



---

## DECIDING TO RENOVATE

If you like your home but it doesn't meet your needs you are probably considering a renovation. Choosing to renovate is a big decision which can be very difficult to make. It certainly isn't the right decision for everyone, so here are some of the issues worth considering.

---

## RENOVATE, RELOCATE OR REBUILD

---

If you want to upgrade your home there are a couple of options available to you:

- Stay where you are and renovate and/or extend
- Buy a home that already meets your requirements
- Knock down the house you are living in and build a new one

It is important to be informed about the emotional and financial impacts of renovating, relocating and rebuilding. Most people offering advice on this decision have an agenda.

For instance, a kit home builder will want you to build a new home, a renovation company will tell you all the benefits of renovating, whilst a real estate agent will happily sell your house for you. Much of their advice will be coloured by their interests but much of it could be very sage and relevant. The trick is to think carefully about why they hold the point of view they do and always get a second or third opinion.



BEFORE



AFTER

---

# RENOVATE

---

## Pros

- Lifestyle:
  - You can stay in the house that you like and make improvements of your individual choice and style
  - You don't have to move away from your community of friends, neighbours and schools etc
  - Your renovated house will be exactly to your liking (budgets aside)
  - You don't have to spend time doing house inspections, searching the property ads and visiting auctions
  - You don't have to go through the packing and removals process
  - The difficult construction period will be long forgotten when you are enjoying your improved new home
- Financial:
  - Your renovated house may be worth a lot more in the real estate market
  - You don't have to pay stamp duty, lawyers and agent's fees (which can be over \$30,000)
  - You can renovate while the property market is flat and when the renovation is complete, there may be more life in the market

## Cons

- Lifestyle:
  - Renovating will to some extent disrupt your lifestyle
  - You may have to move out temporarily during the construction period
  - Design and council approval can take a long time
  - There are a lot of decisions to be made and the process can be stressful
  - Construction is dusty and noisy
- Financial:
  - It is possible to over capitalise (by spending more money on the renovation than the renovated house is worth)
  - Renovation costs can blow out if they are not managed carefully

---

# RELOCATE

---

## Pros

- Lifestyle:
  - There is no dirty, dusty construction period
  - Can be in an improved home much faster if it works
  - Fewer decisions need to be made
- Financial:
  - The risk of over capitalising, construction cost blow-out or financial disputes is minimised
  - Known or *knowable* costs

## Cons

- Lifestyle:
  - It can take more than a year of looking to find the right house
  - Difficult to find a house that suits your needs
  - Difficult to move to an area that you are unfamiliar with and leave neighbours and friends behind spending years re-establishing community networks
  - No guarantee that you can actually find the house/location/cost combination that you are looking for
  - Less control over what you get
  - The removalist process is tedious and disruptive
- Financial:
  - The market may be flat or there may be no interested buyers
  - You will lose money on stamp duty, legal fees and marketing costs
  - Removalists are expensive
  - You will need to spend some money making the new house 'your own'
  - Costs can be overlooked

---

# REBUILD

---

## Pros

- Lifestyle
  - Newness
  - This is market friendly
  - There is no change of location
  - The design is simplified by eliminating the interface between old and new
  - A finished home of the same style can be pre-inspected (spec homes)
  
- Financial

(There are no financial benefits as this method is the most expensive)

## Cons

- Lifestyle
  - The character will be lost
  - You must move out of the house
  - Complete re-builds are often not allowed by regulation
  - Environmentally costly due to more materials being demolished and more to be used in construction
  
- Financial
  - The cost is higher overall

# MAKING THE DECISION

---

## Tips

Be very rigorous in how you make your decision. Identify what you want to achieve and what you are prepared to go through to achieve it. Write down a list of all the things you like about your house including the physical features as well as the intangibles such as memories, the location and neighbours. Then make a list of the things you would like changed in the current situation. These lists will help you to clarify exactly what you are looking to achieve by either moving or renovating.

Also, have a look at the other houses in the area. If your house is already one of the best houses in the street then you may not get the right sort of returns on your improvement if you renovate. However if there are other houses which are bigger and recently done up which are selling well, then renovating is probably a good idea. A real estate agent may be able to assist you with this (but just be aware that it is in their interests to get you to sell).

## Questions to ask yourself

- Are we happy with the location of our house?
- If we move will the children have to change schools? Will it be harder or easier for me to get to work?
- Can I really survive the tough renovation period?
- Will I be able to find a place to stay while the worst of the renovation is being completed (usually during demolition)?
- How much it will cost to move into another house that meets all the space requirements of the family and is in a good area?
- If we renovate how long will the improved house be suitable for our needs?
- If we sell will we lose money on our investment?
- Do we have a realistic idea of what we can build for our budget?
- Am I confident in running the renovation process myself or do I need the help of an expert?

## IMPORTANTLY

---

Don't make the decision without doing the research. Talk to industry professionals and friends or family who have been through a renovation. Look at the real estate market, get an appraisal on your house and look at prices of houses that you would consider buying instead. Ask a

construction professional what your desired renovation is likely to cost. With all that information you are likely to make the best decision for you and your family in the long run, both in terms of finance and lifestyle.