

PLATINUM

Renovation

Monthly Mastermind Event

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PLATINUM

I LOVE
REAL ESTATE



Renovation **Working Definition** -

- Process of doing some level of improvement to a property to enhance its condition, its presentation, its functionality, and hopefully its appeal!
- Spin-off is to potentially improve its market value, rentability, and rental rate (price).
- Manufactured growth strategy & income strategy.



Types of Renovations?

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- Cosmetic
- Structural
- Extension

Cosmetic Renovation

- Only **cosmetic**, or **superficial improvements** e.g. surface finishes, fittings, and fixtures.
- Includes **paintwork** in & out, **landscaping**, floor coverings, window **coverings**, doors & door **handles**, light **fittings** and fans, making good **general repairs**.



Cosmetic Renovation

- Includes **tidying up** through to replacing kitchen **cupboard fronts**, right through to replacing the **entire kitchen & bathroom**.
- **Location of plumbing & electrical** generally wants to stay in same place because moving them becomes more expensive & specialist trade services required.



Cosmetic Renovation

- **No building approval** should be required because not adding services like bathroom, toilet, shower.
- **Rule of Thumb** – Cosmetic Reno Cost targeted at **9%** of purchase price to make it profitable.
- Still need to **do feaso** because in a low price variance area, even 9% may be over-capitalizing!



Rule of Thumb Figures – Caution -

- Remember that if purchasing a house on larger block or on higher density zoning (with further development potential) – **part of the purchase price may account for this potential** e.g. \$300k house selling for \$500k.
- To avoid over-capitalization - **Look at what that house on a normal block** would be worth and use that in your Rule of Thumb calculation. E.g. 9% of \$300k not 9% of \$500k!!!!



Structural Renovation

- Staying within current footprint of existing house but **removing or adding structural elements**.
- E.g. Removing or installing walls, replacing or changing roofline, adding or removing windows/doors, adding or moving wet areas (bathrooms, laundry, kitchen), adding deck.



Structural Renovation

- Altering **structural integrity** of building (e.g. removing structural walls holding up the roof) = **Building approval required**.
- Builder or engineer will be required to approve and inspect works + building certifier.
- Approval process **differs between States & Councils** as does terminology = research your desired location.
- **National Construction Code** (Building Code of Australia + Plumbing Code of Australia)!!!



Structural Renovation

- **Plumbing approval** may also be required if removing or adding plumbing fixtures (e.g. your Council rates are charged based on number of toilets etc.).
- **Rule of Thumb** – Structural reno costs around **16-31%** of purchase price as a general guide.



Extension Renovation

- **Extending the footprint** of dwelling outwards or upwards.
- **Converting** non-habitable areas (e.g. garage) into habitable (e.g. bedroom, rumpus)
- Requires **highest level of building approval**, trades people, builder involvement & money!!
- **No Rule of thumb** or benchmark on cost – depends on size, complexity & finishes e.g. anywhere from \$20k to add bedroom to \$100'sK.



Why Renovation – **Low Risk Strategy** (Module 3 Appendix)?

Why Renovation – **Low Risk Strategy** (Module 3 Appendix)?

- Applicable across **all markets** (high - low volume)
- Low – medium **price point** option
- Capacity to **increase value** and **rental income**
- Residential finance
- Suited to **lower equity position**
- Option to do a lot of the **work yourself** or leverage off trades people
- Capacity to **stack strategies** – subdivision, construction, strata, rent by room etc.
- **Low experience** start point
- **Learnings** applicable to other strategies
- **Process similar** for houses, units, townhouses, commercial, industrial etc.

Reno & Your Personal Circumstances

- **Hands on strategy** whether doing the work yourself or managing the tradies.
- **Your time availability** is important – whether doing or managing.
- **Distance** you are prepared to travel is important– first time reno do closer to home.
- **Research required** to ensure you get leverage on your time, money and effort e.g. spending \$1 to get back \$1 isn't good business – hence grid variance analysis.
- NOT every property that needs reno is a “money making deal.”
- **Numbers driven** not emotion – avoid over-capitalization.

Renovation Objective? -

Renovation Objective? -

- To take a property from the **low end** of the market to the **mid point** of the market.
- **Why** the mid point and not the high point?
- Mid point is where most buyers and most renters can afford – hence **largest volume** of buyers if selling & renters if renting – **Bell Curve!**



Renovation Objective? -

- **Upside** in the market is important but we don't want to position our product at the high of the market – because less buyers can afford it, hence lower volume. **We always want to target max volume / number of buyers / renters.**



Renovation Process Outline

- Phase 1 – Location Selection - Grid Variance Analysis
- Phase 2 – Deal Finding
- Phase 3 - Due Diligence
- Phase 4 – Team, Documentation, Approvals
- Phase 5 – Feasibility & Financing*****
- Phase 6 – Site Works
- Phase 7 – Selling

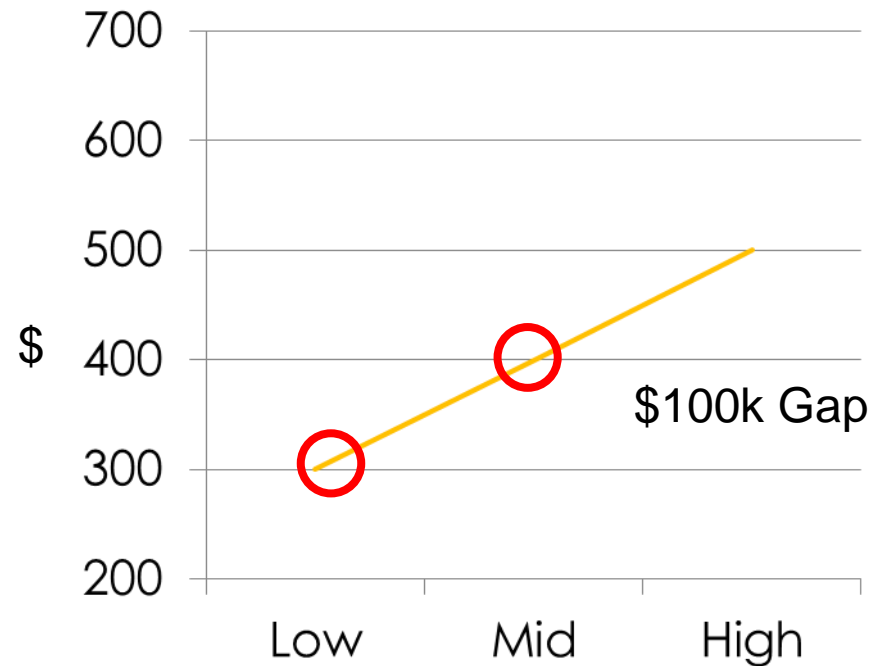
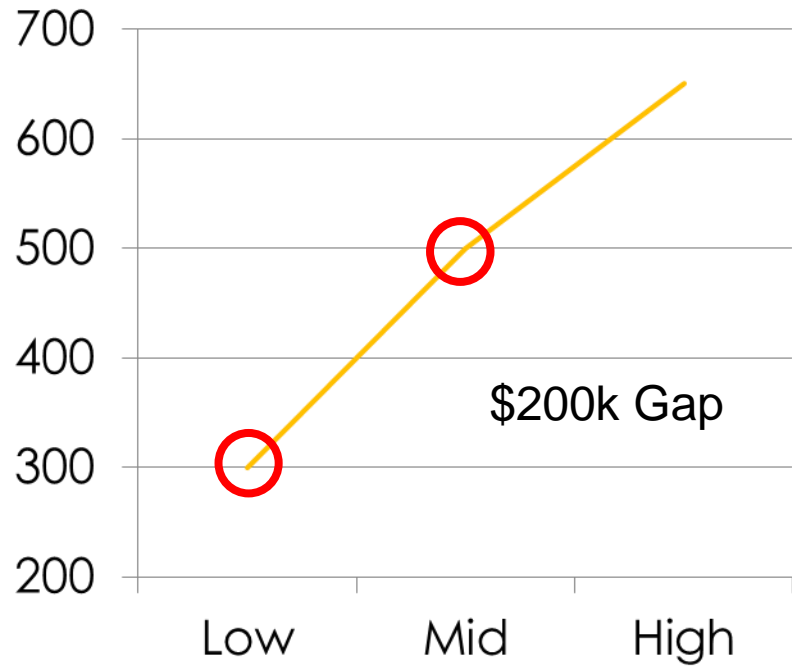


PHASE 1 – Location Selection



What Location/s Best Suit Reno?

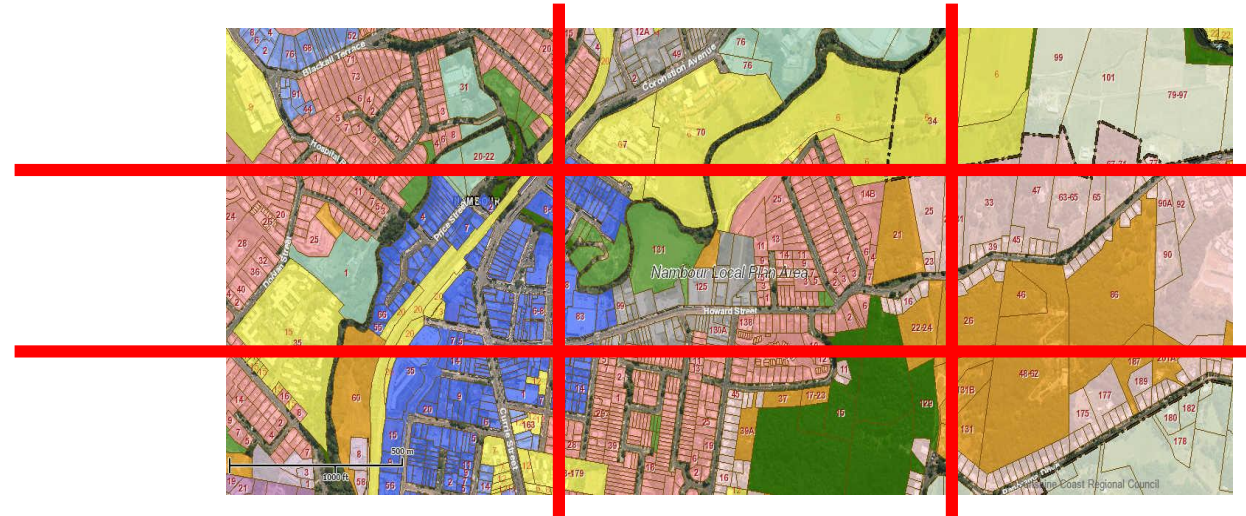
- Location/s with the **largest gap (variance)** between the low and mid of the market.



- E.g. Gap of \$200k is better than gap of \$100k if you are spending \$50k on the reno.
- Methodology = **Grid Variance Analysis**.

Grid Variance Analysis (GVA) -

- GVA - a **research technique** that allows us to compare price variance between different locations & decide which location/s to target.
- Two parts to the process
Grid Variance Analysis
- 1) “**Grid**” refers to the physical process of gridding an area with vertical and horizontal lines so that you can analyze one square at a time, or one suburb at a time.



Grid Variance Analysis (GVA) -

- 2) “Variance Analysis” refers to the simple calculation to determine the variance in price between the low price of the market and the mid price, or between the mid price and the high price.
- Remember we want to buy the property at the **low** of the market, reno it and sell it at the **mid** of the market - so **the bigger the gap the better** – and variance analysis is how we do that calculation.
- On a suburb basis it’s **a way to shortlist** those suburbs that have a greater **potential for price uplift** e.g. where you are likely to get the biggest bang for your buck.

GVA Calculation –



- Comparing Suburb A, B, C
- Suburb A:
 - Low Price = \$300k
 - Mid Price = \$400k
 - Calculation = $\$400k - \$300k = \$100k$; $\$100k / \$300k = 0.33$; $0.33 \times 100 = 33\%$
 - Hence \$100k difference off \$300k entry price = 33% variance

GVA Calculation –



- **Suburb B:**

- Low Price = \$500k

- Mid Price = \$600k

- Calculation = $\$600k - \$500k = \$100k$; $\$100k / \$500k = 0.2$;
 $0.2 \times 100 = 20\%$

- Hence \$100k difference off \$500k entry price = 20%
variance

GVA Calculation –



- Suburb C:
 - Low Price = \$500k
 - Mid Price = \$700k
 - Calculation = $\$700k - \$500k = \$200k$; $\$200k / \$500k = 0.4$; $0.4 \times 100 = 40\%$
 - Hence \$200k difference off \$500k entry price = 40% variance

GVA Calculation Summary –

	Suburb		
	A	B	C
Low Price	\$300k	\$500k	\$500k
Mid Price	\$400k	\$600k	\$700k
Difference	\$100k	\$100k	\$200k
Variance	33%	20%	40%

GVA Calculation Summary –

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- Suburb A vs B:
 - Both \$100k price difference
 - Suburb A = **Highest variance (33%)** because coming off lower entry price point of \$300k vs Suburb B of \$500k
 - All things being equal – if spending money in a suburb – go **suburb A over B**

GVA Calculation Summary –

	Suburb		
	A	B	C
Low Price	\$300k	\$500k	\$500k
Mid Price	\$400k	\$600k	\$700k
Difference	\$100k	\$100k	\$200k
Variance	33%	20%	40%

- Suburb B vs C:
 - Both coming off same entry price low = \$500k
 - Suburb C = **Highest variance** (40%) so would choose **suburb C over suburb B**
- Hence GVA = **tool for selecting between suburbs**

Manual Method GVA -

- Important to **compare like for like product** with GVA e.g. 3brm vs 3brm not 1brm vs 5brm.
- Want **unrenovated** at the low price point vs **renovated** at the mid price point.



Manual Method GVA -

- Want a reasonable sized data-set to make sense of analysis – Rule of thumb = **15 properties** to compare – but more is better.
- Hence GVA works best in **metro** areas where volume of properties in the market.
- If not enough properties listed “**For Sale**”, can also include “**Sold**” properties from the last 6mths.
- If dataset too small, results become more subjective e.g. **regional towns** – principal still valid though.



Manual Method GVA -

- A) Scan through For Sale listings to determine the spread of prices from low to high e.g. realestate.com.au



Manual Method GVA -

- **B) Investar** gives the spread for a given search criteria e.g. Picton, NSW Low = \$300-\$400k; Mid = \$600-\$700k; High = \$1M+ . Still need to check results manually.

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

All sales listings

Total	67
House	49
Unit	2
Townhouse	1
Multi Dwelling	0
Land	7
Other	8

House sales listings

49 total

No Price	4
Up to \$99K	0
\$100K-\$199K	0
\$200K-\$299K	0
\$300K-\$399K	2
\$400K-\$499K	3
\$500K-\$599K	6
\$600K-\$699K	9
\$700K-\$799K	7
\$800K-\$899K	5
\$900K-\$999K	5
\$1,000,000+	8

House rental listings

29 total

No Price	0
Up to \$99	0
\$100-\$199	0
\$200-\$299	0
\$300-\$399	8
\$400-\$499	7
\$500-\$599	8
\$600-\$699	0
\$700-\$799	0
\$800-\$899	6
\$900-\$999	0
\$1,000+	0

Postcode statistics

Postcode: 2571

54% Purchasing 16% Rented 30% Fully Owned
Population: 10,141


[See fewer property details ^](#)

[Return to top of page](#)

Disclaimer
Please note: We will display all statistics where data is available for suburbs/postcodes. However some data is not visible where a large enough sample isn't available hence statistics may read "N/A" and some graphs may be missing.

John Bone's – Grid Variance Program

- Suburb based analysis of “For Sale” properties.
- Data extracted from the internet.

Suburb - Eltham, VIC 3095	Advertised Price	4	3	2	Calculated Price	Web Link
Eltham, Vic 3095	ESR: \$720,000 - \$770,000	4	3	2	\$770,000	www
Eltham, Vic 3095	ESR: \$700,000 - \$770,000	3	2	2	\$770,000	www
Eltham, Vic 3095	No Advertised Price	5	3	2	\$750,000	www
Eltham, Vic 3095	\$780,000 - \$830,000	5	2	2	\$830,000	www
Eltham, Vic 3095	No Advertised Price	4	3	2	\$800,000	www
Eltham, Vic 3095	ESR: \$750,000 - \$820,000	4	3	2	\$820,000	www
Eltham, Vic 3095	No Advertised Price	5	3	2	\$800,000	www
Eltham, Vic 3095	No Advertised Price	4	2	2	\$817,000	www
Eltham, Vic 3095	\$880,000 - \$930,000	4	2	3	\$930,000	www
Eltham, Vic 3095	ESR: \$790,000 - \$860,000	4	2	2	\$860,000	www
Eltham, Vic 3095	No Advertised Price	4	2	2	\$1,135,000	www
Eltham, Vic 3095	No Advertised Price	5	2	2	\$1,133,000	www
Eltham, Vic 3095	\$1,100,000 - \$1,200,000	2	1	1	\$1,200,000	www
Eltham, Vic 3095	No Advertised Price	4	2	2	\$1,300,000	www
Eltham, Vic 3095	No Advertised Price	5	3	3	\$1,300,000	www
Eltham, Vic 3095	No Advertised Price	4	2	10	\$1,300,000	www
Eltham, Vic 3095	\$1,480,000	5	3	2	\$1,480,000	www
Eltham, Vic 3095	No Advertised Price	6	3	3	\$1,300,000	www
Results Summary						
Average Low Price :	\$568,000	Total Sales :	\$34,816,891			
Average Mid Price :	\$737,000	For sale :	44			
Average High Price :	\$947,000	Ave Price :	\$791,293			
Variation Low to Mid :	22.93%	Omitted :	3			
Variation Mid to High :	28.49%	Priced :	44			
		Median :	\$716,000			
Legend						
Above Average High Price :	3					
Middle to High Average Price :	13					
Low to Middle Average Price :	15					
Below Low Average Price :	7					
No Price Specified (or unable to be determined) :	0					
Output produced by a Grid Variance Analysis program supplied by Real Estate Systems and Services©2014						

John Bone's – Grid Variance Program

- Determines the average low, mid and high price ranges for a suburb or town and calculates the **variance between mid to low & mid to high**.
- Note this program calculates mid to low vs our manual calculation that does low to mid!!!!
- Program has **other search alternatives & mapping** functions.
- Annual **licence fee** \$220 + GST (50% discount for subsequent years).
- **Video** – YouTube or Google Grid Variance Program
<https://www.youtube.com/watch?v=8ZYM6fQGA7A>
- **Purchase** – Knowledge Source

Combine Rule of Thumb & Grid Variance Analysis (GVA) -

	Rule of Thumb%
Cosmetic Reno	9%
Purchase Costs	6%
Sales Costs	3%
Hold Costs	2%
Profit Margin	????
Total	20% +++++

- Hence need over 20% price variance to even start to make a profit. At 20% just covering your costs = **break even**.
- If want minimum 15% profit = $20\% + 15\% = 35\%$ price variance required!!!

Combine Rule of Thumb & Grid Variance Analysis (GVA) -

	Rule of Thumb%	\$300k
Cosmetic Reno	9%	\$27k
Purchase Costs	6%	\$18k
Sales Costs	3%	\$9k
Hold Costs	2%	\$6k
Profit Margin	15%	\$45k
Total	35%	\$105k
Sale Price Target	135%	\$405k

- Example = \$300k purchase, 15% profit margin
- Hence Low of Market (Buy price) = \$300k
- Price Variance (low to mid) = 35% required
- Mid of Market (Sale price) = \$405k required for cosmetic reno
- Structural reno @25% Not profitable in this location

Rule of Thumb vs Reno Type

Renovation Type	Minimum Sale Price
Cosmetic Renovation	X 1.35 of Purchase Price
Code Assessable	X 1.5 of Purchase Price
Structural Renovation	X 1.8 of Purchase Price

Sale Price % of Purchase	Buy Price	Purchase Cost	Reno % of Purchase	Total	Holding Costs	Profit
Cosmetic 135%	100%	6%	9%	116%	?	?
Code Assessable 150%	100%	6%	16%	124%	?	?
Structural 180%	100%	6%	31%	137%	?	?

Reno ONLY vs Stacking Strategies -

- GVA is **essential** when relying only on reno strategy for profit e.g. NOT stacking strategies.
- Reno strategy alone has to make the profit!!
- **Stacking strategies** e.g. subdivision + reno, or multi unit + reno - GVA still very useful tools to prioritize areas, but zonings and meeting Council requirements re land size, frontage etc. are the first priority then GVA



PHASE 2 – DEAL FINDING

- Become an **area expert**, know pricing in your area so you can identify a deal quickly, & know if you are **buying under market value**.
- In your desired streets - **Identify properties** worthy of property specific due diligence e.g. worst house in best street, solid looking houses but out of date, un-kept / poorly presented.
- Use **internet search terms** – renovation, renovators delight, original condition, demolition, trades people / builders welcome, 2 bedrooms/1 bathroom, fire / termite / flood damage, multiple living etc. Also remember - lots of properties may suit reno but are not advertised as such.
- **Talk** to agents & locals about what you want!!

The Deal -

- Advertised For Sale
“Calling all Builders”
- Leafy street, easy
walk to town centre,
2 lots 1 title
- Agent called Sunday
noon & 3 offers by
2pm!!



The Deal -



- Tiny original workers cottage



- Timber windows & exterior boards

The Deal -



- Rear deck removed



- Not legal height underneath

The Deal -

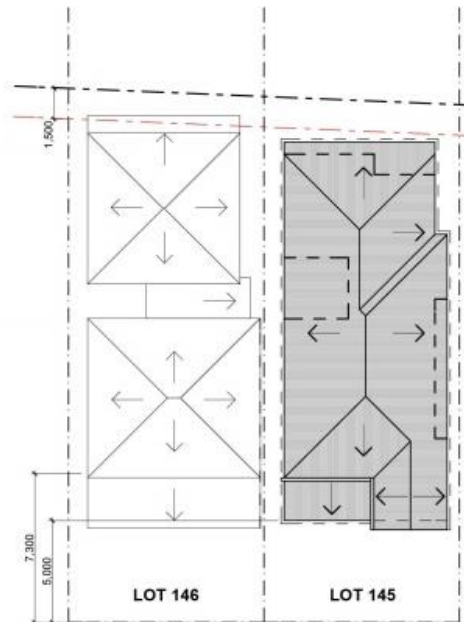


- Vacant lot – existing house
“potentially on 1 lot???”

- Stacked strategies – reno, distressed seller, add bedroom/s?, 2 lots 1 title, medium density zoning.

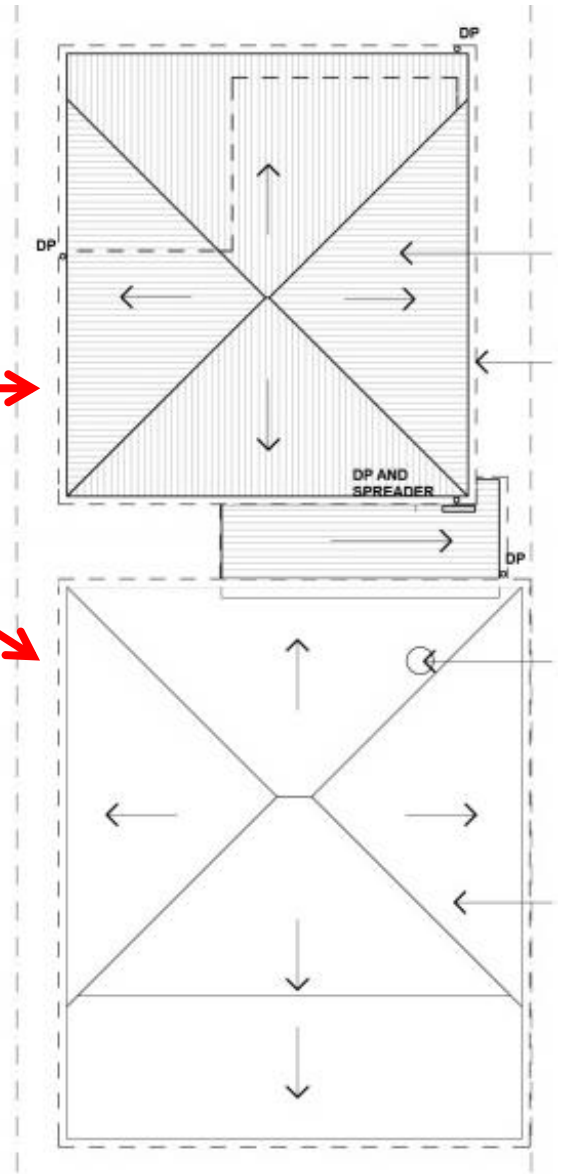
History – The Deal

- Vacant lot had been on market with approved house plans for long time – plans were two story house = high build cost = **overcapitalized for area** hence never sold!!



History – The Deal

- Existing house pre 1945 = **Demolition Control** = Council required it to be retained, hence owner had plans approved to extend to the rear.
- Existing house had been **gutted** in preparation, but when vacant lot hadn't sold & extension became too hard, owner wanted out & put the lot on the market!
- Extension would also be **over-capitalization** for area based on GVA!!



Inside Surprise – The Deal



- View to Backdoor
- No Internal walls, wall lining, ceiling, services, rear landing or deck etc. - **Just a shell!**

Inside Surprise – The Deal



- View to front door
- Holes in Floor, No kitchen or bathroom = **uninhabitable**
- Deal = **Structural reno** (not extension) to avoid over-capitalization.

PHASE 3 – PROPERTY DUE DILIGENCE -

- List due diligence required to determine a properties renovation potential - opportunities & constraints:

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



PROPERTY DUE DILIGENCE -

- Signs of concern – major cracks in walls / ceilings / floors / foundations
- Uneven floors, windows & doors that jamb
- Musty smell, mold & potential rising damp
- 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 to identify issues.



Condition of Property -

- **Condition** of the property needs to **match your strategy & finances** – don't want to find out ½ way through reno that your cosmetic is really a structural reno, or that your structural is really a demolition!!



Condition of Property -

- Ideal **Cosmetic** Reno:
 - Solid house, good layout, but fittings / finishes and **presentation are poor or dated.**
 - Modern property that's been **neglected and is poorly presented.**
 - **Poor street appeal** e.g. overgrown or no vegetation.



Condition of Property -

- Ideal **Structural** Reno:
 - Older property not originally built with the conveniences of modern living e.g. ensuite.
 - Properties of any age built with **boxy rooms** e.g. separate room for kitchen, dining, lounge, and located to the front of the house, verses modern day open-plan living with connection between the indoor outdoor living areas.



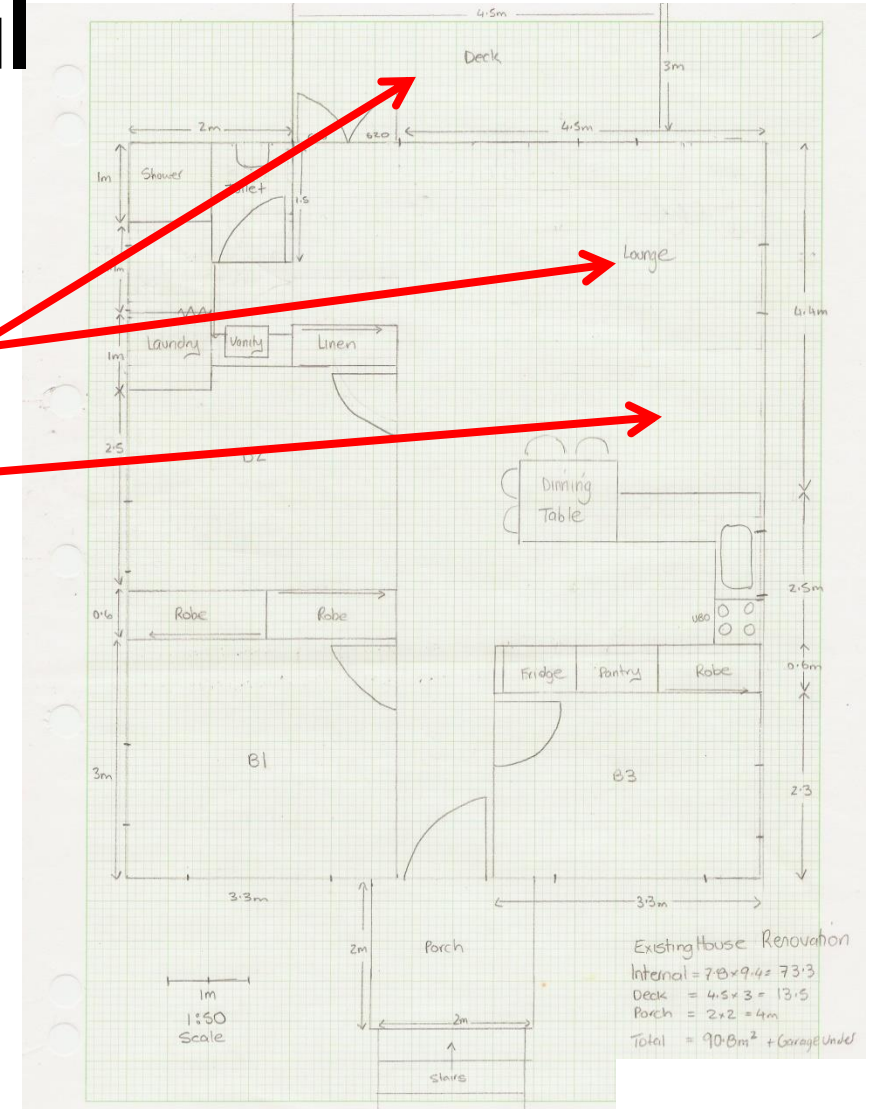
Condition of Property -

- Structural Reno Ideas:
 - **Remove or reposition walls** to open up kitchen, lounge, dining.
 - **Move living areas** to the rear of dwelling, install large door openings to connect to rear yard.
 - Create **outdoor deck** / alfresco entertaining area.
 - The fewer walls to remove / reposition & less movement of plumbing & electrical services, the **more cost effective**.



Condition of Property – The Deal

- Gutted - not ideal but gave flexibility to create layout
- Open plan, living
- Living to rear,
- Deck off living out to garden



Construction of Property - Timber

- **Painted timber** windows, doors and timber cladding internal and external walls = more expensive to reno e.g. **labor intensive & time consuming** to strip back old paintwork & repaint vs aluminium windows & brick / block / rendered / fiber cement (FC) weatherboard materials.



Construction of Property - Timber

- Raised off the ground – 600mm or highset = potential movement over time. Stumps can move or degrade and may require replacement (re-stumping) or re-leveling, windows & doors can jamb, floor can be uneven, gaps/cracks in floors, walls, ceilings = Sign of movement.



Construction of Property - Timber

- Raised off the ground – 600mm or highset = benefit that plumbing & electrical services tend to run under floor = **easier to access to make changes** to kitchen / bathroom / laundry verses slab on-ground = jackhammer up slab to access some plumbing.
- Easier to **install extra electrical fittings** e.g. power points, lights, TV points etc. because cabling more accessible.



Construction of Property - Timber

- Can inspect the integrity of the structure from underneath e.g. floor bearers & joists, condition of the flooring – wet stains = moisture damage (past or present).
- Timber flooring that's been covered over with carpet / vinyl can be uncovered, sanded back & polished = WOW factor.



Proximity of Wet Areas & Kitchen -

- The **closer the bathrooms & kitchen** the less expensive to reno & install - because less length of plumbing piping between them e.g. less jackhammering the slab!!
- Bathrooms & kitchens that **abut an exterior wall** = easier to reno & install - because plumbing services may run out through the wall = easier access.



Age of Property -

- Typically the **older** the property the **more extensive** reno – especially if in original condition.
- Older = **older plumbing** piping / connections / fittings & **electrical** wiring & fittings = new kitchen & bathrooms + re-wire and re-plumb the house?



- The Deal – no tie-down to secure roof to walls & walls to floor. Needed to add to meet current build regulations!!

Age of Property -

- Older = **less common & less available materials** e.g. stone & mortar, VJ timber paneling, horse hair plaster walls & cornice = also more **specialist trades** / craftsman e.g. stonemason – research upfront!
- First time renovators often **jump to dog** property for profitability but actually **structurally sound**, old & dated & poorly presented = most potential upside.



Heritage & Demolition Control -

- Heritage listed property, streetscape preservation area, Demolition control area.
- Council can restrict what you can do in reno - & not just the front facade.
- E.g. colour palette, roof line, exterior materials.
- Need to understand Council requirements & approval process - because can add significant cost & time to project.
- The Deal – Demolition control (pre 1945) & Streetscape Significant area.



Signs of Concern -

- **Cracks** in walls, ceiling, floor – possible movement in foundation & structure – may or may not be costly – have builder or engineer inspect.
- **Wet musty smell** –
 - Rising damp where moisture moves through walls or floor – can be expensive because hard to track water.
 - Poor wet-sealing in bathroom / kitchen.
- Excessive **mold** = moisture / ventilation issues.
- Can turn a superficial cosmetic reno into a structural reno & **blow your budget!**



Termite Damage -

- Friend or foe!!
- Minor / limited in extent / superficial = easily fixed.
- Major / affecting structural integrity = expensive.
- Critical to understand extent upfront & budget.
- Potential opportunity as uneducated people can be scared off, or seller over-estimates impact.
- Investar search “termite damage.”
- Use building & pest inspection to identify issues.



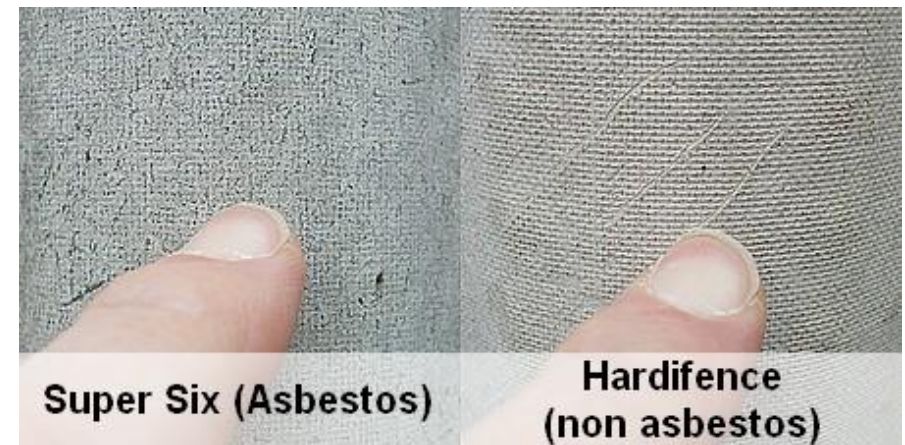
Asbestos -

- Can scare people off.
- **Educate yourself** on what it looks like, where it's found in a property, how it can be repaired / removed & costs / how you can work around it.
- Common in older properties & up to 2003!!
- **Health Hazard** - needs to be managed by professionals!



Asbestos -

- Inert if **undisturbed**.
- **Hazardous if damaged** - Do not remove, break, cut, drill into, or high pressure clean – fibers released into air !!!!
- **Costly to remove** so have quoted early on – can turn profitable deal sour.



Asbestos – Where Found in Properties?

Asbestos – Where Found in Properties?

- Wall / ceiling sheeting
- Bathroom flooring
- Exterior cladding / sheeting / soffit
- Roof sheeting – Super 66
- Guttering & fascia
- Tiles
- Glues
- Pipes
- Cement
- Fencing



Capacity to Reconfigure -

- Converting non-habitable to habitable area e.g. garage or under house into bedroom.
- Look out for slab thickness & ceiling height, plus windows for light & ventilation – need to meet current regulations.



Building Inspection Results -

- Roof Condition –
 - Repair pin holes
 - Short sheet tin roof
 - Screw down sheets
 - Replace tiles
 - Paint



Intention – Reno for Rent or Sale?

- Holding & Renting – Target:
 - Hard wearing surfaces e.g. laminate vs stone.
 - Dark colored work surfaces with pattern e.g. kitchen benchtop.
 - Wash & wear paint that can be easily cleaned.
 - Neutral colour scheme throughout.
 - Same colour throughout for easy touch-up.



Intention – Reno for Rent or Sale?

- Holding & Renting – Target:
 - Easily cleaned floor coverings e.g. Not high gloss porcelain tiles.
 - Easily replaced floor coverings e.g. plank vinyl vs sheet vinyl.
 - Accessible light fittings - easy globe replacement.
 - Fittings, fixtures and appliances with good warranties e.g. toilets, taps, oven, rangehood, fans, dishwasher, (working parts).
 - Drought tolerant plant species.
 - Irrigation system on timer.



Market Research (Sale & Rental) -

- Danger with reno to make decisions based on what you like, how you would like to live, and where = **emotionally attached** = potential for over capitalization!!!
- Answer is to reno according to your market research & market wants?
- What do you **need to research**?



Market Research (Sale & Rental) -

- What does the market want?
 - No. Bedrooms, Bathrooms, WIR vs Built in's
 - Car accom. – carpark, carport, LUG, number
 - Style - country, period, contemporary, etc.
- Where does the market want it?
 - Schools,
 - Cafés, parks, sporting facilities, public transport
 - Shops, jobs etc.
 - Will market pay a premium for this location?
- What level of finishes expected?
 - High end vs basic
 - Laminate vs stone bench-tops
 - Bath vs shower, air-conditioning vs fans, LED vs globe

Market Research – The Deal

- **Reno to Hold** - 3brm OK, 1 bathroom OK, Character style outside, Modern inside, Laminate OK, Built in's no WIR OK.
- Researched houses in area & in street for inspiration.



- ← • Area
- Street



How Do You Confirm Demand For Your Product? -

How Do You Confirm Demand For Your Product? -

- What's selling?
- Who's buying?
- Where are they buying & why?
- How does your product compare re location, features etc. etc.?



How Do You Confirm Demand For Your Product? -

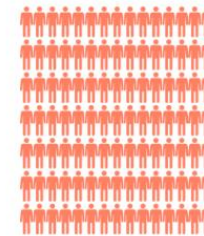
- Price trend
- Auction clearance rates
- Days on Market (**DOM**) – lower the better
- Discounting Rate – lower the better
- Volume / Number of Sales
- Avg # of visits on RE.com.au (suburb vs region)
- Same for Rental – incl. vacancy rate



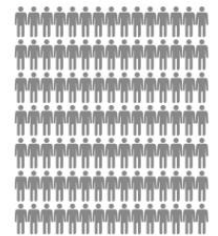
Data from Price Finder

High demand market

369 Visits per property



370 Visits per property



12 months to February 2012

	Kaleen
Median Prices	\$550,000
Long Term Trend	8.18%
Auction clearance rates	66.67%
Days on Market	52
Discounting	3.21%

Recent Comparable Sales -

- **Sold Data** – Investar (My Valuer), RP Data, Price Finder
- Summarise in table
- **Compare** to your product
- Use in **feaso**

1/31 Gibson Street, Annerley – 24/10/13 - \$610,000

Brief Description: 3 bedroom, 2 bathroom, double lockup garage, 129m², airconditioned, private, covered courtyard, stainless steel appliances and stone benchtops, polished timber stair treads, open plan design, 3 units in complex, strata titled & part of Body Corporate, over 5 years old, communal driveway access.

In Comparison to Subject: Comparable size of complex, comparable land tenure & Superior car accommodation. Comparable location, inferior unit size, inferior amenities with no powder room or study nook & no air-conditioning upstairs, inferior street frontage, inferior age, inferior standard of finishes, inferior overall improvements, & inferior exclusive use land area. Overall inferior compared to subject townhouses – Unit 1, 2 & 3.



2/18 Stevens St, Yeronga – 20/8/13 - \$615,000

Brief Description: 3 bedroom, 2 bathroom, double lockup garage, 116m², weatherboard and rendered walls, small complex of 3, modern style, private courtyard, open plan, leafy suburb, close to river and University, communal driveway access, Circa 2012.

In Comparison to Subject: Comparable age, comparable complex size, comparable modern style and standard of finishes, comparable overall improvements, & comparable land tenure. Superior car accommodation & superior suburb. Inferior unit size, inferior amenities with no powder room & study nook, inferior street frontage, inferior exclusive use land area. Overall comparable to subject townhouses – Unit 1 and 2 and inferior to subject townhouse - unit 3.



Strata Titled Properties -

- Units, apartments, townhouses, villa's etc.
- Opportunity (1) to use “**sinking fund**” to update exterior of the building e.g. re-paint, render, modernize hand-railing, upgrade foyer, landscaping.
- **You benefit** from improvements without having contributed to the sinking fund over the years.



Strata Titled Properties -

- You reno inside while body corp reno's outside!!
- Target **small complexes** with healthy sinking fund - you get on the Body Corporate and agree to arrange quotes and organise works.
- Alternative to target properties in complexes already in process of exterior reno – or planned.



Strata Titled Properties -

- Opportunity (2) – purchase **top floor unit** / apartment & negotiate (with other owners & body corp) to gain access and usage rights to the roof top space.
- Potential to **add another whole level** to your unit – add spiral stairs, wet-seal area, install safety measures & enjoy the views & potential value increase!!
- It does happen!!



Strata Titled Properties -

- **Body Corporate** will have to be approve your proposed reno works – takes time!! Get approval in writing.
- Will have to liaise with all residents to **avoid causing inconvenience** e.g. switching off water to whole complex.
- Be very conscious of **cleaning up mess** in communal areas and managing noise.
- Will be **restricted in the movement of plumbing**, electrical and structural works that may impact on other units.
- Also **restricted on exterior works**.



General Property Due Diligence? -

- **Illegal building works** on-site – structure/s not council approved.
- Structures not built to **National Construction Code** – built form, smoke alarms, safety switch, pool safety.
- **Usage of structures** not council approved e.g. converted garage, granny flat, multiple incomes.
- **Reno works not council approved**, not done to construction code, not done by licensed / qualified people.



DECLINED

General Site Specific Constraints – May Impact Now & When Selling?

General Site Specific Constraints – May Impact Now & When Selling?

- Steep driveway & distance to parking
- Significant trees
- Potential for overland flow / flooding
- Contaminated site
- Easements – sewer, power, access way etc.
- Encroachments – survey site
- Covenants
- Caveat or other encumbrances
- Notation on survey plan
- Neighbor disputes
- Council show cause notices



General Site Specific Constraints – May Impact Now & When Selling?

- **Adjoining properties** condition & tidiness, privacy & structures next to boundary.
- **Road hierarchy** – class of road/street, visibility, access restrictions, on-street parking etc.
- **Resumption plans** (road, footpath, parkland etc.)
- **Noise pollution** – road, flight path, industry, birds/bats.



General Site Specific Constraints – May Impact Now & When Selling?

- Air pollution – road, industry
- Subsidence – underground mining & earthworks
- Earthquake, sea level rise, tsunami
- Crime rate

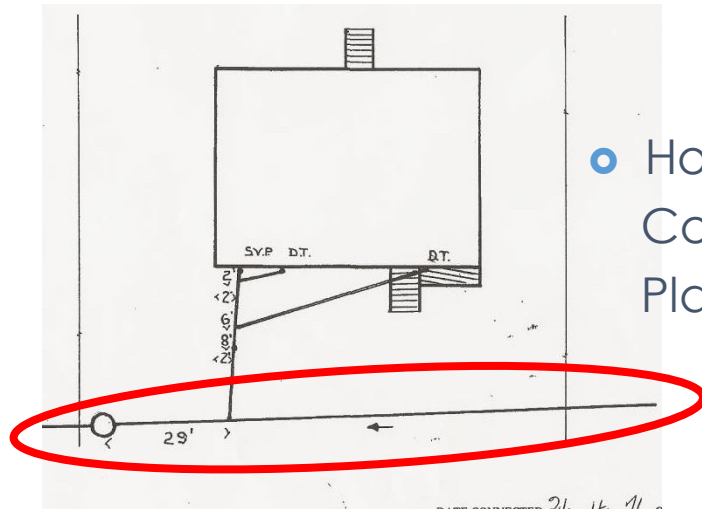
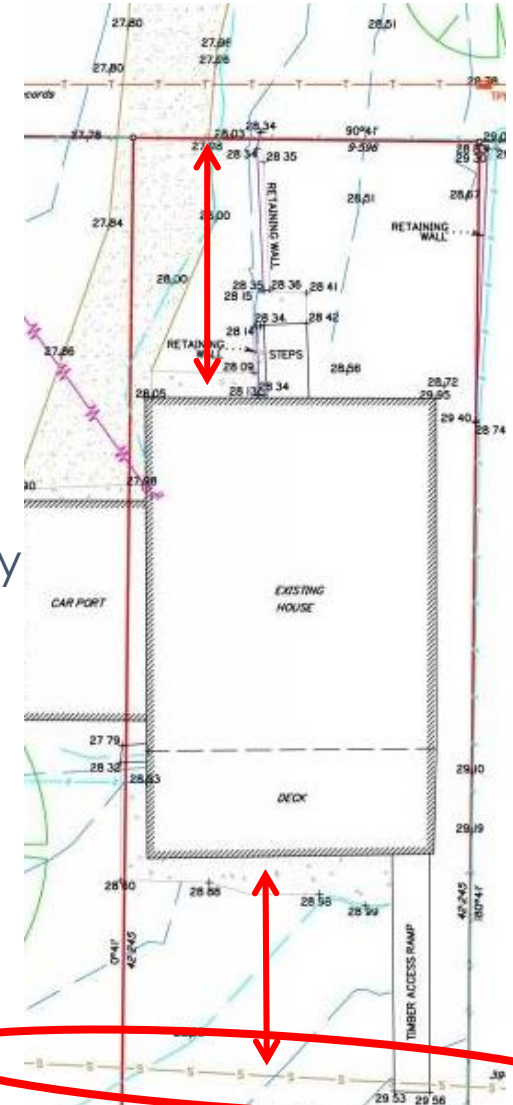


General Site Specific Constraints – The Deal

- **Front setback** – prevented stairs being moved forward & landing added.
- **Sewer easement** – restricted space for rear deck – 1.5m off sewer.



• Survey Plan

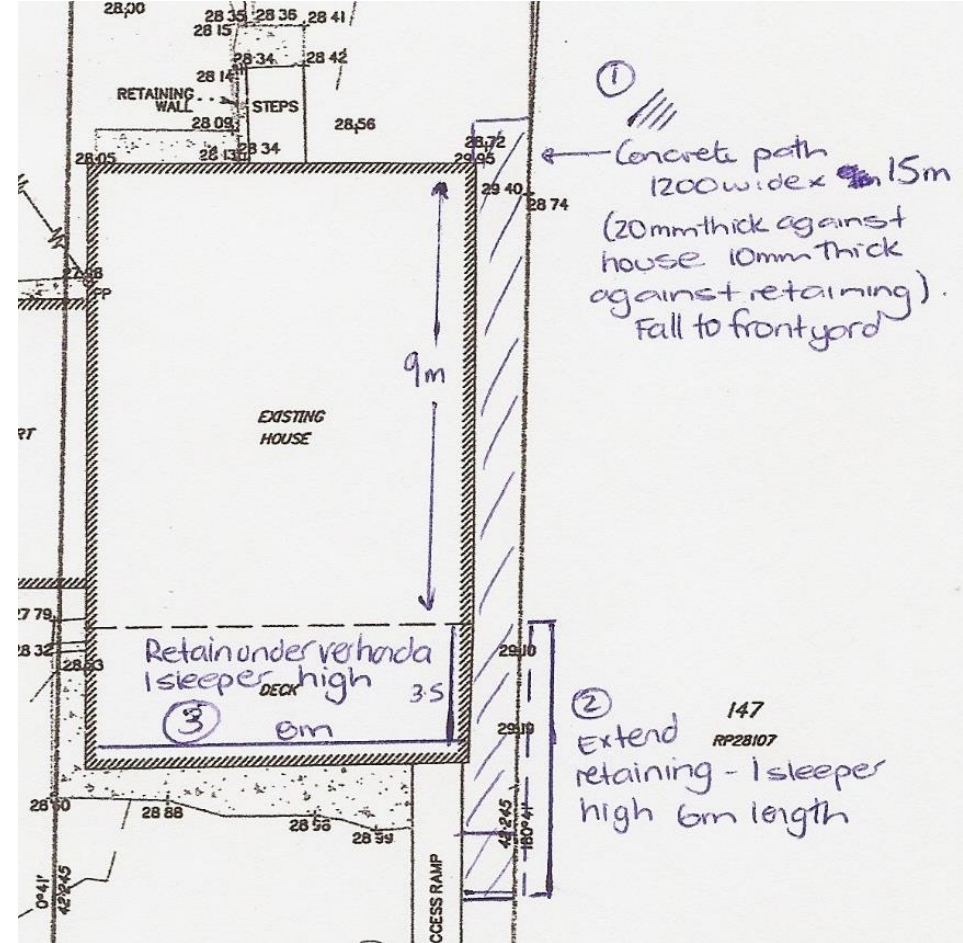


• House Connection Plan

General Site Specific Constraints

- The Deal

- Overland flow under house from side boundary – Works required



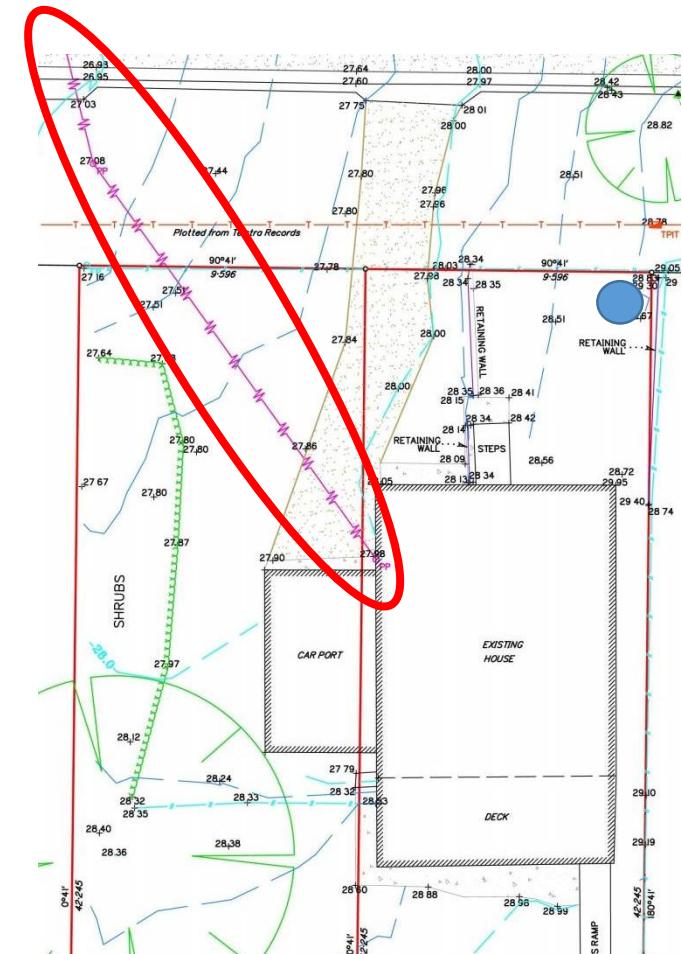
General Site Specific Constraints – The Deal

- Streetscape Significance Overlay – Dictated exterior style & colours.



General Site Specific Constraints – The Deal

- **Power pole** – needed to install new one to create separate title on adjacent block.
- **Shed at rear** – Needed to soften effect.



Phase 4 – Team, Documentation, Approvals

“A” Team? -

“A” Team – Depending on Extent of Reno

- Trades people including plumber, electrician
- Builder
- Building certifier (Building surveyor)
- Building designer / drafts person
- Building & pest inspector
- Council
- Land surveyor
- Lawyer that specialises in property
- Suppliers



“A” Team

- Money lender / Broker
- Real estate agent / purchasing agent
- Sales agent / marketers if you are planning to sell
- Property manager if you are planning to rent
- Valuer
- Specialist consultants e.g. Interior designer / colour consultant, engineer, heritage, cultural heritage
- Body corporate manager
- Insurance broker
- Staging consultant
- Depreciation specialist (Quantity surveyor) - if renting end product or sell to an investor



Team Requirements -

- What work can be done without a licensed Supervisor/ contractors licence?
- E.g. YOU vs Handyman vs Carpenter vs Builder.
- Different rules for every State & they change over time, so always check current requirements.
- E.g. QLD - If value of work (incl value of materials) exceeds \$3,300 a contractors licence of the appropriate class is required to carry out the works. Exemption = Work personally performed by the owner of land if the work value is \$11,000 or less.

When is a contractor licence required?

For more information see [QBCC Legislation](#). If you have any queries, please contact us on 139 333.

Disclaimer

The information contained in this document is not intended to replace or add to the existing law as stated in the QBCC Act or other legislation. Further, while every effort has been made to ensure that the information in this document is correct, in the event of any inconsistency between this document and the QBCC Act or other legislation, the later prevails. The information in this document is not legal advice.

Search **Clear**

[Expand All](#) [Collapse All](#)

Work	Is a licence required ?	Common exceptions	Licence classes	Key Legislation
T				
Tactile	Unless an exemption	Work that is not building work requiring a	The following licence	Key legislation

Team Requirements -

- Ensure they hold the necessary **contractor licence** – get copy & do search to ensure no infringements, complaints.
- Look for individuals that **specialise in renovations**.
- **Ask for references** or examples of their work/clients.
- Ask for a schedule of their **rates , fees and charges**.
- Discuss the **range of services** that you will require from each individual.



Team Requirements -

- Ensure that professionals are members of **Professional Associations** where relevant e.g. Building Assoc., Law Society, Institute of Quantity Surveyors etc.
- Ensure professionals are completely **familiar with local and State regulations.**
- Ensure all contractors & professionals have the necessary **insurances and certification** and request copies to ensure they are current over the duration of your project.
- Ensure that they are **in touch with the latest laws**, innovations and developments within the industry.

Team Requirements -

- Ask what **sub-consultants and contractors** they use & confirm how much time they will be on the job.
- Ensure the individuals on your 'A' Team **understand your time constraints.**
- Check on the progress of individuals to **keep them on target.**
- Do not pay invoices until you have **thoroughly checked the work.**
- **Pay invoices** as soon as possible once you are satisfied.



Renovation Checklist –

- Detailed checklist for each room.
- List – Is work required or not, what works, quantity, notes, & eventually price.

Renovations - Internal	Required	Price	Qty	Total	Actual	Notes
Kitchen						
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	\$ -		\$ -	\$ -	
Total				\$ -	\$ -	

Renovations - Internal	Required			Price	Qty	Total	Actual	Notes
	En Suite	1	2					
Bathrooms								
3 in 1 Heater / fan / light	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Architraves / skirting	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Bath / Spa Bath	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Bath towel holder	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Blinds / Curtains	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Ceiling	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Cornice	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Door - handle	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Door - internal	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Door - jamb	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Door - stop	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Exhaust fan	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Floor coverings	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Hand towel ring	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Light - downlights	Yes / No	Yes	Yes / No	\$ -		\$ -	\$ -	
Light - fitting	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	
Light - oyster (Dome)	Yes / No	Yes / No	Yes / No	\$ -		\$ -	\$ -	

Scope of Works –

- List all reno works to **exterior**:
 - Roof, gutters, downpipes
 - Windows & doors
 - Painting, rendering, bagging
 - Lighting
 - Stairs
 - Verandah / balcony / patio / pergola
 - Balustrade
 - Carports / garage
 - TV aerial
 - Make good repairs



Scope of Works –

- List all reno works to interior:
 - Kitchen
 - Bathroom
 - Laundry
 - Painting
 - Floor coverings
 - Wall coverings
 - Lights / fans / air-conditioning / heating
 - Electrical
 - Robes
 - Doors & door handles
 - Make good repairs



Scope of Works –

- List all **landscaping & site works**:
 - Gardens
 - Turf
 - Garden edging
 - Retaining walls
 - Garden shed
 - Driveway
 - Paths
 - Fencing & gates
 - Drainage works
 - Irrigation
 - Letterboxes
 - Clotheslines
 - Carparks
 - Frontage works – council verge
 - Pool, spa etc.



Scope of Works – The Deal

- Summary Draft

1	Roof / Wall Tie Down	19	Electrical
2	Wall Bracing	20	Electrical Fittings (lights/fans/Exhaust)
3	Floor Timber Repair	21	Plumbing
4	Repair to Wall Timbers	22	Plumbing Fittings (Shower/Toilet/Vanity/Laundry/Kitchen)
5	Install Beam between B1& B2	23	Plaster Board
6	Enlarge Rear Door (French Doors)	24	Plaster Fix and Set
7	Enlarge Front Door	25	Kitchen Cabinetry
8	Ant Cap Management	26	Kitchen Appliances (Oven, Hot Plate, RangeHood)
9	Exterior Wall Timber Repair	27	Floor Sanding
10	Remove Bathroom Window	28	Tiling / Water Proofing
11	Repair to Windows	29	Tiles
12	Front Fence	30	Shower Screen
13	Front Awning Timber Slat Detail	31	Painting Inside
14	Front Steps Timber Hand Rail	32	Painting Outside incl Fence
15	New - Rear Deck		
16	New - Internal Wall Frames		Landscaping
17	New - Internal Fix out		Robe Shelves
18	New - Timber Fence Entry Arch		
			TOTAL

Builders Specifications – The Deal

1. GENERAL
 (a) Termite Protection as per Australian Standard AS 3660-1.

2. DRAINER
 (a) Sewerage Installation to existing sewer stack.

3. CARPENTER / JOINER
 (a) Timber Framing to be F5 Blue Pine to all Internal walls.
 (b) Front Deck Merbau with Steel Stair Stringers and Timber Treads.
 (c) Rear Deck Merbau with Steel Stair Stringers and Timber Treads.

4. INTERNAL LININGS
 (a) 10mm Plasterboard to Internal Walls with the exception of the Wet areas which have Villaboard.
 (b) 10mm Plasterboard to all Ceilings.
 (c) Cornice to be 55mm cove.

5. EXTERNAL SHEETING
 (a) Repair Weatherboards where required.

6. DOOR FRAMES
 (a) Exterior Door Frames to be Pine.
 (b) Interior Door Frames to be Pine.

7. DOORS
 (a) Replace External Doors from Lounge Room.
 (b) Internal doors are Flush Panel.
 (c) External locks Gainsborough Governor Stainless Steel.
 (e) Internal Door locks Gainsborough Stronghold Series.

8. INTERNAL FIXING TIMBER
 (a) Architraves to be pine 42mm x 12mm Bullnose.
 (b) Skirting to pine 68mm x 11mm Bullnose.

9. FIXTURES AND FITTINGS
 (a) Kitchen Sink is a 1200mm Posh Solus.
 (b) Laundry Tub is a 22ltr Stainless Steel inset.
 (c) Towel Rail to bathroom is a Posh Solus.
 (d) Toilet Roll Holder is a Posh Solus.
 (e) Vanity Basin is a Posh Solus in white.
 (f) W.C. Suite is a Posh Solus in white.
 (g) Mirror above the vanity unit is 900mm high by length of vanity.
 (h) Shower Screen with Pivot Door and Clear Glass.
 (i) Shower Base to be Tiled.

10. TAPS, SPOUTS ETC
 (a) Tapware is Mizu, Flickmixer to Kitchen.
 (b) Hot Water Temperature Control.

11. ELECTRICIAN
 (a) 11 x Light Points.
 (b) 11 x Low Voltage Down Lights
 (c) 2 x Single Power Points.
 (d) 10 x Double Power Points.
 (e) 1 x TV Points.
 (f) 1 x Telephone Points (prewire only).
 (g) Smoke Detectors to suit requirements.

12. ELECTRICAL WHITEGOODS
 (a) PC Allowance \$1200.00

PC Allowance \$3,600.00

13. PAINTER
 (a) External and Internal Painting by Builder
 (Walls of one colour, Ceiling of one colour).

14. CABINETMAKING (including vanities and laundry cupboard)
 (a) Kitchen cupboards are 600mm wide Laminat.
 One bank of four drawers with cutlery tray to top drawer is included.
 Benchtops are Postformed. Doors are square edge laminate.
 Overhead cupboards are included where indicated on plan only.
 (b) Vanity cupboards to Bathroom and Ensuite have square edge laminate swing doors and 1 shelf under.
 Benchtops are postformed.

15. WARDROBES / LINEN CUPBOARDS
 (a) Doors are Vinyl Sliding.
 (b) Robe to have a full length white melamine top shelf, a chrome hanging rail and a bank of 3 x 500mm wide white melamine shelves to one side.
 (c) Linen cupboards has 4 x full length white melamine shelves.

16. FLOOR COVERINGS
 (a) Repair and Sand and Finish existing Floor Boards.

17. CERAMIC TILING
 Grout colour to be grey.
 All ceramic tile allowance is \$25.00 m² to the following areas only.

(a) BATHROOM
Wall Tiles - Vanity Splashback 200mm high maximum by length of vanity.
 Shower Recess to 1800mm high maximum.
 Skirting 200mm high maximum.
Floor Tiles - To all of floor.

(b) LAUNDRY
Wall Tiles - Tub & Washing Machine Splashback 200mm high maximum
 Skirting 200mm high maximum.
Floor Tiles - To all of floor.

(c) W.C.
Wall Tiles - Skirting 200mm high maximum.
Floor Tiles - To all of floor.

(d) KITCHEN
Wall Tiles - Sink Splashback 300mm high maximum.
 To underside of rangehood and overhead cupboards if applicable.

PRICE \$ 68,181.82
GST \$ 6,818.18
TOTAL \$ 75,000.00

*Please note that this is an Estimate Only
 and is Subject to Working Drawings and Engineers Details.*

Works Contract -

- There is a minimum value of work before you need a contract & it differs between States – need to understand before proceeding to confirm current requirements:
- NSW requires any work over \$5,000 be contracted (small jobs contract)
- Vic more than \$5,000
- QLD over \$3,300
- WA over \$7,500



Build / Works Contract -

- **Residential contracts** are very prescriptive – standard document – fill in the blanks.
- **Different types** depending on the organization that prepared them e.g. Master Builders Association, Building and Construction Commission in your State, and Housing Industry Association.
- Remember that tradies and builders are not mind readers so ensure **all details are documented.**

- See **Construction Webinar**



Approval Process -

- Where Building Approval (BA), plumbing approval, and / or council approval is required – prepare design plans, engineering plans & documentation as required & **submit to the appropriate authorities.**
- **Ask Questions** to understand your State & Council requirements e.g. can private building certifier/surveyor be used, what is the approval process, timeframe, documents required, cost etc.?
- Extension works will require **BA** & potentially structural reno??



Building Approval - QLD

- **QLD Building & Construction Commission** regulates building industry in QLD, including licencing of contractors & certifiers, providing contractor information, dispute resolution, compliance & enforcement, providing home warranty insurance.
- **Private Building Certifier** gives BA, and also Council's to a lesser extent now.



Building Approval - NSW

- Building Approval = Construction Certificate (CC)
- **NSW Fair Trading** regulates builders and tradespeople in NSW, including licensing of contractors / supervisors, providing contractor information, dispute resolution, compliance & enforcement, providing Home Building Compensation Fund (Insurance).
- **NSW Building Professional Board** - accredits and regulates certifiers in NSW, including managing complaints, compliance, disputes against any certifiers.
- **Private Building Certifier** gives CC, and also Council's to a lesser extent now.

Building Approval - VIC

- **VBA (Victorian Building Authority)** regulates the building industry in VIC, including licencing of contractors & certifiers, providing contractor information, dispute resolution, compliance & enforcement. VMIA provides home warranty insurance.



- **Private Building Surveyor** gives BA, and also Council's to a lesser extent now.

Building Approval - WA

- WA Department of Commerce – Building Commission – regulates building, painting, building surveying & plumbing services and licensing in WA.
- WA Building Approval Process – 2 Types - Certified Application & Uncertified Application.
- Both require a Certificate of Design Compliance (CDC) to confirm that the buildings design complies with applicable building standards.
- Registered building surveyor must be appropriately qualified to issue a CDC.



Building Approval - WA

- **Certified Application** = You engage a private registered building surveyor to complete a CDC before application for permit submitted. Authority (Council) has 10 business days to approve / reject.
- **Uncertified Application** = Application submitted then permit authority (Council) assesses compliance with National Construction Code & completes the CDC before granting approval. 25 business days to approval / reject.



Building Approval - SA

- **SA Government** regulates the building industry in SA, including licencing of contractors & certifiers, providing contractor information, dispute resolution, compliance & enforcement. VERO provides building indemnity insurance.



- **Private Certifiers/Building Surveyors** gives BA, and also Council's to a lesser extent now.

Energy Rating -

- Part of BA (through National Construction Code) is achieving:
 - **Minimum 6 Star Energy Rating** for the building fabric - ability to stay naturally cool in summer & warm in winter, plus
 - **Water & energy efficient measures** e.g. energy efficient lighting, water saving toilet / shower / tapware, water storage.



Energy Rating - QLD

- In QLD, the Star Energy Rating is determined by an **Energy Efficiency Assessment**, required to ensure the design meets the provisions within the National Construction Code & the QLD Sustainability Code.
- QLD Home Energy Rating Index (**BERS**) assessment is done by Building Certifier or independently. Provides the Star Energy Rating and recommendations on the design re insulation, glazing, airflow & ventilation.



Energy Rating - NSW

- Building & Sustainability Index (BASIX)
- This typically is part of approval process
- **Water** – 40% reduction in potable water consumption compared to avg dwelling
- **Thermal Comfort** - The score in Thermal comfort is a simple PASS or FAIL. A dwelling will get a pass if there is an adequate level of thermal performance for winter and summer appropriate to its climate. The Thermal Performance requirement can be achieved either by completing the information on the BASIX site or by having an energy assessment done by an accredited assessor and using the results on the BASIX web site.
- **Energy** - 40% reduction in greenhouse gas emissions compared to avg dwelling

Project score		
Water	✓ 58	Target 40
Thermal Comfort	✓ Pass	Target Pass
Energy	✓ 43	Target 40

Energy Rating - NSW

- In NSW, the BASIX certificate is required to ensure the design meets the provisions within NSW Department of Infrastructure, Planning and Natural Resources
- The Association of Building Sustainability Assessors (ABSA) represents building and design professionals who offer specialist skills in assessing the ecological impact of our built environment.
- ABSA works closely with the NSW Department of Infrastructure, Planning and Natural Resources who have developed BASIX. ABSA assessors are accredited to calculate the energy loads needed in the Thermal Comfort section of the BASIX certificate.

Energy Rating - VIC

- Home Energy Rating assessment is done by Building Certifier, Building Designer or independent Consultant. Provides the Star Energy Rating and recommendations on the design re insulation, glazing, airflow & ventilation.

Energy Rating - WA

- Registered Building Surveyor does assessment.

Energy Rating - SA

- In SA, the Star Energy Rating is determined by an **Energy Efficiency Assessment**, required to ensure the design meets the provisions within the National Construction Code.
- Home Energy Rating assessment is done by Building Certifier, Building Designer or independent Consultant. Provides the Star Energy Rating and recommendations on the design re insulation, glazing, airflow & ventilation.

Insurance –

- Use Good **Insurance Broker** for Advice & Quotes:
- 1) **General Home / Building Insurance** –
 - A) Covers damage to house/garage/sheds etc. caused by fire, weather events, break-ins etc.
 - B) Legal liability covers damage to other people & their property at your address.
- Need to **notify insurer about reno & duration vacant** & ensure they prepared to maintain cover – get written confirmation.



Insurance –

- 2) **Contents Insurance** – Important even if vacant – Covers loss or damage to contents – including floor coverings, window coverings, aircon exterior units etc. - caused by fire, break-ins, & weather events.
- **Units / apartments / townhouses** - Body Corp Insur covers building exterior & common areas but not inside your property e.g. storm damage to aircon unit, blinds, carpet etc.!!!



Insurance –

- 3) Construction / Contract Works Insurance –
- Covers construction works in progress, should loss or damage occur during construction (incl. theft, malicious damage, storm, defect material? etc). Include Public Liability cover to cover damage to third party's entering site – (Note - uninvited guests?) - No standard Policy.
- Ensure that you (property owner e.g. Trust) – is listed as interested party (along with the bank).
- Policy typically taken out by builder - Ensure you get copy of policy & builder doesn't cancel policy during project (e.g. financially stressed).


Insurance –

- 3) Construction / Contract Works Insurance –
- Consideration to **take out insurance yourself** to ensure it is maintain for duration of works.
- **Ceases at Practical Completion (PC)** so ensure you have Home / Building & Contents Insurance in place at PC.
- Definitely **required for structural reno / extension**, & depending on value of cosmetic reno - definitely required when have Building Contract.



Insurance – QLD

- 4) **QBCC Home Warranty Insurance** – Covers homeowner in situations where contractor fails to complete work, work is defective, subsidence occurs.
 - Payable when market value of work over **\$3,300**.
 - Covers 6yrs 6mths.
 - Only **covers residential** work – not commercial.
 - Check implications if have **multiple contracts with same builder at same time**.
 - Certificate** must be provided to Certifier for BA.



QUEENSLAND BUILDING AND CONSTRUCTION COMMISSION
Please address all correspondence to GPO Box 5099, Brisbane Qld 4001
T 139 333 F 07 3225 2999 W www.qbcc.qld.gov.au

Contact: Insurance Services Officer Our Ref: 999999
Office: Brisbane
Telephone: 139 333
Fax: 07 3225 2829


13 March 2015

QBCC Sample Builder
299 Montague Road
SOUTH BRISBANE QLD 4001

Confirmation of Insurance No. 1111111

CONSTRUCTION AT: LOT 999 ON 123456
SITE ADDRESS: 999 Sample Road, SOUTH BRISBANE QLD 4001
PERFORMED BY: John The Builder
LICENCE NUMBER: 99999999

The QBCC confirms the abovementioned contractor has paid the "appropriate insurance premium" for work described as 1 x NEW DWELLING to be performed at the above address. This letter is satisfactory evidence for an Assessment Manager to comply with the requirements of Section 68(2) of the Queensland Building and Construction Commission Act 1991 for issue of a development approval.


Shane Wilson
Director Insurance Services

Notified Contract Value \$1,156,000.00
Insurance Premium \$5683.45
Premium includes GST of \$516.68

NOTE: THIS DOCUMENT IS TO BE PRESENTED TO THE CERTIFIER / COUNCIL AS EVIDENCE THAT INSURANCE HAS BEEN EFFECTED TO ENABLE THE ISSUE OF THE DEVELOPMENT APPROVAL.

Build better.

Insurance – QLD

- 5) **Q-Leave** – Construction Industry Portable Long Service Leave – Payable through QBCC, enables contractors / employees to work for many employers & gain long service leave benefits.
- Pay @ Australia Post, On-line or direct with Q-leave
- Receipt** provided to Certifier for BA.

BUILDING AND CONSTRUCTION INDUSTRY
QLeave **NOTIFICATION AND PAYMENT FORM**
FORM BCI 10 V7
This form is issued in accordance with the Building and Construction Industry (Portable Long Service Leave) Act 1991 s67(1), s76(2) and s77(1).
PO Box 512 Lutwyche Qld 4030 FREECALL PH 1800 803 481
A.B.N. 89 586 619 186

QLEAVE LEVY NUMBER
E157742

PART 1 PAYER DETAILS

Has the payer lodged a notification with QLeave previously? Y/N **N** If yes, please insert customer number if known (Contact QLeave). If no, leave blank. **0 2 3 7 2 4** Customer No.

Payers Legal Name **UNKNOWN CUSTOMER**

Payers Trading Name **QLEAVE**

Payer Legal Name ABN (if applicable)

Postal Address **SUITE 4 / 543 PO BOX 512, C/-QLEAVE, LUTWYCHE** Post Code **4030**

Contact Person (FULL NAME) **LEVIES TEAM**
Daytime Phone No. **0732126890**

PART 2 BUILDING AND CONSTRUCTION WORK DETAILS

Description **CARPARK**

Lot No. Plan No. Local Council **DIAM** Certifier **SDF** Certifier Phone No. **0732323232**

with daily summary sheet to QLeave

Insurance – NSW

- 4) Home Building Compensation Fund (formerly Home Warranty Insurance Fund)– Covers homeowner in situations for defective or incomplete building work if the builder becomes insolvent, dies or disappears. The insurance can also protect you if the builder's licence is suspended for failure to comply with a tribunal or court money order in your favour.
- http://www.fairtrading.nsw.gov.au/ftw/Tenants_and_home_owners/Home_building_and_renovating/Home_warranty_insurance.page
- http://www.hbcf.nsw.gov.au/portal/server.pt/community/icare_builders_warranty/347/



This is a Certificate of Eligibility issued by QBE on behalf of the NSW Self Insurance Corporation (SICorp) for the Home Warranty Insurance Fund. The certificate is for a policyholder named MSA Insurance Services Pty Ltd, located at PO Box 5, Broadway NSW 2007. The policy number is 874-2000113-0001. The certificate is issued for a residential building warranty policy for a builder named Timothy Peter Luck, located at 128 Sutherland Road, Jerrahi NSW. The maximum eligible insured total value of residential construction is \$2,000,000.00. The certificate also includes a table of coverages and a disclaimer.

Maximum Contract Value of Any One Residential Job	
SINGLE DWELLING - ALL	\$450,000.00
ALTERATIONS AND ADDITIONS STRUCTURAL	\$650,000.00
ALTERATIONS AND ADDITIONS NON STRUCTURAL	\$1,000,000.00

Any application for insurance that is outside these limitations or eligibility will not be considered. Where a builder wishes to enter into contracts outside the above limitations, SICorp's insurance agent should be contacted to request a review of the builder's profile and the builder should complete a Builder Profile Change Assessment Application Form. Such review will require the provision of additional financial and technical information and the review will be subject to SICorp's decision and approval.

THIS CERTIFICATE OF ELIGIBILITY IS NOT TO BE USED AS A CERTIFICATE OF INSURANCE UNDER THE HOME BUILDING ACT 1989 (NSW). HOME OWNERS ARE NOT COVERED AS A RESULT OF THIS CERTIFICATE OF ELIGIBILITY AND SEPARATE CERTIFICATES OF INSURANCE ARE REQUIRED IN RESPECT OF INDIVIDUAL BUILDING WORKS.

- This certificate creates no contract of insurance, nor does it give any right to insurance in relation to any particular building work.
- SICorp, acting through its insurance agents, reserves the right to refuse any or all applications for insurance and seek additional information from the builder from time to time. This information will include but is not limited to, financial reports, debt and references.

Insurance – NSW



- 5) The Long Service Corporation administers a scheme which provides a portable long service benefit for eligible workers in the building and construction industry in NSW, enables contractors / employees to work for many employers & gain long service leave benefits.
- <http://www.longservice.nsw.gov.au/bci>
- <https://online.longservice.nsw.gov.au/BCI/LEVY/Payment/Create>

Insurance – VIC

- 4) Home Warranty Insurance (Domestic Builders Warranty Insurance) – Covers homeowner in situations where the builder dies, disappears or becomes insolvent
 - Payable when market value of work over \$16,000.
 - Covers structural defects for 6 years.
 - Only covers residential work – not commercial.
 - Check implications if have multiple contracts with same builder & same time.
 - Certificate must be provided to Certifier for BA.



Insurance – SA

- 4) **Building Indemnity Insurance (Domestic Builders Warranty Insurance)** – Covers homeowner (and subsequent home owners) if the builder dies, disappears or becomes insolvent
 - Payable when market value of work over **\$12,000**.
 - Covers structural defects for 5 years from practical completion.
 - Only **covers residential** work – not commercial.
 - **Certificate** must be provided to Certifier for BA.

Insurance – Other States

- Construction Industry Portable Long Service Leave:
- **WA** Construction Industry Long Service Leave Payments Board.
- **Victoria** – CoINVEST
- **South Australia** – Construction Benefit Services (CBS)
- **Tasmania** – TasBuild
- **ACT** – Construction Industry Long Service Leave Board (ACT LSLB)
- **NT** – NT Build

Phase 5 – Feasibility & Financing ***

- Do at end!!!



Phase 6 – Site Works – The Deal



- New front door & stairs



- Painted, fence, repairs

Site Works – The Deal



- Wall & ceiling framing, tie-down, floor repair



- New kitchen, plastered walls, doors

Site Works – The Deal



- Lounge door opening, rear deck



- Painting, floors polished

Site Works – The Deal



- Bedrooms created

Site Works – The Deal



- Bathroom & laundry created, new plumbing, electrical

Site Works – The Deal



- Added covered rear deck, privacy screens, french doors, garden beds, paths, & replaced window

Site Works – The Deal



- Screened shed & created clothesline area

Site Works – The Deal



- New power pole installed



- Tidy underneath

Reno Tips & Tricks -

- Source supply's from **eBay, gum tree, trading post**, seconds outlets, demolition yards, etc.
- **Mulch** – cheap & quick – big impact.
- **Bluestone gravel** for driveways, paths etc.
- Single light glass doors from Bunnings – cheap & maximum opening if leaf doors together.
- Open **trade account** with suppliers to get trade prices and payment terms.
- **Be aware of imported goods** e.g. China - but not to Australian Building Standard e.g. missing watermark, glazing rating etc.
- If you **do works yourself or supply materials** / equipment – it may not be covered by tradesperson / builder.

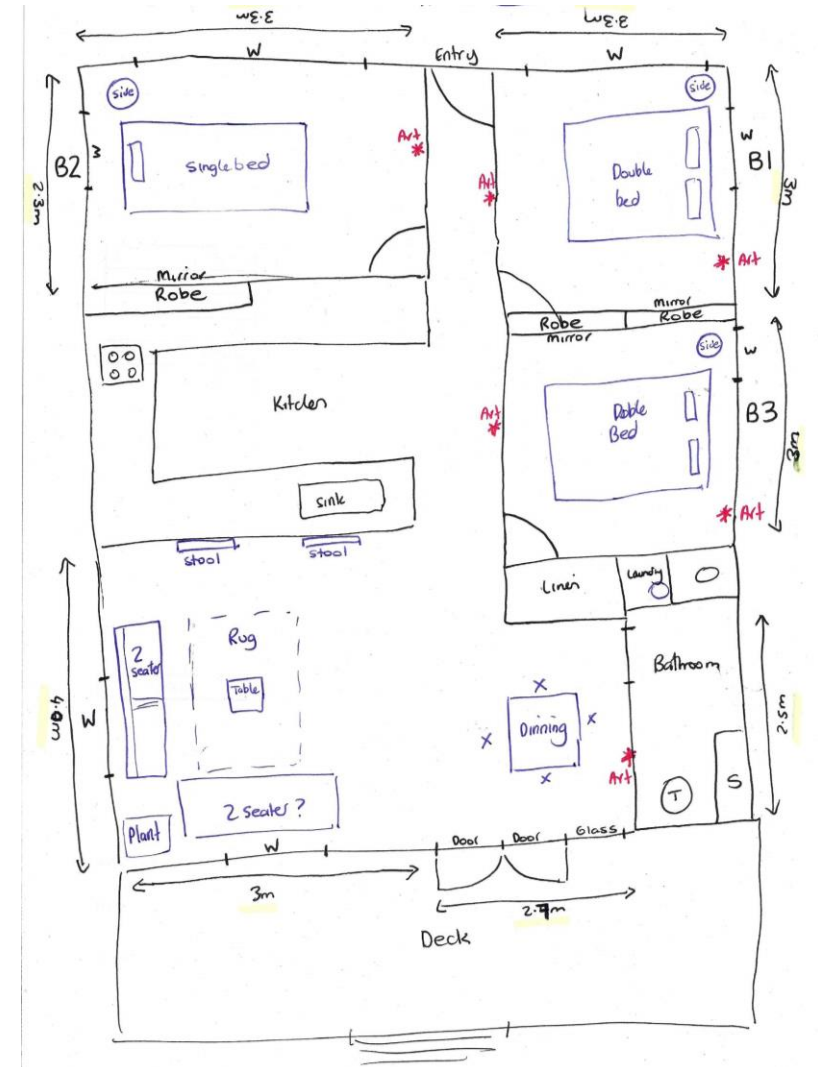
Phase 7 – Selling Staging Furniture –

- Staging furniture **creates emotion** & people can see themselves living there!
- Furniture **distracts the eye** in a good way & makes rooms look larger.
- Visual appeal **not practicality** e.g. no TV.



Staging Furniture – The Deal

- Rough floor plan with furniture layout to guide staging.
- Option to hire furniture vs purchase approx. \$3k



Professional Photos – The Deal

- Always use a **professional photographer** – not real estate agents happy snaps or your own!!



Professional Photos – The Deal



Professional Photos – The Deal



- Choose the **money shot** for marketing!
- Specify the **order of photos** used in adds incl. internet

Written Copy –

- Sell the **SIZZLE** – create emotion not just list the facts.
- Describe the **benefits** not list the features



- Finish with a **call to action**.

Written Copy – The Deal

[1\) Realestate.com.au Copy](https://www.realestate.com.au)

Style and Charm

- Entertain friends and family on the relaxing huge covered rear deck of this stylish fully renovated home.
- Be greeted by light filled open plan living, expansive glass doors, high ceilings and beautiful timber floors, a joy to come home to.
- The spacious new kitchen with quality appliances, new bathroom and generous sized bedrooms makes for easy modern living with nothing left to do but enjoy.
- Expansive storage and parking under the house plus a garden shed provides room for a workshop and all the “Toys”.
- Convenient living is at your door step with an easy stroll to the Cafes, Schools, Night Markets and train from this quiet location in the centre of Town.
- Call Today.

Written Copy – The Deal

2) Abbreviated Copy for Flier

Style and Charm

Entertain friends and family on the relaxing huge covered rear deck of this stylish fully renovated home.

The spacious new kitchen with quality appliances, new bathroom and generous sized bedrooms makes for easy modern living with nothing left to do but enjoy.

Call Today.

Phase 5 – Feasibility & Financing ***

Timeframe – How Long Does Reno Take?

- **Dependent** on the extent of works, your capacity to project manage and coordinate supplies and trades people.
- **Be realistic** & allow for wet weather delays, financing delays, reno work delays, etc.

What Exit Strategies are Possible?

What Exit Strategies are Possible?

- Sell
- Hold & Rent
- Conduct detailed feasibility on each



Rough Feasibility – What are the Major Headings?

Item	\$

Rough Feasibility – What are the Major Headings?

- Start from the end product & work backwards

Item	\$
Sale Value	
Sale Costs	
Purchase Price	
Purchase Costs	
Strategy Costs - Renovation	
Operating Expenses – Hold Costs	
Total Costs	
Profit / Loss	

Rough Feasibility – What are the numbers?

○ Insert \$ figures

Item	\$
1. Sale Value	
2. Sale Costs	
3. Purchase Price	
4. Purchase Costs	
5. Strategy Costs - Renovation	
6. Operating Expenses – Hold Costs	
7. Total Costs	
8. Profit / Loss	

Rough Feasibility – What are the numbers?

- Insert \$ figures

Item	\$
1. Sale Value	Comparable Sales (Reno'd house/unit)
2. Sale Costs	Approx. 3%
3. Purchase Price	Comparable Sales
4. Purchase Costs	Approx. 6%
5. Strategy Costs - Renovation	Cosmetic Reno @ 9%
6. Operating Expenses – Hold Costs	Research
7. Total Costs	Sum of items 2 to 6
8. Profit / Loss	Item 1 minus item 7

Detailed Feasibility – Expand on Sale Value?

Item	\$
1. Sale Value	
Total	

Detailed Feasibility – Expand on Sales Value?

Item	\$
1. Sales Value	
Renovated house	
Rental from house – if rented	
Total	

Detailed Feasibility – Expand on Sales Costs?

Item	\$
2. Sale Costs	
Total	

Detailed Feasibility – Expand on Sales Costs?

Item	\$
2. Sale Costs	
Commission – House Sale	
Advertising & Marketing	
Auction Costs	
Photographer	
Staging	
Website	
Legals	
Other	
Total	

Detailed Feasibility – Expand on Purchase Costs?

Item	\$
3. Purchase Costs	

Detailed Feasibility – Expand on Purchase Costs?

Item	\$
3. Purchase Costs	
Purchase Price	
Stamp Duty	
Legals	
Borrowing Costs	
Mortgage Insurance	
Structure Set up	
Other	
Total	

Detailed Feasibility – Expand on Renovation Costs?

Item	\$
4. Strategy Costs - Renovation	
Total	

Detailed Feasibility – Expand on Renovation Costs?

Item	\$
4. Strategy Costs - Renovation	
Paint Exterior & Interior	
Upgrade Bathroom	
Upgrade Kitchen	
Upgrade Light Fittings	
Polish Floorboards	
Landscape Front & Back	
Rubbish Removal	
Window Coverings	
Make Good Repairs & Miscellaneous – e.g. approvals	
Total	

Detailed Feasibility – Expand on Operating / Hold Costs ?

Item	\$
5. Operating / Hold Costs Per Year	
Total	

Detailed Feasibility – Expand on Operating / Hold Costs ?

Item	\$
6. Operating / Hold Costs Per Year	
Rates	
Water	
Insurance – House & Land	
Management Fee – House Rental	
Repairs & Maintenance - House	
Other	
Interest on Mortgage	
- Interest Rate	
- Bank Loan Amount	
Total	



Detailed Feasibility – Expand on Analysis Calculations?

Item	\$
1. Total Net Income From Sale	
2. Value of Property Held	
3. Total Project Value	1+2
4. Total Expenses	
5. Total Profit / Loss on Project	3 – 4

Detailed Feasibility – Expand on Analysis Calculations?

Item	\$
6. Return on funds contributed	
7. % Cash Flow Return on Funds Invested on Hold Projects after Refinance	
8. % Return on Project Cost	

- Cash Flow from Holding Long Term
- Re-valuation on Hold Projects

Detailed Feasibility – Funding Columns Added

Item	\$	Bank \$	Own \$
3. Purchase Costs			
Purchase Price			
Stamp Duty			
Legals			
Borrowing Costs			
Mortgage Insurance			
Structure Set up			
Other			
Total			

Reno Budget – The Deal

Item	\$	Item	\$
Electrical	\$5,500	Floor Sanding	\$2,200
Electrical fittings	\$1,100	Tiling/water Proofing	\$1,100
Plumber	\$7,700	Tiles	\$385
Plumbing Fittings	\$3,300	Shower Screen	\$660
Plaster Board	\$1,650	Painting Inside	\$3,300
Plaster Fix & Set	\$3,850	Painting Outside	\$3,300
Cabinetry	\$3,850	*Make Good / Carpentry	\$35,785
Appliance	\$1,320	Total (Inc GST)	\$75,000

* Make Good: roof/wall tie down, wall bracing, floor timber repair, repair to wall timbers, beam between B1&2, rear doors, ant cap management, exterior wall timber repair, remove bathroom window, front fence
 Build new: Front porch, rear deck, internal wall frames, internal fix out.

Feasibility Notes-

- **No specific target profit level** for a reno -
Aim to spend \$1 on reno to make at least \$1 profit.
- Hence if spend \$30k on reno want to make \$30k profit from deal.
- Need to **determine** what **level of profit** you prepared to accept for the cost, time, risk, cash in & management required.



Feasibility Notes-

- **No GST on Sale** – Generally GST not charged unless major extension & substantially changed property e.g. doubled footprint.
- If feaso shows project isn't viable – **review costings** with your trades people, builder, suppliers, & sales agent before walking away!



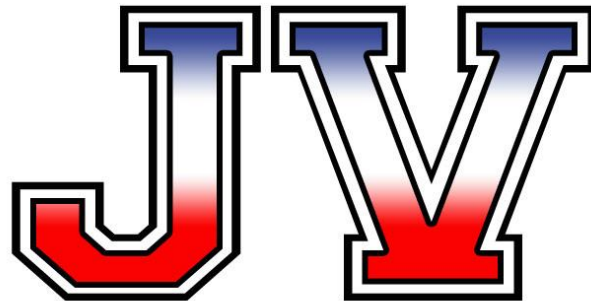
Funding Options -

- 1) **Residential purchase** of house (no need to disclose to bank at outset the plan to reno).
- 2) If house is **uninhabitable** – bank may lower LVR e.g. 60%.
- 3) Typically renovation costs paid from **cash or LOC**.
- 4) Major structural or extension renovation – **potential to obtain finance** @ approx. 80% of build contract – subject to on completion valuation.



Seller / Property Owner JV – Reno?

- Typical Opportunity (1) – Property is **on the market but not selling** – you have identified why its not selling and can remedy for profit e.g. poorly presented, outdated etc. e.g. reno potential.
- You **negotiate with the seller** (via agent) that you can partner with them to do the improvements & will split the additional profit with them 50/50.

The logo consists of the letters 'J' and 'V' in a bold, stylized font. The letters are filled with a gradient from blue at the top to red at the bottom, and have a white outline.

Seller / Property Owner JV – Reno?

- All parties must **agree on the current market value** of the property – so that you can do a feaso to calculate profit potential.
- Typically owner doesn't have the money, time, knowledge, or inclination to do reno – that's your role – hence **YOU do need the funds to do the reno.**



Seller / Property Owner JV – Reno?

- Because you not buying property then **save on purchase costs / hold costs** e.g. stamp duty, legals, interest, rates etc.
- Good strategy if you have **low equity / low serviceability**.



Seller / Property Owner JV – Reno?

- Alternative Opportunity (2) – JV with land owner who's **property isn't on the market!!**
- **More challenging to negotiate** because to extract the profits from your reno effort - only 2 options:
 - Owner sells
 - Owner re-finances = increase their debt
- More **suits a development style deal** e.g. subdivision or multi-units where the profits are larger or partial sale means the owner can stay.



QUESTIONS?