressed edge)                                      | ✓                 | ✗                  |
| Back door entrance | Replace back door       | Install external cavity sliding door for access to bathroom 2 | Architraves                                                           | ✓                 | ✗                  |
|                    |                         |                                                               | Skirting boards                                                       | ✓                 | ✗                  |
|                    |                         |                                                               | Cornice beading (quad)                                                | ✓                 | ✗                  |
|                    |                         |                                                               | External sliding doors                                                | ✓                 | ✗                  |
|                    |                         |                                                               | Door handles                                                          | ✓                 | ✗                  |
|                    |                         |                                                               | Pellets                                                               | ✓                 | ✗                  |
| Back door entrance | Replace back door       | Replace back door                                             | External doors                                                        | ✓                 | ✗                  |
|                    |                         |                                                               | Door handle with entrance lock to match internal doors                | ✗                 | ✓                  |
|                    |                         |                                                               | Hinges                                                                | ✓                 | ✗                  |
|                    |                         |                                                               | New Door Jams (maybe optional)                                        | ✓                 | ✗                  |

# Phase 5 – Documentation – a) Working SOW

## Scope of Work

### INTERIOR

#### Throughout

- Patch all walls and trim in preparation for paint. Paint entire interior per our discussion
- Fix/replace outlets/covers as necessary (ensure matching colors and styles)
- Fix/replace switches/switch-plate covers as necessary (ensure matching colors and styles)
- Clean/scrape all windows and ensure proper operation. Replace non-functional windows
- Reversed ground/neutral in most upstairs outlets
- Electrical issue (no outlet power) in bedrooms and master bath (short or improper wiring?)
- Use entry doors in best condition to replace closet doors
- Replace all room entry doors with new 6-panel doors
- Remove window screens from Living Room, Dining Room, and Kitchen windows

#### Kitchen

- Remove and frame existing door to outside, replace with picture window, finish with sheet-rock and trim on inside, and vinyl siding on outside. Keep existing cabinet/countertop configuration
- Replace cabinets
- Replace countertops
- Tile backsplash behind counters
- Replace sink
- Replace sink faucet with goose-neck faucet
- Install garbage disposal
- Replace all appliances (stove, microwave, fridge, dishwasher)
- Replace light fixture
- Replace flooring with ceramic tile and level floor as necessary (may have sub-floor issues)

#### Dining Room

- Replace light fixture
- Fix or replace window (not seated properly)
- Replace carpet with laminate hardwood
- If possible, use chair-rail trim removed from Living Room and put around Dining Room

#### Living Room

- Remove paneling and chair-rail trim (use trim in Dining Room if possible)

# Activity – List Purpose / Benefit Working SOW

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Activity – List Purpose / Benefit Working SOW

- Record of works
- Record of material
- Record of tradies required
- Keep to scope & budget
- Informs works program
- Communication tool to tradies



## b) Works Program

### Activity – List info captured in works program

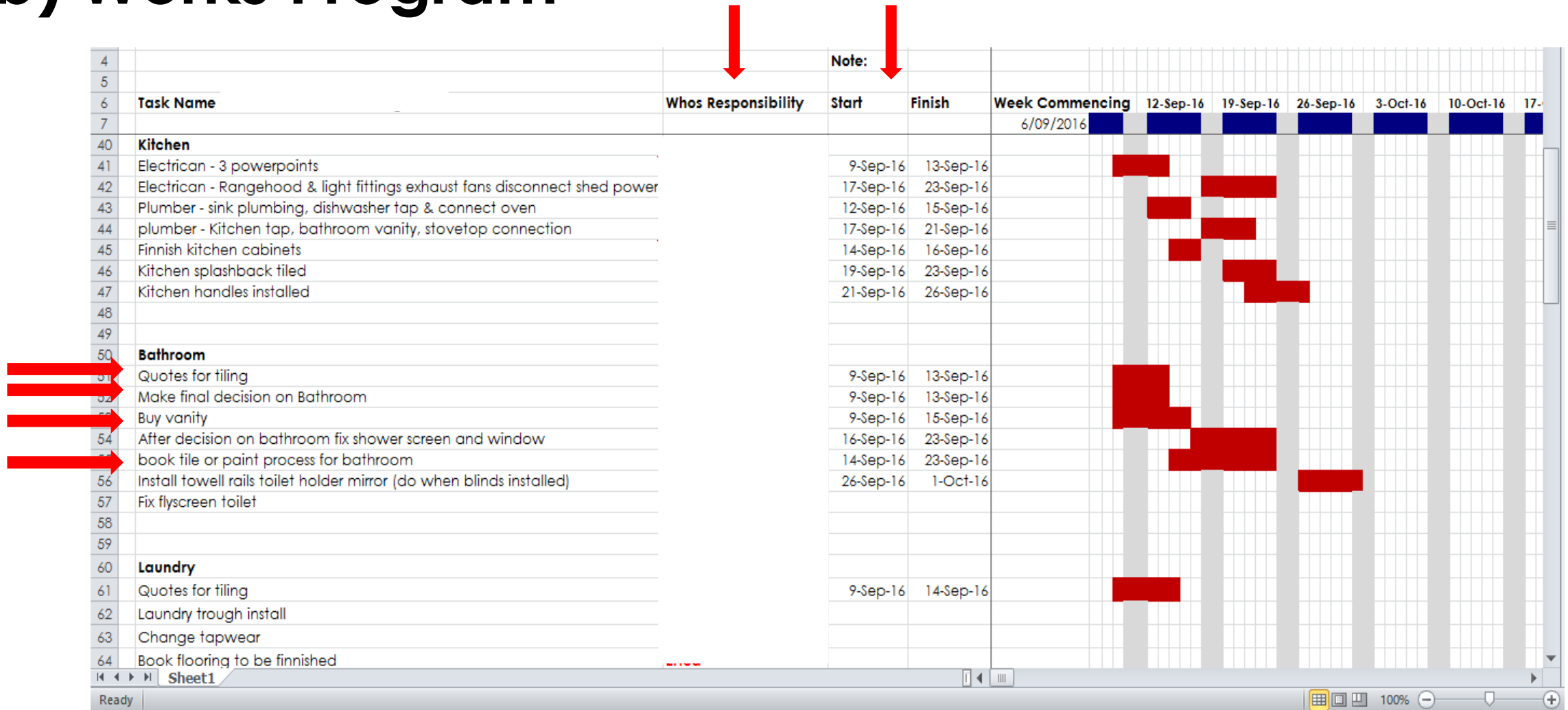
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

## b) Works Program

### Activity – List info captured in works program

- Timeline -
  - Works & sequence of works
  - Quoting, quote decision/selection
  - Material ordering, delivery
  - Decision making
- Who Responsible
- Critical Path Tasks

# b) Works Program



# Phase 6 – Project Management – Doing the Doing

## Activity – List what can go wrong

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

# Phase 6 – Project Management

## Activity – List what can go wrong

- List How to manage – Refer back to previous phases & docs

| What Can Go Wrong         | Management             |
|---------------------------|------------------------|
| Additional works required | Due Diligence (DD)     |
| Change to scope / specs   | SOW                    |
| Cost blow-out             | Costing, Feaso         |
| Time blow-out             | Works Program          |
| Run out of \$\$           | Feaso                  |
| Can't get tradies         | DD, Works Program      |
| Can't sell                | DD, Comparable / Feaso |



# Phase 7 – Financing, Selling / Renting

- Module 7 – Contracts – Purchase/Selling, Renting, Build
- Module 8 – Financing
- Module 9 - Purchase, Selling, Negotiation
- Module 10 – Reno Checklist

# QUESTIONS?