

# ULTIMATE

REAL ESTATE SUCCESS  
COACHING PROGRAM

SESSION TWELVE

## Renovation & Styling for Sale or Revalue

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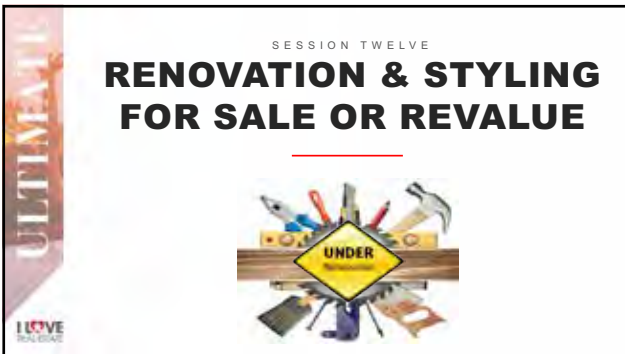
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**Rule of Thumb – Short Cuts**

Purchase Costs	6%
Selling Costs	3%
Cosmetic Reno	9%
Code Assessable	16%
Structural Reno	31%



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**Rule of Thumb – SALE Short Cuts**

Renovation Type	Minimum Sale Price
Cosmetic Renovation	x 1.35 of Purchase Price
Code Assessable	x 1.5 of Purchase Price
Structural Renovation	x 1.8 of Purchase Price

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**Rule of Thumb – SALE Short Cuts**

Sale Price % of PP	Buy Price	Purchase Cost	Reno % of PP	Total	Holding Costs
Cosmetic 135%	100%	6%	9%	115%	?
Code Assessable 150%	100%	6%	16%	124%	?
Structural 180%	100%	6%	31%	137%	?

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**Unit Cosmetic Reno (6 week Deal!!)**

- Purchased \$330,000
- Reno \$15,000
- Sold \$442,500
- **\$88,500 Profit in 6wks!!**
- **PLUS \$11,979k profit from Air bnb while on market**

Before After

I LOVE REAL ESTATE PLATINUM ACCELERATOR

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**Cosmetic Renovation**

**HARDWOOD COTTAGE**

- 2 Bed, 1 Bath, 1 Car
- For Sale: \$239,900
- Purchased: \$219,000
- Reno cost \$30,000
- ReSold: \$300,000
- Profit: \$35,000

**\$219,000 x 1.35 = \$295,000**

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Before Renovation After Renovation

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**Are you renovating to Hold or Sell?**



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**If Holding..**

**Ideal objective:**

- Increased value at end of renovation
- Get your money back, what property cost you (deposit + renovation)
- Rent for positive cash flow

**This is the benchmark**  
- If more, that's a bonus!



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**If Holding..**

- Renovation increases value = Equity
- Will renovation increase the rent?
- What is the local rental market like?
- Reduce capital gains tax (investment property)



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**ULTIMATE II**

### Hold Property Example



Dual living property – 6 brm, 2 kitchen, 2 bath  
**3 month renovation**

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**ULTIMATE II**

### Hold Property Example

Purchase Price	\$230,000 (Valued \$245k)
Stamp Duty	\$6,560
Legals	\$2,000
Renovation	\$15,000
Total Costs	\$253,560

<b>Income Per Year (\$590 p/w)</b>	<b>\$30,680</b>
<b>Yearly Return</b>	<b>12.1%</b>

\*Updated rental income  
 (\$625 p/w)                      **\$32,500**

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**ULTIMATE II**

Before	After	Property re-valued = increased by \$105,000 Rental value increase = \$120 p/w Positive cash flow \$12,500 All his money back plus more!
		
Before	After	
		

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**Regional Reno – QLD**

Purchase Price \$90,000  
Mortgagee in possession

Purchase \$90,000  
Costs \$3,712  
Renos \$12,000  
**TOTAL \$105,712**



**Revalued at \$195,000**    **Rental Appraisal \$220-240pw**  
**Equity gain \$89,288!!!!**    **Positive cash flow \$2,000+ pa**

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**Before**                      **After**





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**If Selling..**

- Can you sell for a profit?
- What's the average days on market?
- Find the right agent




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**ULTIMATE II**

**Development Applications & Building Approvals**



ALWAYS,  
ALWAYS,  
ALWAYS,  
ALWAYS,  
ALWAYS,  
**ALWAYS,  
GET APPROVALS**

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**ULTIMATE II**

**Legalities**

- There are different rules for every State for Development. What can you do without a licensed Supervisor?
- Is there a minimum amount before you need a Contract?
- NSW requires any work over \$5,000-\$20,000 be contracted (small jobs contract)
- Vic more than \$5,000-\$16,000
- WA over \$7,500-\$20,000



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**ULTIMATE II**

**Home Warranty Insurance**

- Home Building Compensation Fund is required in most states. Again there is a minimum cost of works where this is applicable.
- NSW and WA for contract value over \$20k
- Qld Home Warranty Scheme paid by contractor for work over \$3,300
- Victoria needs it for any contract workover the value of \$16k. Under \$16k needs a defect report.
- SA over \$12,000



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**Things to watch out for...**

**What is Asbestos ?**

Asbestos is a naturally occurring fibrous material and has been used for about 150 years on a large scale. It is versatile, plentiful and ideal as a fire-proofing and insulation material. But it can be deadly!



There are many types of asbestos but only three main types are used commercially. Other types are also abundant.

Chrysotile (White)  
Amphibole (Brown)  
Crocidolite (Blue)

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**Things to watch out for...**

What can be removed?

Type of Asbestos	What asbestos can be removed?
Class 1	<ul style="list-style-type: none"> <li>Asbestos in the form of asbestos cement products, including:               <ul style="list-style-type: none"> <li>Asbestos in pipes, tanks and ducts</li> <li>Asbestos in ACB</li> </ul> </li> <li>Asbestos in asbestos cement products (ACB)</li> </ul>
Class 2	<ul style="list-style-type: none"> <li>Asbestos in asbestos cement products (ACB)</li> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> </ul>
Not classed as asbestos	<ul style="list-style-type: none"> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> <li>Asbestos in Class 2 asbestos products (ACB) that are not in the form of asbestos cement products (ACB)</li> </ul>

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**Things to watch out for...**

**Why is it dangerous ?**

- If you inhale asbestos fibres (which are long and thin) they can become lodged in the tissue of your chest and your body's natural defences may not be able to easily break them down. This can lead to lung diseases (mainly cancers), particularly if you are repeatedly exposed to fibres over a number of years.
- If ingested the fibres can cause cancers of the stomach and/or colon.
- Generally, asbestos is only a risk if you disturb or damage it and cause fibres to be released into the air. If asbestos containing materials are in good condition and in a position where they are not going to be disturbed or damaged then it is safer to leave them where they are and ensure that the risks are managed.

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**ULTIMATE II**

**Things to watch out for...**

**Types of Asbestos**

**NON-FRIABLE**  
97% of Australian products which are bonded with cement

**FRIABLE**  
3% of products which are usually spray on insulation or similar that crumbles easily when touched.



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**ULTIMATE II**

**Things to watch out for...**

**Rising Damp and Waterproof-ing**  
Some of the visual signs

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**ULTIMATE II**


### Things to watch out for...

- Older wiring may mean rewiring to the whole house and also a switch board upgrade
- Older wiring that you do not want is run in:
  1. lead sheathing or
  2. Steel conduit with fabric insulation



Bad





Good  
Black or grey  
sheathing also OK

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**ULTIMATE II**

### Building Inspections

- Look for areas that have joint movement and cracks
- Do windows slide and open easily?
- Are the downpipes connected to pipework going to the street curb?
- Is there galvanised water pipes?

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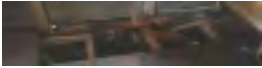

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**ULTIMATE II**

### Building Inspections

- Check for bounce in floor
- Check for mould on ceiling, Roof leak or Ventilation
- and dry rot.

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**ULTIMATE II**

## Pest Inspections

- Look for areas that allow pest entry
- Open areas in fascias and soffits that allow vermin, birds and marsupials to get in and nest.
- Any concrete or timber that touches soil can be an easy ingress for termites.
- Cracks and joins in concrete are also an area for termites especially with moisture.
- Pest Inspection have an out clause



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**ULTIMATE II**

## Termites

- Termites are good when you are purchasing property!
- If you encounter termites when renovating there are two things you can do:
  1. Leave them alone and bait them
  2. Continue renovating but this comes with risk! The NEST!



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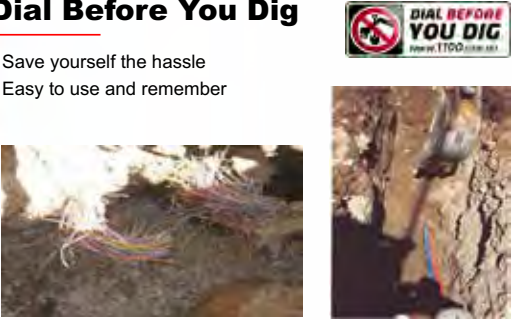
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**ULTIMATE II**

## Dial Before You Dig

- Save yourself the hassle
- Easy to use and remember



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**ULTIMATE II**

## What Can You Afford?

- Your AWE calculation will tell you what you can afford as a rule of thumb?
- Target those price points by Grid Analysis of a region by price.
- How much will you put towards the Renovation?
- Can you fit in another strategy?



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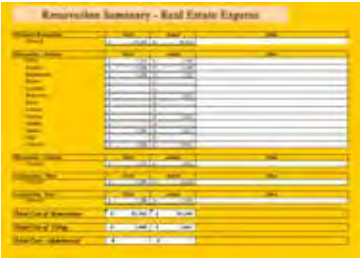
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**ULTIMATE II**

## Renovation Calculations



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**ULTIMATE II**

## Obtaining quotes

- Tradies hate paperwork
- Give tradies a checklist of what you want quoted
- Don't use the cheapest quote unless you are comfortable with it



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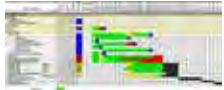
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**ULTIMATE II**

### Provide timelines

- If you have never been in a trade and you project manage you are at a distinct advantage!
- Use **Ultimate Real Estate Feaso** for timelines
- Give it to the tradies so they know when they need to be there
- Time over runs costs money – stick to a time management calendar



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**ULTIMATE II**

### Examples:



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**ULTIMATE II**

### The Last 10% of a renovation

- Takes 50% of the time and 40% of the cost!
- You will be frustrated but stick with it.
- The results are satisfying!



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**ULTIMATE II**

## Adjusting Finishes!

Remember that the finishing of a property is needed for the area.  
There is no need for glass splash backs in mining towns!

1. Basic
2. Standard
3. Luxury



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**ULTIMATE II**

## 3 Types of Finishes

- **Basic** – Intended mainly for practical and price efficient renovating for mining towns.
- These usually include shower cubicles, cheap basins and baths made of fibre glass and standard laminate cupboards



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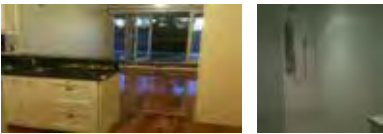
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**ULTIMATE II**

## 3 Types of Finishes

- **Standard** – Used in low end to middle renovations and rental tenancies
- Usually includes standard ceramic tiles, ceramic basins, steel baths, downlights, roll top laminate benchtops and inbuilt wardrobes.



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**ULTIMATE II**

### 3 Types of Finishes

- **Luxury** – High end finishes that are required for luxury homes and executive rental properties.
- These finishes include stone tops, solid doors, walk in robes, glass splashbacks, stone tiles and high gloss timber floors.



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**ULTIMATE II**

### The Team

- Be comfortable with your tradies and treat them as you expect to be treated
- Tell them you are looking to learn not to check their work
- Buy them or cook them lunch
- Once you have found your team KEEP THEM!



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**ULTIMATE II**

### The Builder

- Builders can run the entire Project for you.
- They are usually a tradesperson that upgraded their qualification.

1. Carpenter
2. Concreter or
3. Bricklayer

- They can project manage all your trades or work in with you depending on project size.
- They can also give feedback on building inspections.



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**ULTIMATE II**

## The Chippy

Generally the builder is a carpenter.  
A carpenter can:

- Build timber frames
- Kitchens
- Built in Robes
- Install handles and fixtures
- Minor wall sheeting
- Doors, windows, etc
- And many other tasks



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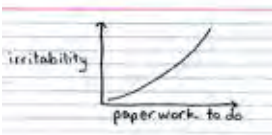
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**ULTIMATE II**

## The Plumber

- The Plumber is a good source of information for design in the “wet areas” of the house.
- They usually can do the Plumbing applications necessary.
- Sometimes they are not good at paperwork.
- They deal with water, gas, sewer, roofing, stormwater and sustainability.



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**ULTIMATE II**

## Plumbing

- Do not change layout if possible- especially in units
- You can use existing pipe work and still look stylish



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**ULTIMATE II**

## The Sparkie

- Your Electricians are the best source of knowledge for older wiring
- They can help with upgrades or connection applications and costs
- They are up to date with the current innovations in the industry including solar.



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**ULTIMATE II**

## DIY !!!!!!! Warning

- Electrical and Gas- DON'T PLAY WITH IT!
- Water will flood your house, Sewer will make it smell but **ELECTRICAL AND GAS WILL KILL YOU or OTHERS!**



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**ULTIMATE II**

## Electrical Death

- Do not break earth bridging
- Your work may not be only faulty but endanger other people and possibly kill!
- **Can you afford to go to gaol, lose that property and everything you own to save a few dollars?**

**Plumber electrocuted inside roof at Glenelg East**



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**ULTIMATE**

## The Tiler

- Tilers are an important part of any renovation because of the issues that can result from a poor tiling job.
- The most important job a tiler does is the waterproofing membrane underneath the tiles.
- Tilers like to do their own waterproofing so they are confident of no call backs.
- A good tiler is worth their weight in gold.



**I LOVE**

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**ULTIMATE**

## Waterproofing Membranes

- Very important to do this in all bathrooms that are leaking or new tiling.



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**ULTIMATE**

## The Painter

- Painting is something that you can get good at very quickly
- Though the finishes of a professional painter can be seen from a DIY legend!
- Painters are also very quick at their job
- They also will make sure that the correct preparation, primer and topcoats



**I LOVE**

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**Painting Tips**

**E-B Emulsa-bond makes paint stick to:**

- Chalky, dusty, porous surfaces
- Masonry
- Concrete
- Old wood
- Weathered cement sheets
- Aluminium cladding
- Kalsomine



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**Painting Tips**

**ESP makes paint stick to:**

- Furniture
- Baked Enamel
- Appliances
- Laminex
- Kitchen Cabinets
- Ceramic Tiles
- Porcelain
- Metal Cabinets
- Anodised Aluminium
- Glass



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**Painting Tips**

- How to test whether paint is oil based or acrylic, (Metho test.)
- How to help white paint cover to save doing another coat, just add a few drops of black tint.
- Lead paint, Houses built before 1970 could have lead based paint so use a lead testing kit before you start to sand.



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**ULTIMATE II**

**Painting Tips**

- Tint your undercoat, when painting new gyprock walls or ceilings, so you only have to do 2 coats!
- Use the right rollers and paint brushes for the job, (good quality equipment, good quality job)
- Choose light colours makes the room look & feel bigger, (no feature walls)



**I LOVE THE SALE**

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**ULTIMATE II**

**Kitchens**

- Kitchens should be practical with lots of bench space
- Include an Island bench with breakfast bar
- Second hand kitchens can save you lots of money



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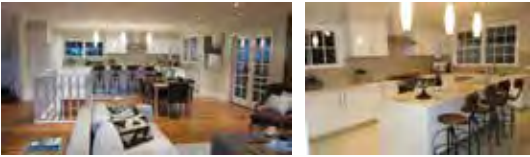
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**ULTIMATE II**

**Kitchens**

- Flat Pack from Chinese importer.
- Stainless steel appliances
- Caesar stone tops



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**ULTIMATE II**

**Lighting**

- Downlights
- Hanging pendants
- Batten holders
- Outdoor sensor lights



I LOVE THE GUY

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**ULTIMATE II**

**Internal electrical**

- Change switches and power points- They are cheap and make a big difference.
- In high end renos pay the extra to have chrome or glass finishes



I LOVE THE GUY

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**ULTIMATE II**

**The Landscaper**

Landscapers can do many varied jobs including

- Retaining Walls (Brick and timber)
- Paving and compacted pathways
- Garden Beds
- Turf
- Sub Soil drainage
- Minor timber works



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**ULTIMATE II**

### Landscaping - Retaining Walls

- Sleepers are cheap. Create flat areas that give extra parking or lawn.
- On some sites the backyard is best done first



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**ULTIMATE II**

### Landscaping - Turf

- Keep it simple
- Grass is cheap and makes a big difference



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**ULTIMATE II**

### Landscaping - Yard

- Yard should be inviting and low maintenance
- Use square edging and garden beds
- Mulch gardens
- Include a deck if you have the space



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**Decking**

- 140mm + give the illusion of a bigger more expensive deck
- Oil decks with a mixture of 2 parts single boiled linseed oil to 1 part kero applied above 20 degrees celcius




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**Bi-folds**

- Bi-folds bring the outdoors in
- No renovation should be done without bi-folds being included




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**Sustainability**

- With increasing energy bills Sustainability can be a selling point
- Install a rainwater tank, insulation, electrical or hot water solar panels




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**ULTIMATE II**

**External finishes**

- If budget allows render brickwork or BlueBoard and render External walls
- To save money render the front only and paint bricks on sides and rear.



**I LOVE THE SALE**

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**ULTIMATE II**

**Roof finishes**

- Darker roofs blend into the background
- If budget allows put a new roof on or have it cleaned and painted.



**I LOVE THE SALE**

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**ULTIMATE II**

**Ask agent for Local Knowledge**

Copy someone else's Success



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**ULTIMATE II**

**Photography and the MONEY Shot**



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**ULTIMATE II**

**Student Reno/ Subdivision**



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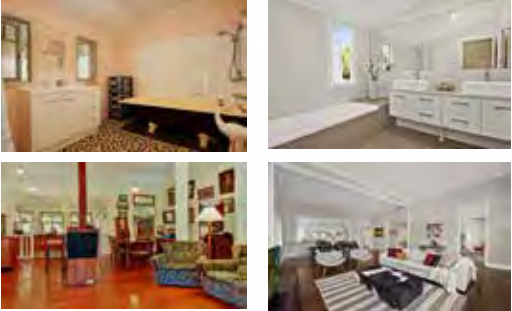
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**ULTIMATE II**



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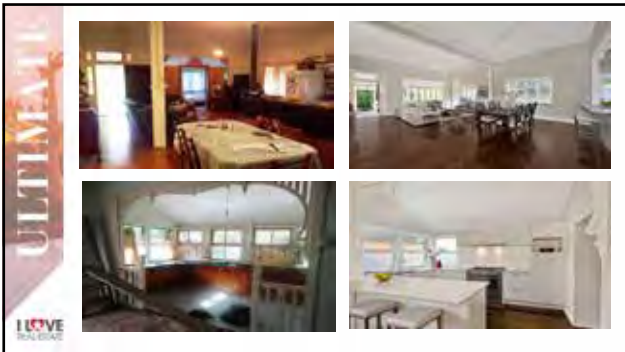
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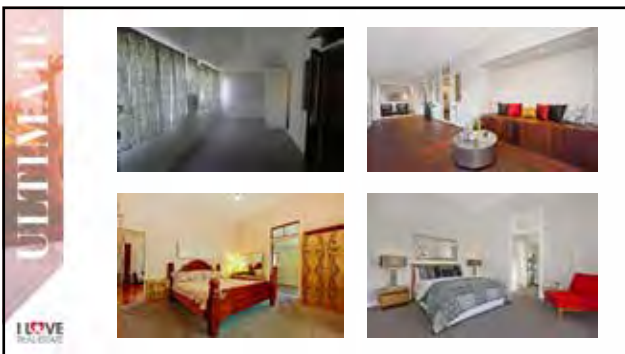
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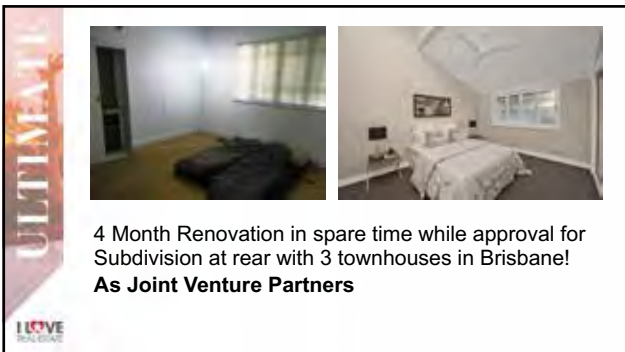
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**Outdoor Room** Converting an old shed to a cabana



**ULTIMATE**  
I LOVE THE DEAL

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**Student PPR Deal**



**ULTIMATE**  
I LOVE THE DEAL

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**PPR Brisbane**

Feasibility	
Purchase	\$ 299,000
Purchase Costs	\$ 15,000
Renovation	\$ 40,000
<b>TOTAL COSTS</b>	<b>\$354,000</b>
<b>SELL</b>	<b>\$400,000</b>
<b>PROFIT</b>	<b>\$46,000</b>
Tax Free	
<b>TIME</b>	<b>6 months</b>



**ULTIMATE**  
I LOVE THE DEAL

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**ULTIMATE**

### Property Styling

- Check your street appeal
- Landscaping
- Professional staging
- Professional photography
- Emphasize the homes selling points



Professional Staging



Amateur Staging

I LOVE REAL ESTATE

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**ULTIMATE**


### Property Styling

Property Styling encourages:

- Quicker sales
- More offers and more bidders
- Higher sale price (5-10%)



Professional Staging



Amateur Staging

**SOLD**

I LOVE REAL ESTATE

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**ULTIMATE**

### Hide neighbours, cars & bins



I LOVE REAL ESTATE

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**Dusk shots - lights on, blinds open**



ULTIMATE II

I LOVE REAL ESTATE

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**Styling Tips**

- Declutter
- Minimize countertops
- Replace handles & benchtops
- Update appliances
- Remove everything on the fridge



**EPIC FAIL**

ULTIMATE II

I LOVE REAL ESTATE

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**Bathroom Positioning**

- Imagine that you use my opinion and install the toilet behind the door
- Then your carpenter puts the door in
- After that the Plumber installs the toilet!



ULTIMATE II

I LOVE REAL ESTATE

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# Renovations / Options / Negotiation Strategies

## Renovation:

List existing property that value could be added to with this strategy.

	Property 1	Property 2	Property 3
Estimated Cost	\$ _____	\$ _____	\$ _____
Estimated in rent	\$ _____	\$ _____	\$ _____
Estimated in value	\$ _____	\$ _____	\$ _____
Is it worth doing?	_____	_____	_____

	Property 4	Property 5	Property 6
Estimated Cost	\$ _____	\$ _____	\$ _____
Estimated in rent	\$ _____	\$ _____	\$ _____
Estimated in value	\$ _____	\$ _____	\$ _____
Is it worth doing?	_____	_____	_____

## Options:

List any potential option deal(s) that you can identify as a chunk deal for either yourself or for on sale:

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Estimated Price	\$ _____
Cost of conversion	\$ _____
Timeframe	_____
Potential On Sale Value	\$ _____
Potential Profit	\$ _____
Is it worth doing?	_____

