

Is now a good time to renovate?

The simple answer is YES.

In recent years, many homeowners sold in an overheated market where buyers were paying high prices for homes. Now, houses are taking longer to sell with less buyers and a lot less cash being spent on each house sale. Some developers are having to rent out new houses they cannot sell and delaying other developments.



This is a great time to renovate to sell or renovation and enjoy. Make your current home more livable, comfortable and functional. When the market picks back up and you have added value to your home you are ahead of others in the same market.

It is a good time to travel less and invest in staycation. This is when you take off work and holiday at home instead of Book A Bach. This is a great opportunity to beautify your biggest asset: your house. Not only will this provide enjoyment for your family, but it will also pay off when you decide to sell.

Home Improvement spending is increasing

People are staying in their houses longer. With builders having shorter waiting lists as the project will add good value for minimum investment. Despite simple economics saying prices will go down this is unlikely given ongoing freight and demand pressures. Building materials are still increasing at a steady rate.

In the recent overheated market and Covid restrictions, builders had long waiting lists and faced significant shortages. Now, low unemployment means there are still waiting lists. Timelines are still stretched, so start planning and be aware that costs could change throughout the process. If you're prepared for the unknown and not in a rush, now is just as good as any for your dream renovation. Timelines will be stretched, so start planning and be aware that costs could change throughout the process.

Frobes says recession (or near-recession) tend to be relatively good times to make home renovations because there can be less competition for builders and materials, you'll be stimulating the economy and depending on the improvements you're looking to make, you can add significant value to your home for if/when you decide to sell.

Renovations are a lower risk option than moving. House renovations can be the key to gradually creating your existing home into your dream home. With a bit of effort and spending money, the opportunities to improve your house are endless.

In an NZ Herald article Robin Ormond wanted to upsize to a bigger house, but was unable to find a property that suited his family's needs. The amount of time and money required to try and buy at multiple auctions was also a deterrent. Instead, he chose to turn his three-bedroom home in Howick in Auckland into a five-bedroom, three-bathroom one. While the build has taken much longer than planned, he says it was still the right decision for him. "We like where we live, the location, views and neighbours are all good. Renovating allowed us to make better use of space and stay. It also allowed us to retain some of our equity."

Know what you want to achieve?

Before you start, it's important to get clear on why you're renovating - is it for comfort in your own home, or to add value to the property so you can rent it out or sell it? Things like a bedroom refit, redecorating or re-carpeting are great options to breathe new life into your living space, but larger jobs like kitchen renovation and bathroom renovation or installing insulation will add real value to the property.

How Much Value Will The Renovations Add?

First things first - you have to do some research on how much value your renovations will actually add to your property. Make a house renovation checklist, draw up a budget and see if your findings will be worth the investment in the long run.

Get a Healthy Homes Audit. This is essential before you rent out a property, but can also highlight issues with your home that can then be addressed. You could go one step further and get a full Pre Purchase Building Inspection. Not only will this highlight issues, having this report can reduce buyer objections/concerns during the sales process. Smurf Builders work with a number of Healthy Homes Auditors and Building Inspectors.



Before making your renovations, you should assess how much value the renovations will add to your house. Will it add more value than the actual cost of making the renovation? If the answer is no, then you might want to reconsider making the renovation.

Certain renovations will also add more value than others. Things like bedrooms and outdoor renovations won't add too much to the property, whereas kitchen renovations and bathroom renovations will add significant value.

Calculate Your Costs

This is the part where you crunch the numbers, with your preferred renovation in mind. How much investment vs. return are you looking to see? Is the goal to keep living in the property, or rent/sell after the renovations are complete? You should factor all this into your cost analysis.



It Doesn't Have To Be About Profit

24 Not all projects will make a great financial return, but some are still worth it if you plan on living there in the medium to long term - maintenance, roofing, adding square footage or updating insulation and flooring all help make your home more comfortable - meaning you'll enjoy the benefits of the upgrades while you're there.

Setting a Home Renovation Budget

25 Setting a budget is the start of your renovation project. This is the part where you're going to have to get realistic with your expectations and analyse just how much you can spend on what.

Work Out Your Maximum Spend

26 Here, work out what your maximum spend is to avoid over-capitalising on your property. There's nothing worse than getting halfway through a renovation and realising you have run out of money and can't afford to complete it in the way you had planned.

Follow Building Code

27 Think about the age of your house and the cost of getting it up to code - especially if you plan to re-sell it. There may be unexpected costs involved with older properties. Any renovations you plan for your property will also have to meet the current building code, standards and so it pays to not skip corners when it comes to doing things properly. You may need Building and/or Resource consents.

Work Out Cash Flow

28 Know the importance of having cash flow for paying contractors on time - you may have worked out that your income can support renovations, but it's important to ensure adequate cashflow to fund the project. Paying tradies on time is super important for your working relationship, to ensure timely completion and allow contingencies, particularly to cover issues uncovered in the demolition process.

Smurf Builders work with a couple of loan companies that provide free loan assessments.

House Renovation Overview

These investments give you the best return:

Bathrooms

33 The bathroom, by its nature, often contains lots of utilities and appliances. Bathroom renovations will end up costing more than the average room in your house, so budget accordingly. A mid-size new bathroom in New Zealand will likely cost around \$25,000 - \$50,000. Be careful to doing demolition yourself - a lot of older vinyl that includes asbestos.

Kitchens

In the same way as bathrooms, kitchen makeovers have a lot going on utility-wise, which makes them a lot more expensive than other parts of the house. Expect a lower cost of \$120,000 for smaller kitchens, and anywhere up to \$100,000+ for larger kitchen areas. These costs vary, so make sure to get a professional to quote you the cost before you start the project. Quality benchtops always cost more than expected.



Adding More Space

Adding more square meters to your property is often a costly venture, but one that could see a handsome return if you decide to sell or rent out. Adding an extension to your home or an extra bedroom can be more affordable, whereas adding an extra bathroom may set you back more. Adding the utilities, insulation and infrastructure to a new part of the house is never cheap, but can lift your property value significantly. Be sure to take into consideration the size and scale of your extension, and look into the relevant building consents and permits needed to take on these types of projects.

Bedrooms

A bedroom refresh can often be achieved with a smaller budget - things like painting, updating flooring, swapping out fixtures and updating lighting can make a big impact and can be achieved on a lower budget.

Landscaping

While landscaping may seem like a big job, it's actually very efficient when it comes to cost and will add great kerb appeal to your property.



Deck/Outdoor Areas



Things that revive your outdoor spaces will add to your enjoyment of living in the property and are also fairly cost-effective. Consider something like a new deck for your next renovation. Even just replacing the decking on an old pine deck can make a big difference. You can now build certain structures up to 30sqm such as a garage or sleepout without consent so these are worth considering if you have a larger property.

Laundry

Laundry renovations are usually cheaper because the laundry space is often smaller. New lino and repainting the walls and even upgrading your laundry machines is often cheaper than renovating other parts of the house.



Top Tips For Maximising Your Home Renovation Budget

A few things you can do to maximise the value of your renovation budget. Everyone likes seeing a good return on investment,

1. Building Contract

Any works over \$30k must be covered by a building contract. As part of this contract you will need to ensure your insurance covers your property during the renovation and your bank or lawyer will need to provide evidence that you have the funds to complete the project. In exchange your builder will provide the project plan and payment schedule.

2. The quote process

The quote process will help you find the building company you will be comfortable to be working on your biggest investment. As you work through the planning process you will know who you can work with. Also, the costings will inform your project budget. The lowest quote may not be the best quote - look at what is not covered. Does the builder have full insurance, has the builder been trading for a long time?

3. Hire Pros

Most renovation work requires registered tradespeople like plumbers, electrician and carpenters to complete. Only Licensed Building Practitioners can provide the necessary documentation to get a Certificate of Code Compliance (CCC) or at least ensure insurance coverage. Banks also require evidence of relevant CCC to complete any future sales process.

4. Leave Wiggle Room

Leave a healthy buffer in your budget for the unexpected things that pop up when renovating. This could include damage to infrastructure, increased jobs list due to code specifications or discovering some out of sight issue with your property that needs fixing.

5. Get Creative

When renovating your house, it's okay to reuse resources, salvage second-hand materials or look for used fittings such as doors, windows and appliances that might fit the age and style of your property. Check out second-hand stores, Trademe, recycled material sellers and even local Facebook groups.

However, try to avoid cheap plumbing or electrical fittings. The cost of having a plumber or electrician to install a fixture that is low quality can take longer and end up costing more than installing a decent new fixture in the first place.

Free Renovation Assessment Offer

When people have decided to go ahead with home renovation, many find themselves in the position of wondering where to start. Things like knowing your home renovation costs and taking into account the right considerations along the way can be difficult.

Smurf Builders are renovation specialists in your area.

Smurf Builders have over two decades of experience.

Contact us now to get your free Renovation Assessment valued at \$297...

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