



7 Tips For Buying A House That Needs Work

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Are you considering buying a house to renovate, but not sure where to start?

It's easy to feel overwhelmed - after all, the difference between a home that's ripe for renovation and a demolition job can look like no difference at all! Making the wrong choice can be a very costly mistake, so here are some pointers to help you on your way. The rewards of cracking the renovator's market can be very profitable - if you get it right and you stick to your budget!

The golden rules when considering a 'renovator's delight' are these-

1. Location. There's an old but true saying location, location, location! Buying the worst house in the best street you can, has always been a real estate mantra. Then add in other features such as close to amenities like shops and schools, or walking distance to the local bus or train terminal and you have the ideal renovator to buy.

2. Holding costs. What are these? A factor that's often overlooked is the cost you may incur if you need to move out for some time while part or even all of the building project is being completed. Some larger projects can take a year or more, so it's crucial that you factor those costs in when you're doing your feasibility, so you know the true cost of the project. Additional rent as well as paying off the mortgage can quickly add to the budget and cause financial pressure. Plan for this by staying with family or friends: think about borrowing a caravan: but whatever you do have a contingency plan.
3. Planning controls. Every local government area has slightly different planning laws. So it's in your best interests to understand and familiarise yourself with the planning controls, so you completely adhere to the local requirements. From what is that you're allowed to build through to environmental and heritage overlays. Planning also takes time, so allow for plenty.
4. Structural defects. For the sake of a couple of hundred dollars get a complete building inspection. Or if you know and trust a builder ask them for their professional advice. If you fail to pick up on major structural issues, not only can the costs escalate but the building may be significantly compromised, limiting what you can achieve. A small investment on a building inspection and pest inspection could save you a bucket load down the track.
5. Strata reports/body Corporate reports. If you're looking at buying a unit, definitely check out the minutes of the body corporate for the past 12 months. These minutes will detail any issues and will also outline any work already completed. As well as highlight any future capital work or maintenance.
6. Dated interiors and exteriors. Try to look beyond the obvious. A fresh coat of paint and new floor coverings can hide major problems on a tired property. Don't be fooled by this trick. Again, do your research and homework.
7. How long do you plan to own this home? If this is going to be a long-term project you can have different timelines and financial plans. If your plans are to renovate and rent out the house, you need to consider what impact renting will have on the renovation work you do.

Finally, ask yourself:

What can I fix relatively easily and cheaply?

What is going to have maximum results?

What's beyond my control?

Happy house hunting and renovating.

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Founder

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