



PROPERTYobserver



CONTACT US  
ABOUT US  
SITEMAP  
RSS FEEDS  
REGISTER  
LOGIN

## Harry Vanda lists \$20m Rose Bay harbourfront

Home News Residential Commercial Hotspots Data Tools Trends eBooks Loans  
NSW VIC QLD WA SA TAS NT ACT Rural New Developments House & Land Observers

### CATEGORIES

[Australian Capital Territory](#)  
[New South Wales](#)  
[Queensland](#)  
[Victoria](#)  
[Tasmania](#)  
[South Australia](#)  
[Western Australia](#)  
[Northern Territory](#)  
[Property News](#)  
[Residential Renovating](#)

## Don't overlook the potential of a granny flat: Robert Projeski

By Robert Projeski  
Tuesday, 23 July 2013

Granny flats are becoming more and more popular in Australian backyards with clever investors tapping into an income stream which, in the right circumstances, can offer financial freedom.

When planning a renovation to add value, most Australians will invest in a nice big deck, balconies or a swimming pool. Home owners and investors often overlook the humble granny flat as a means of gaining a real return in the backyard of their primary residence or in their investment property.

The often overlooked granny flat can be a very lucrative option for both rental yield and overall property value for those who own an existing property with the necessary lot size of 450m<sup>2</sup>.

Laws have changed in NSW, making it easier to gain approval to build a granny flat. Granny flats come under the NSW government affordable housing scheme, meaning many existing regulations that often act as a disincentive to build do not apply. Now minimum rules and planning laws are applicable for granny flats up to 60m<sup>2</sup>.

There have also been some recent changes to legislation that make the granny flat a more viable investment. Home owners and investors can now lease their granny flats to a non-dependent. Prior to these changes it was only a dependent relative that could occupy this space.

The regulations of granny flats varies from state to state and council to council, but the general regulations dictate that there can only be one flat per house on the property and the living space of the flat cannot exceed 60m<sup>2</sup> in NSW, Victoria and WA and 70m<sup>2</sup> in Queensland.

There are regulations regarding the height of the flat and distance from the flat to the boundaries of the property; however, these vary and differ so much between councils that you should look into your local council guidelines before making any decisions. Queensland also has regulations for requiring water tanks and only having a certain percentage of the property covered by permanent roofing.

As an example, in many Sydney suburbs this strategy is really starting to take off.

A property which recently added a granny flat in addition to the house was able to achieve a consolidated income of \$900 per week.

The standalone house was only able to achieve \$500 per week and with the cost to add this secondary dwelling at approximately \$100,000, an income of \$400 per week for the granny flat represents a return on investment of over 20%.

The granny flat not only poses great benefits as far as rental yield. The value of this asset would have increased due to the yield on the combined property. Now that's unearthing a gem in your backyard whichever way you look at it.

A 'what if' scenario should always be completed when considering any investment. Speak to the experts to see what rules, regulations apply and your local property manager regarding demand for this type of investment.

**Robert Projeski** is the founder and managing director of [Australian Mortgage Options](#), winner of over 12 industry awards. He is considered a leading property finance expert in Australia.

This article was originally published on Property Observer on May 21, 2013.

### Sydney risking the slippery slope into oversupply: Terry Ryder

Terry Ryder

Indeed, over-building of apartments in and around capital city CBDs is a major danger for consumers all around Australia.



SEARCH SITE  Search

### FREE DAILY NEWSLETTER

email address

### Government Solar Rebates

### Perth Property Valuers

perthpropertyvaluers...  
Residential &  
Commercial  
Valuation. Instant  
Quotes and Lowest  
Prices



### Suburb Data

Free suburb snapshots for investors

Powered by

[myrpdata.com](#)