

## Reno Supremo Spills the Beans...

**Dymphna:** Welcome everybody to iloverealestate.tv. Great to have you guys on board again and hope you have had a fabulous week.

Today, I'm going to talk about a topic that most people run into it some point in time and whether it would be on your own home, or whether it be on an investment property or your very first deal that you get out there and do, at some point in time, you're going to be faced with some dilemmas around renovation.

Now renovation can be a strategy that is a chunk deal. What I call a chunk deal is when you do a deal and you do something to that deal and you make money out of it. Now that can be your PPR (Principal Place of Residence) or it can be an investment property. A chunk deal is a concept of making a 'chunk' of money out of doing something, so renovation really comes in as a chunk deal and it's a great way to get in there, maybe even start off in real estate and maybe even start off in real estate on your very first deal. It's a strategy that even if you absolutely hate renovating, you don't like designing, you don't like interior decorating, you don't know which end of the hammer to use or the paint brush, it doesn't matter because renovation is something if you're handy, you kind of think that you have to do it yourself. Well I've got a few suggestions on that and that's not always the way to go. Or if you're on the other side of the scale where there is absolutely no way around doing a renovation - you just want new.

Well I think there's a middle ground there which is very lucrative and that's what we're all about or about making money and profits in real estate.

I want to talk about renovations because even if your strategy for making money in real estate is new construction, great. But at some point in time, you're going to run across the situation where you're going to have to do some form of renovation, so that's why what I want to talk about it. I think it's a very important strategy. I think it's a

strategy that everybody will have to do at some point in time and there are a lot of techniques that you can utilise to fast track things. There are a lot of techniques you can use to cut down your costs and there are a lot of techniques that you can use to really make more money.

A lot of people think renovation is the easiest strategy to do in real estate. I wouldn't say it's the easiest, in fact, I think it's one of the more difficult ones, but it's actually normally the strategy that most people start with. It's the strategy that they think they have to start with. If you're already in real estate but the only real estate you have is your own home and it's an older home, it is probably where you're going to start. So let's talk a little bit more about some of the strategies and some of the techniques that you can use to fast track things and make more money.

Now, the gentleman I'm going to have on today is a gentleman you all know. He is somebody that I've had on before and I know I've received a lot of emails and cards and support of some of the great learnings that have come out of our chats and that is Mr. Ian Ugarte. Are you there Ian?

**Ian:** Yes, I am here and I am a gentle man.

**Dymphna:** You are gentle man, are you? Is it very often that you get to describe as a gentleman?

**Ian:** I'm more like a gentle boy usually... It's a size thing.

**Dymphna:** Okay Ian, now renovation is something you've got a fair degree of experience in and for those who are just listening to you for the first time, let's back track a little bit and talk a little bit about your earlier history and how you've come from a trade background. What trade was that?

**Ian:** I'm a plumber by trade. I grew up in a family of plumbers. Dad is a plumber, brother is a plumber, sister, mum - everyone is a plumber.

Yes, so that's my trade and that's where I started to pick up about building and renovation.

**Dymphna:** And you quickly saw that it probably it wasn't going to be your life's desire to work on the tools all your life. You got offered an opportunity to go and work for TAFE and to teach other plumbers.

**Ian:** Yes, I was lucky. I was fortunate enough that I had reasonable skill base and I started in a competition which eventually led to me going to teaching. I started very early. I think it was 23 when I started teaching and so from there, I worked my way up to head teacher in plumbing and that was great. I got to be with kids and teach them and produce more out of them as we're going along and then got into management of TAFE New South Wales, so from that - here I am.

**Dymphna:** You had a pretty solid rise to fame in a TAFE industry in New South Wales and you were a head something or another?

**Ian:** Essentially I was an Assistant College Director and so one more step, I would have been a College Director.

**Dymphna:** That sounds pretty cool, huh?

**Ian:** Yes, well. You get your own car spot.

**Dymphna:** Very good and then of course, along came me and the training and everything else and you chucked it all in.

**Ian:** Yes. I love it.

**Dymphna:** Now, I don't give you a car spot at all.

**Ian:** I don't need a car spot but yes, it was reverse of pear shape I suppose when I met Dymphna and yes and I did become a student and quite happily and now in a position where I'm a full-time investor.

**Dymphna:** Give us figures. How much is your passive income?

**Ian:** Well, in excess of \$200,000 now and aiming at...

**Dymphna:** That is per annum.

**Ian:** Per annum and...

**Dymphna:** That comes in passively? You don't have to worry about a car spot to have it...

**Ian:** No, that's right and we're aiming towards half a million in a year or two's time.

**Dymphna:** Certainly have got some credentials behind you.

Now one of the things that you've done a quite a bit of and obviously with your trade background and technical experience is the renovation game and that's what we're going to talk about today. So thanks for coming back on and being one of my regulars on the show.

Now renovation, let's start with where most people start which is renovating your own home.

One of the biggest mistakes that I find people make is that they renovate to suit their own emotional needs rather than their hip pocket. Now that's okay if it's your home, and you want to live there forever and ever, but if you are considering your Principal Place of Residence or the place where you live as a stepping stone to something else and a primary part of your wealth creation strategies, then you have to look at things a little bit differently than, "Oh, I really want casement timber windows", that you have to paint every six months in Queensland like I did when I first started.

**Ian:** Yes.

**Dymphna:** Who in the right mind does that?

**Ian:** Well you're right there. Making sure that you're spending the right amount of money to get the right outcome is really important in renovation and that doesn't matter whether it's your own home or further in investment property but generally, once you have met

Dymphna it's likely that you're going to renovate your house to try and get more money out of it.

Rather than doing it for comfort and so that being the case, you need to appeal to a valuer usually. A valuer isn't really going to notice the fine details of the \$3,000 tap wear that you put in. They're going to look from afar with a checklist and make sure that everything that's in the house is quite comfortable and clean and there's not cracks anywhere and so just covering those cracks up being neutrally in your choices of color is pretty important. Tidying things up - that's really going to be your start of renovation.

**Dymphna:** Let's have a look some of those things that a valuer would look at and things that will add a lot of end value to your property regardless of whether you're selling it or whether you're refinancing to use that equity to go and start your investing career. It's not the \$3,000 tap that you put in, it's going to be some very fundamental things, so let's have a bit of a think-tank on what they are and discuss those things.

One of the things I'd like to start with is the number of bedrooms because something that is quite overlooked in a renovating game and the wealth creation, chunk deal game, is adding another bedroom or getting another liveable space out of the spaces that you already have. Particularly in built up areas is where you see it more pronounced - built up areas like major capital cities - where a two-bedroom house sells in a range of around \$50,000; moved from the bottom price of a two-bedroom house to a top price and two-bedroom is going to have maybe \$50,000 spread at the very very most.

Three-bedroom house - four-bedroom house is the same thing, but the jump between a two-bedroom house to a three-bedroom house might be another 50, 60, \$100,000 in some instances and that spread really needs to be taken into account. Simply trying to convert or a small extension or a conversion from a useless space by re-configuring

for design to create an extra bedroom, I find ads tens of thousands of dollars to your end product.

**Ian:** Yes that's right. Generally some of the older places have two living areas and nowadays we all want open plan with a dining, kitchen, lounge, altogether in one hit, so that usually the lounge room is quite easily converted, you can probably get a carpenter...

**Dymphna:** Or dining room.

**Ian:** Or dining room.

**Dymphna:** Who uses a dining room these days?

**Ian:** Yes, well, I don't know how to use cutlery let alone a dining room.

Then you've got your attached brick. When you got an attached brick garage, that's another area that can be converted quite easily, and like you said, it's going to add more value wherever you can and put that extra space in. Small extensions are good too, there are some states that will allow you to do a small extension by using private certifiers and it's important to have those...

**Dymphna:** Please explain what a 'private certifier' is?

**Ian:** A private certifier. In the past you go to council and you can apply for development application or similar. The council will approve it and then the council would have come up and inspect your property at different levels or different stages. They then went to 'private certifiers' to do the inspections but the council still needed to take on the application process, so those private certifiers were building people that could inspect on behalf of council, and then they'd notify the council that it was acceptable.

We're now getting to stage where those private certifiers are now in at least two states, able to sign off on minor construction applications instead of the council doing it. The file is then sent to council, so the

council has a record, so it's a very important movement and as we know, once one or two states does it, and it's successful, it's likely that the rest of the states will carry on as well.

**Dymphna:** Private Certifiers have been very successful, and have been in Queensland for a long time. New South Wales probably came on second but then jumped to the lead and is now I would consider the best State in Australia for doing a lot of renovations and add-ons; extra dwellings, and things like that. They're far advanced to the rest of the country.

**Ian:** Yes, essentially the State Government has said to local councils that they are going to have to find a way of making policy changes, so it's easier for people to do things or else we're going to impose that on top of you. So what they did in New South Wales, is they created the exempt development, laws, and complying development laws. Now under exempt development in New South Wales, you can do large amount of things that don't need approvals, so you can add 25 square meters of decking depending and making sure that you're not too high off the ground. You can paint, you can change windows, you can do some internal alterations, lots of things like that and then going to complying development, you can actually do extensions. Under complying development, you can actually get a new house approved within 10 days rather than going through a whole three month process with the council. It's really quite an amazing thing and I'm hoping that the rest of the country takes on after.

**Dymphna:** I actually feel it. Well I think you've seen Queensland certainly coming on board. Though WA might be a little bit slow in the uptake because they're still State based but they still reasonably State based for that sort of thing. Victoria is they're actually looking very seriously at what's going on Queensland and New South Wales and I think you'll start to see some improvements down there very shortly particularly as the market starts to slow up a little bit. They're looking for other ways to get some activity in the market and South Australia is probably in the

middle between Western Australia and Victoria literally on this one and they will follow suit when WA does. There is not a huge amount of experience down in Tasmania from this level but it's a State that typically follows Victoria, so when Victoria moves so too will Tasmania. I think Queensland jumped the gun to start with but they've already been overtaken by New South Wales and the rest of the States are really kind of catching up now.

**Ian:** Potentially, when you do renovate, your home to get more value out. Go to your local authority or council and determine what is allowable without having to make applications. If you can put a deck on, if you can put a kabana in the backyard, do those sort of things that are allowable without having to do the application because that's going to slow you down. Again, once you meet Dymphna it's all about getting paced and getting quick and making sure you get your money out there in doing things that work for you.

**Dymphna:** Well you make me sound like this woman with a whip or something. Everyone is scared of me, maybe so. Okay, let's go back to the bedroom shall we? Talking about converting unusable or underutilised space into what is considered more valuable and bedrooms is definitely one. As we said, dining rooms, garages, those sort of things, small extensions. Something that I've always found particularly interesting, is adding very small ensuites particularly when, go back probably 10, 15 years, the fad was a three-bedroom, one bath. So there's a lot of houses that were built some 15, 25 years ago that are all three-bedroom, one bath and these days everybody wants an ensuite. So pick a main bedroom.

One thing that I like to do is actually have a look at the window. Where is the window placed? Depending on how it's positioned on the block and how close to the boundary line. Can you put in a cantilever? Now let me just explain what cantilevering is. Basically it is a very small extension, normally add about 1,200mm - so 1 meter and 20

centimeters - cantilevered out of the foundations or actually putting in stumps if you want to and flooring and roofing it.

It doesn't have to be a full reconstruction of the roof, it can come out under the guttering even in some instances, depending on the height of the ceiling, or above and putting in the bathroom or shower at one end, toilet at the other, vanity in the middle, and a sliding door in the middle so it doesn't take up a whole lot of room space. Bingo, you've got yourself an ensuite then it itself, changes the dynamics. Now it might go from being top of the line, three-bedroom, one-bath property to a bottom to middle of the line, three-bedroom, one-and-a-half baths but then itself whilst it might cost you, say \$10,000, it will probably add somewhere between \$50,000 to \$60,000 to the value of the property because you're actually physically adding structure. You're adding something new that it didn't have before whereas, painting the thing, it may not add that. It wouldn't add that much, but could cost you the same amount of money depending on how it's done. Whereas a good old clean of the paint work and put the money into something like that adds something extra to the property. Adds a lot more value and we're talking about value for money and you've got to think about these things a little bit more strategically then, just wanting to paint it out. Something that doesn't add as much value to your property.

**Ian:** That's right and even better is converting your three-bed, one-bath into a four-bed-two-bath because you've got the ability for that dining room to disappear or garage to be incorporated as part of the...

**Dymphna:** Or hallways, I hate hallways. Who puts hallways in these days?

**Ian:** No one, no. But actually, in saying that though, some of the older places where the central hallway would always have two bedrooms on the front and maybe a third bedroom but then you walk through the lounge to get to the back of the house and to convert that to a bedroom, it's easy. Really easy to add value.

**Dymphna:** The other thing that you can do very easily which are now is one of your pet loves, is making the outside inside. These days the trend is definitely one of outdoor living, outdoor entertaining, bringing that atmosphere of the outside particularly if you got nice little gardens - landscape gardens outside - bringing it as part of the inside of the house, so opening up probably the back of the house, that's where you actually do your living and your entertaining and your dining and all of that sort of stuff. So superfluous extra rooms, like a study nooks, perhaps could be a bedroom or the dining rooms specifically can be a bedroom.

**Ian:** Generally in the past, the Australian homes were built in way where the living area was sort of in the middle of the house and so if you can change that around a little bit without spending too much money and creating an area at the rear of the house where you put bi-fold doors and then I think, if you don't put a bi-fold door into renovation, there's something wrong with you.

**Dymphna:** Pretty harsh here, well...

**Ian:** The idea is that you can open up the doors and it's just complete. It's walking from inside to out and there's actually no division anymore. It doesn't matter if there is barbecue or party or you're watching the football whatever outside is in an inside is out and that's really important to be able to sell that. Not so important with the valuer. The valuer will still see a nice door there but create the atmosphere because when valuer does come in and you open up that door and he can see. He may not see the bi-fold door but he sees the ability of someone to live comfortably. He or she gets a good warm feeling and the place will value better.

**Dymphna:** The place looks bigger.

**Ian:** Yes, absolutely, because some places – even if you have full glass across the back - it's not the same as being able to open those doors

and see out into the air and for some reason, it just closes you in even if it is glass.

**Dymphna:** And me thinking up here in Queensland, you got have fly screens.

**Ian:** Yes, I did make fly screens that will suit them and obviously come dusk then you pull these fly screens close and you buy Citronella and...

**Dymphna:** There's a lot of those things that you can put up now that push across like curtains almost.

Lighting is another thing that I find very important. A lot of the older houses particularly were very poorly lit for people to have that cozy kind of feel which to a limited extent is okay but to the broader prospective, most people like a lighted spacious area these days.

**Ian:** Yes, skylights are really simple way to be able to get more lighting to different areas especially down those long hallways, so that's reasonably cheap. Sky tubes, you just put a little hole in the roof and then you put a transparent cover over it and it reflects all the light straight down a reflective tube into there and then you also have got some cheap lighting. Down lights nowadays, I do like down lights. I like them to be flushed with the ceiling. You can do feature lights but that's really not an important and an electrician can quite easily install some down lights. Put four down lights in every room, just in from the corners, so that it actually lightens up the rooms a lot and make sure that if you're either getting a valuer or you're selling, that you do have the lights on when they're coming in.

**Dymphna:** Tell me what your thoughts on the difference between LED lighting and the normal halogens?

**Ian:** I could be very controversial here. LED lighting is quite good and it uses a lot less power. 12-volt lighting can sometimes use more power than 240-volt lighting depending on the transformers and how cheap the bulbs that you buy with them are but LED lighting will put out

quite a natural light and is general a better way to go and the bulbs do lasts longer.

**Dymphna:** I like to sway more towards the LED lighting these days than the other sorts. Anyway, that's just by and by, so lightings are important, adding a bedroom is important, adding an ensuite, if you can, particularly if the place hasn't got an ensuite, that counts from the valuers perspective.

What else do you find that the valuer takes into account that really makes a big difference to your bottom-line. I guess value is what we're really talking about here?

**Ian:** Yes, in the bathrooms I think that some of the really simple things you can do to make sure the valuer is happy is to make sure that there's no mould anywhere or any stains around the ceilings - give those a quick paint.

If the grout is old and not looking that great, that is something you can do yourself, although I'm not a fan of 'do-it-yourself'. One of the things you can do is just scrape the grout out and re-grout it - it's quite a simple job.

Change the tap ware. As a plumber, whenever I do a renovation, I try to do as little plumbing as I possibly can in the way of moving toilets and vanities around. If the plumbing is in the wall and the pipes are in the floor, try not to move them - just get new tap wear and that's cheap again. Some of the major hardware stores can give you some really good deals on tap ware that are just nice, simple crown finishes and the bathrooms will add just over it as a cosmetic renovation. Make it look quite acceptable and increase value.

**Dymphna:** Something you said there about not changing the position of things, because that's where the plumbing is and even for you who as a plumber who can move pipes around wherever you need to put them. You don't even consider moving the positioning of things

unless you absolutely have to, unless it's really bad. I don't like to see any of the wet areas change around dramatically because that adds a lot of money to your renovation and your extension and whatever it is you're doing. You're trying to keep the water in the same place that it is, so if the sink is there, that's where the sink goes in your new kitchen. If that's where the toilet is you leave the toilet there, work around it.

**Ian:** Simply replacing is probably 20% of the cost of trying to move it and putting a new one in, so if you're just going to take out a toilet and take out a basin and replace it with new vanity, new toilet then it's a lot easier. Just working off the top of my head, if I was going to do new plumbing, if I have to move plumbing around in a bathroom which is basically doing it new, you would have to spend just in materials alone, probably \$750 in pipe work and bits and pieces and then on top of that, you've got the plumber's labor...

**Dymphna:** Plumbers are expensive.

**Ian:** Yes, it's got nothing to do with actual pipe work, it is to do with other jobs they do that no one else wants to do.

**Dymphna:** Like you're paid to do the dirty jobs.

**Ian:** Yes, so we can get paid the other way as well.

**Dymphna:** Okay, leave your pipe work wherever you can. Leave your wet areas in the same position even we talked toilets before - a toilet seat can actually make it look like a new toilet.

**Ian:** Yes, and no one is really going to lift the toilet seat to look under it. The top will look quite pretty and you can buy cisterns that will link to the toilet seats that you can't see the pipe, the back of it all of that and there again, really simple to put in, so yes, the bathroom is a simple way to add value without having to spend too much.

**Dymphna:** While we're on those types of things like where we're talking about bathrooms, the next one obviously is kitchens. I know for a fact that

you are the master of second-hand kitchens, or previously loved kitchens, what are your secrets there?

**Ian:** We have done a fair few renovations. For any renovations we've ever done, we've only ever bought one brand new kitchen and it was a flat pack so even in that that kitchen, it probably looked about \$30,000 to \$40,000 and it costs us \$10,000 but the secret is to look for second-hand kitchens and to me, it's just a jigsaw puzzle. If you know the space that's going to fit in and you find the kitchen on either eBay or Gumtree or wherever you want to go looking for it, it's just a matter of making the puzzle work. Now occasionally, you've got to make a spare cupboard or you find a big enough kitchen so that you've got bits and pieces extra that your carpenter can cut and dock off and make it work and then it's all simple.

If you've got an older kitchen that you have, then you don't want to go the cost of replacing it, you might look at a new bench top. Again, some of the major hardware outlets have bench tops that you can buy off the shelf. You may look at either re-laminating your cupboards or you might paint the actual door ware, so you paint and really just a simple black top and a white door is going to be a classic look that won't go out of fashion and then the best thing to do after that to make the kitchen look approachable is actually putting in a new splash back. Again, you can buy a tile for 55¢ and you probably only need 40 or 50 tiles to make a decent splash back and then grout. Again, just white and simple. Keep it classic and don't go overboard with colors.

**Dymphna:** Yeah, what I find with the renovations is that the things that add the biggest bang for your buck are other bigger surface areas. So, I was doing that painting before, and I said if it was the cost of \$10,000 to paint the place or \$10,000 to turn an unused area into another bedroom. Well the bedroom will give you more revaluation because it will put you in another class but painting a place or touching up or giving something a jolly good scrub is often actually what's required. The large surface areas give a bigger total effect for less money. So

surface areas, we're talking obviously about walls and ceilings for painting and that's relatively cheap and it is something I suppose you can do yourself, if you're really pushing it. Just talk about colours a little bit there, you've got some formulas on hues of colours; tints.

**Ian:** Yes. When it comes to colours, you can bring an interior designer into it, if you want, but that's going to cost you money and so we're talking about trying to save as much as possible. So if you're unsure about what colours you want to paint, the simplest way to go is to find something that's neutral, so obviously in the cream range is usually neutral colour.

**Dymphna:** Creamy white.

**Ian:** Creamy white, something like that and in that, so once you pick the colour, rather than trying to find colours that match with that, just go to the paint store that you're going to buy from and tell them, "Look, I want my 'grand piano' colour."

**Dymphna:** As an example.

**Ian:** As an example, 'grand piano'. I want to do the walls in normal 'grand piano'. I'd like to do the trim in 200%, so what they'll do is they'll make the 'grand piano' a stronger tint of the same colour and then you might say, "Look, can I do say 25% for the ceilings," so everyone of those colours is still 'grand piano' they are just in different tones of that same colour and it will work quite simply.

**Dymphna:** If any of you have done any sort of training in colour or an art's degree or TAFE course on interior design or any kind of that stuff, this is what comes through - the different hues of the same colour - you're not going to have them clashing because they're the same in colour just in different strengths, so that's always a safe bet.

So certain walls, we're talking about the ceilings, that sort of thing and of course flooring is the next one. Again, there are some very simple

things that you can do that give a massive effect for relatively little money.

**Ian:** Yes that's right and just going back to walls - never put a feature wall in. It's not the fashion at the moment. It will turn people off and don't put wallpaper in either.

**Dymphna:** That's my pet hate. Yours is feature walls and mine is wallpaper.

**Ian:** I grew up in the house of wallpaper that was welded on the walls. Sometimes I used to put a Velcro suit on just to see if I would stick...

So flooring is really simple. If you've got timber floor boards underneath, just get four or five different prices from different flooring guys to get your flooring sanded and polished and different finishes you can put on there. I'll explain to you what the differences are but I have some jobs where the price range has gone from \$2,000 to \$5,500 to do exactly the same job. So do get your quotes. That's an important part of renovation. Make sure you get four to five quotes a minimum especially when you're first starting out.

**Dymphna:** The other thing you can do is once you've got the nice polished floors, put some rugs down.

**Ian:** Yes.

**Dymphna:** As it make it cozy.

**Ian:** Yes, creates warmth.

**Dymphna:** Alright, what if you haven't got floor boards underneath? What do you then?

**Ian:** Well, you either go for a tile, and nowadays with the glues that we've got, we can go straight on top of chipboard or concrete quite easily. I like gloss myself. I like glossy finishes because that creates shine. It's hard enough for wearing; try and get a neutral tile if you can afford and works out the numbers and maybe get a vitrified floor tile. That's a

clay tile that is actually completely stone all the way through and they gloss up really nicely. The bigger the tile you can get, the better, it adds more perspective to the room. Your other choices are some pretty hard wearing carpet which I usually prefer to go into the bedrooms. If you don't want to use carpet, then one of your other choices is a floating floor. I personally am not a fan of floating floors because they creak and groan around the place but as a quick fix to get a valuer down or to get a renovation, they're reasonably cheap per square meter, they install very easily and that means it's less labor and it looks quite good.

**Dymphna:** Just a little tip here, if any of you have got properties in far north, whether it would be Northern Queensland, Northern Territory, or WA, the water and the monsoon seasons and things like that, do not fair very well with carpets and honestly in a rental property particularly if you're looking at a rental property, as opposed to your own home, it's just not even worth putting carpets in the bedrooms because inside two years they smell. Not just smell - they stink - just because of the moisture in the air. It doesn't mean that they have been leaking or anything else, just moisture in the air that's dreadful, so try and veer away from the carpets the hotter it is. For rental properties in particular there is some really good hardware in linos now which are a lot more preferable than the carpet option, if you can't afford the tiles.

Window dressings. Now window dressings is something that everyone has got their own taste on but it does add a finished look to a place if you just renovated it particularly when you're looking to get those valuers and to get a nice high valuation to suck some equity out to go and buy more properties.

**Ian:** Yes that's right. The plantation shutters, that's really Rolls-Royce of what we're looking at when it comes to window dressing, if you can afford them, but they are very expensive.

**Dymphna:** Probably not for a quickie just to get the value up though, I mean they're lovely, but they are expensive.

**Ian:** Yes, and you can usually go down to your standard window dressing/ Spotlight type scenario they will have standard timber venetians in stock at standard lengths and your carpenter or handyman will be able to cut them down to suit the size window that you've got. Try and go for really simplistic white. I'm not a fan of timber colors myself. There are people that like them that but I just don't think that timber is something that creates value and that's my personal opinion, so I try and go for white wide blade timber venetian, so that it looks half decent. If that's still too expensive, then you can go for a standard roller blind, Holland type blind that again you can buy down the same store and get a cut down to size.

**Dymphna:** A lot of the plastic look-alikes these days, you can hardly tell the difference.

**Ian:** No.

**Dymphna:** Particularly the thick ones.

**Ian:** That's right and it comes down to the dollar. If it's worthy of saving a dollar and it still doesn't affect the end product, then don't spend the money and buy the cheap one.

**Dymphna:** Yes, and that's what is about with the renovation. I mean if you're doing it for specific purpose to suck out another \$10,000, \$20,000, \$50,000 \$100,000 \$200,000, it all comes down to what you're going to do – what else you're going to do with that money and how you can make that money work and how much money can you earn out of that money somewhere else as opposed to having a timber blind versus a plastic one, I supposed really. Alright, what about externally to the house, landscaping external claddings, things like that, finishes, how much importance do you place on that. I mean street appeal is something that I find very important because particularly if you're

selling a place. I mean, people will drive past things, "I'm not going in there." No matter how good it is. It doesn't have street appeal, you'll never get them inside. A valuer is perhaps a little different although they do take that into account.

**Ian:** Yes and a valuer will still pull up to a street and make their first impression by looking at the house, so you may as well make the first impression a good one, so some of the things you can do to the external walls of the house is that if you've got a brick house, you can render it. The cheapest thing to do is only render the front of the house and then just paint down the side. If you can afford it, go all the way around.

**Dymphna:** Isn't it cheating, just to paint in front of the house?

**Ian:** Well who ever walks down the side of the house and says, "You've missed out here?"

**Dymphna:** Can I tell you a story? Years, years, years ago, I had a student that I was helping out and she had a place in Port Hedland. Now Port Hedland for those of you who don't know where it is, is in a mining town in northern Western Australia and she was telling me about how she had done this fabulous renovation and she had done it all herself. She had scrubbed - her fingernails were all bare - and she was carrying on about and how she painted it and how wonderful it looked and all of these sort of things and she sent me pictures of them, okay, well, it's alright. I wouldn't go overboard about it but anyway, she liked it. It wasn't a house that I would have picked but anyway, and I was going to Port Hedland, so I had arranged to come and have a look at this fabulous renovation that she had done. Pulling up in front of the house, I could see that, yes she had actually painted it and as I said, it was not the colours that I would have picked but anyway, as I pulled up to the house, I noticed only the front of the house was actually painted. Inquiring on why the rest of the house wasn't painted, she

goes, "Nobody paints the whole house, you only ever paint the front of the house."

**Ian:** Makes perfect sense. She was looking at the dollar.

**Dymphna:** It was awful.

**Ian:** You are the one that taught her.

**Dymphna:** But the thing is, her statement after that was because Port Hedland is a place where they ship out iron ore and there's an iron ore washing and processing plant there at Port Hedland and it gives off a lot of dust. So her next comment to me was, no matter color you paint the house, it's going to be pink in two years anyway - which is true.

**Ian:** That's right.

**Dymphna:** Every house in Port Hedland is pink because of this pink dust, so I guess there was some validity in all that process.

**Ian:** Yes and so, when it comes other finishes on the house, sometimes you have got cladding. There have been a few houses we bought now where they had the plastic or aluminum cladding on the outside of the house. We've actually pulled that off and found the old timber cladding underneath and restored that and brought it back. You can also nowadays - we call it, the standard name is blue board - so you can screw a blue board over your existing cladding and have that rendered, so that it looks like a rendered finished house even though it's a timber house. The roof is important as well, so if you've got an old drabby roof, a metal roof can be painted - you can roll it, I guess well making sure that you keep the right safety standards, You can have it painted yourself or you can get professionals that will spray and give them much better appearance and again, it's reasonably cheap to do that and the...

**Dymphna:** Same as tiles.

- Ian:** Yes, the same thing, you can now paint tiles over the top, so they get up there with all the safety equipment. They'll gurney it down with a high-pressure gurney and make sure that it's clean and paint it over the top of that as well.
- Dymphna:** Just what we want before you go on there. Just cleaning a tiled roof makes a massive massive difference. I mean, they all get built up with mould and dirt and car grease and everything else that drives past and just cleaning a roof, sometimes, particularly tiles, don't even need painting, it just needs cleaning.
- Ian:** Especially nowadays, it's even easier because there are commercial cleaners that are in a bottle that you spray up on the roof and you don't even have to wash it down. The actual rain will do it for you and clean it off for you.
- Dymphna:** Really, I didn't know that. What about asbestos roof, what do you do about them?
- Ian:** Asbestos is one of those things that is a dangerous product. It is interesting that two people could stand side by side, inhale the same amount asbestos and one will be affected by it and the other person won't be. You have got to be very very careful with asbestos.
- Use the correct people to remove it, but you don't necessarily have to remove it. You can put products over the top of it, so to me, the danger of asbestos is when you break it. So if you are concealing it by putting products over the top like blue board or laminate, then you're not doing any danger or harm to anything.
- Dymphna:** There are certain things that you can paint on it too which seals a little bit more.
- Ian:** Yes. And again, it really comes down to the breaking of the fiber themselves, so once you snap or break or screw or do something like that, that means that there is the ability for the fibers to get airborne

and someone to be able inhale them. The same can be said about lead-based painting. In the past, most paints pre-1976 I think it was, where lead based, so no good for kids licking walls and whatever. So go down the hardware store, get a lead test kit, rub it up against the wall and you will see quite quickly that if it is lead based or not. If it is lead based, definitely don't go scraping or doing anything. Make sure you get a professional painter in to deal with it.

**Dymphna:** Now one of the things that beginner renovators get very caught up in is trying to do everything themselves. They think they're actually saving money by doing so and if they're half skilled, they might be. However, they have really got to look at their cost of time and their opportunity cost of tiling the bathroom versus being an air traffic controller or something. How much time they're going to take up trying to do tiling which they are unskilled at and probably not doing a very good job versus, deal a couple of hours overtime and pay tilers to make it happen. A lot of people, particularly when they first start out, think they have to do everything themselves. I have to confess that in the early days, I was one of those, and you might spend an extra six months doing the job. Those six months worth of holding costs, six months worth of interest that you're paying, six months worth of not being able to extract your equity to get out and do something because you spent six months trying to do it yourself as opposed to just get in there, get somebody to make it happen. Then get the money out, make it happen, go off and do a deals somewhere else.

You have very fixed ideas about where cost savings can come from and skimping on trades is not one of them?

**Ian:** I agree completely with do-it-yourself, I don't think it's worthy of it. Now on the job site, I can do the majority of things that have to be on the job site, but I choose not to do them because it's not efficient for me and at the end, the product that I put out is far inferior to those person or people that do it, day in and day out.

So you are not only going to lose that six months of time. You're going to have an inferior product that is either not going to sell or sell as well. You might save yourself a \$1,000 to \$2,000 on labor which isn't a lot of money but it might cost you \$4,500 to \$10,000 on a quality finish because the buyer can see that it hasn't been done by a professional.

When it comes to saving, you can try and save on your labor the cost on the job site on your renovation but the majority of your savings is going to be where you purchase materials and how you use those materials efficiently.

I am a massive fan of eBay. They have a very good policy. They ensure that fraudulent behaviour doesn't happen. They are supportive of both buyer and seller whenever there's a dispute. You can buy products there, some of the savings that I've made is up to 90% plus, savings in purchasing items that are relatively new. They still look new but, rather than paying a brand new retail price, you can get it off someone who's ready to get rid of it for far far less.

**Dymphna:** Yes, and you've got a lot of techniques and strategies to teach some people on that score as well, so that will do that another time but the other thing that I think is very important is the warranty side of the work that's done. I mean there are certain things that you absolutely never ever ever ever want to touch when it comes to trade based work and a lot of cases, you're actually risking your insurance and you're threatening lawsuit by trying to do something that you're not skilled at.

**Ian:** Yes, that's correct and it's so important that everyone listening understands that there's two things that you absolutely do not play with any job site and one them is electricity and the second one is gas. They're the two things that will kill people, not only will you be up for a lawsuit but you're quite likely to be charged with legal crime. Sometimes manslaughter comes up for some of these cases for poor

workmanship from people that don't know what they're doing, so I would say that when it comes to electricity and it comes to any type of plumbing that involves gas, I would stay real away from it and make sure the professionals do it because it's too dangerous. Too many houses have been blown up and too many people have been electrocuted over faulty workmanship.

**Dymphna:** That's right. Now I mean, we can go on and on here for the whole afternoon Ian really but there's a lot more to learn and there's a lot more theory and strategy behind the process of a renovation and if you're renovating just because you want to live there and you have no interest in making money, then do what you like, do what your heart desires but if you're doing it as a strategic move to add value to your property which can be then used to invest and create passive income and replace your income then you've got to be strategic about your approach.

Similarly, if you're doing it for sale, well there's a whole another set of circumstances that need to be taken into account; what sells, what's the dynamics, and there's a whole due diligence we could go on and talk about for days on that score. But if you're going to take this seriously, then you need to step up to the mark. You do need to take on some education behind you to make those sorts of things happen.

Now you and I are actually going to be doing a little seminar very shortly together on exactly this and the process of creating chunks of money. How to create chunks of money, so that you can use that money to get out there and replace income and live the life that you want to go and live, so if any of you who are interested in what we've got coming up, please go to the [iloverealestate.tv](http://iloverealestate.tv) website.

We've got all sorts of stuffs that will be popping up there about all sorts of events coming and one of them will be a 'Super Fast Profits Event' which Ian and I are going to do together. That will be fun.

**Ian:** Yes, I really really look forward to those events. It puts me right into the position where I can actually go back to my teaching days where I can get the information that's in my head and give it out and people can use it and give me a buzz to say that.

**Dymphna:** I love the teaching side of it, but the thing that really gives me a buzz is six months down the track, 12 months down the track, the students come back and go, "Wow, I did this and that happened and then I was able to go on and make this happen, and I've been able to quit my job," and all of these fabulous fabulous stories and that's what's really rewarding.

**Ian:** Yes, and some of your students in the last year that I've been working with have done some absolutely fantastic stuff.

**Dymphna:** Yes fabulous.

**Ian:** And actually to sit back and see that, it really quite uplifting to see that they can go out and actually do what they have learned and the education is so important for them to be able to move forward.

**Dymphna:** Yes, and even you were talking about income replacement. I know some of the students that you have been actually working with, they've gone on and replaced not just their income but two or three times over their income.

**Ian:** Yes, there's a quite a few examples and there are some that are well in excess of me now. Good on them I reckon. So you know, and it's fantastic to see and they all set goals and then they're achieving these goals which are great.

**Dymphna:** Yes, it is great. Well Ian, thank you so much for coming on and sharing some of the insights on doing this particular strategy being renovation and I'm sure we'll be back again together very very soon to talk about another exciting topic because there's a lot of stuff we can really help people with.

**Ian:** Thank you and I'm really looking forward to that.

**Dymphna:** Okay, well thank you guys. That's it for today but jump on that website, [iloverealestate.tv](http://iloverealestate.tv) and get on iTunes. Get on iTunes and make yourself a regular downloader of the podcast and really start to put some stuff into place and get that education behind you. So thanks guys, I'll be back again to talk to you very very soon on something completely different. Bye for now.