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Renovating Doesn't Pay Off Like it Used To *Street Appeal is King*

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Renovation jobs are adding less to resale values relative to their costs, according to a survey of PRDnationwide real estate agents.

Average remodelling jobs costs thousands of dollars but sellers just aren't recouping the costs come sale time, agents say.

Most PRDnationwide agents polled said while the renovated properties will generally sell quicker, it may not pay.

The agents agreed the most basic and necessary cosmetic touch-ups, such as painting and landscaping will sell for more profit.

PRDnationwide Mudgeeraba agent Karl Grossman warned people thinking of selling their home to be wary of a big renovation.

"There is a diminishing return on investment," he admitted.

"You can spend \$2,000 in the right areas and get a \$10,000 increase in sale price. But don't spend \$10,000 and expect a \$50,000 increase," he said.

"The least expensive repairs and improvements add the maximum value."

Grossman recalls one home in Reedy Creek, where the owner spent \$60,000 putting in a new pool hoping it would boost her sale price substantially – she only received \$30,000 more for the property.

"She was worse off," he said.

The most financially successful jobs are smaller-scale, lower-cost renovations that improve the exterior appearance of homes.

"Street appeal is king," he said.

“Many people do a ‘drive by’ before looking inside. It’s much easier to sell a house that looks good on the outside than vice versa. People make up their mind before they get to the front door whether or not they like a property,” he said.

Brad Miller, Director of PRD Jens Gaunt in Warrnambool, said how the house looks from the outside is more important than ever.

“A great looking facade will increase the positive experience when the buyer is making enquiries,” he said.

“Get it valued first and get some advice on whether or not the renovations will add the value required and the return needed for the investment,” he said.

Among the remodeling jobs faring the worst in return on investment were large, upscale kitchen and bathrooms and extensions.

PRDnationwide New Farm director Adam Gray said renovation for profit was becoming harder.

“Owners need to understand the importance of working to a budget,” he said.

“You need to research who you are targeting as a buyer,’ he said.

Mr Gray believes it’s crucial to call in the experts.

For anyone thinking of renovating before listing their home for sale, here is the experts’ advice.

- It’s better to focus on presentation rather than renovation. Getting professional advice from a property stylist will give a better result.
- Simple things like moving furniture, extra lighting, adding art work and cushions will improve resale value
- Renovations will always cost more and take longer than you budget for
- Don’t just design what you like, if the idea is to sell it at the end, you must cater for the local market
- Talk to a local real estate agent to find out what price bracket you should keep the final product under (ie. Don’t overcapitalise)

- end -

About PRDnationwide

PRDnationwide was founded on Queensland’s Gold Coast in 1975. The company has specialised in residential project marketing for more than three decades and it has a strong commercial presence in both the Gold Coast and Brisbane markets. It has a total of 139 franchise offices and corporate offices in Melbourne, Sydney, Brisbane and the Gold Coast. For further information about PRDnationwide visit www.prdnationwide.com.au.

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