



# HOW TO RENOVATE NOW & PAY WHEN YOU SELL

MAXIMISE YOUR HOME'S SALE VALUE  
WITHOUT BEING OUT OF POCKET

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**FLIPRO**<sup>TM</sup>  
RENOVATE NOW PAY WHEN YOU SELL

# STRATEGY

## PROCESS & TIMELINES

### TRADES & PROJECT MANAGEMENT

#### FINANCE



The variance in sale prices can be considerable when comparing small to medium renovations. With over 15 years in the renovation industry, we have witnessed instances where properties achieve a \$1 million added sale value for only \$200,000 outlay. In other cases, some have spent \$50,000 and overcapitalized, making less profit than the cost of the renovation.

To achieve the best sales price for your property, it is imperative that you know your market. It is crucial that you speak with the right, competent local agent that understands the market and demographics in your area.

There are many factors to consider before you entertain the idea of renovating. You do not want to do renovations that will not increase your buyer's market or make financial sense. For instance, your property could be in a position where it is most likely going to be sold to a developer, thus there is probably no point in wasting money and time on a renovation.

However, if the agent advises an upgrade of the kitchen, bathroom whilst adding an extra bedroom should achieve an extra \$500,000 on your "as is" sales price, then it is definitely worth considering. Doing your due diligence and completing a thorough cost vs profit analysis is extremely important before making a decision as outlined above.

## INTRODUCTION

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There are many facets associated that need to be considered when selling your property. Agents, marketing, fluctuating markets, furniture staging and the list seems to go on. One thing that you need to first address is whether or not any renovations need to be carried out on your property before going to market.

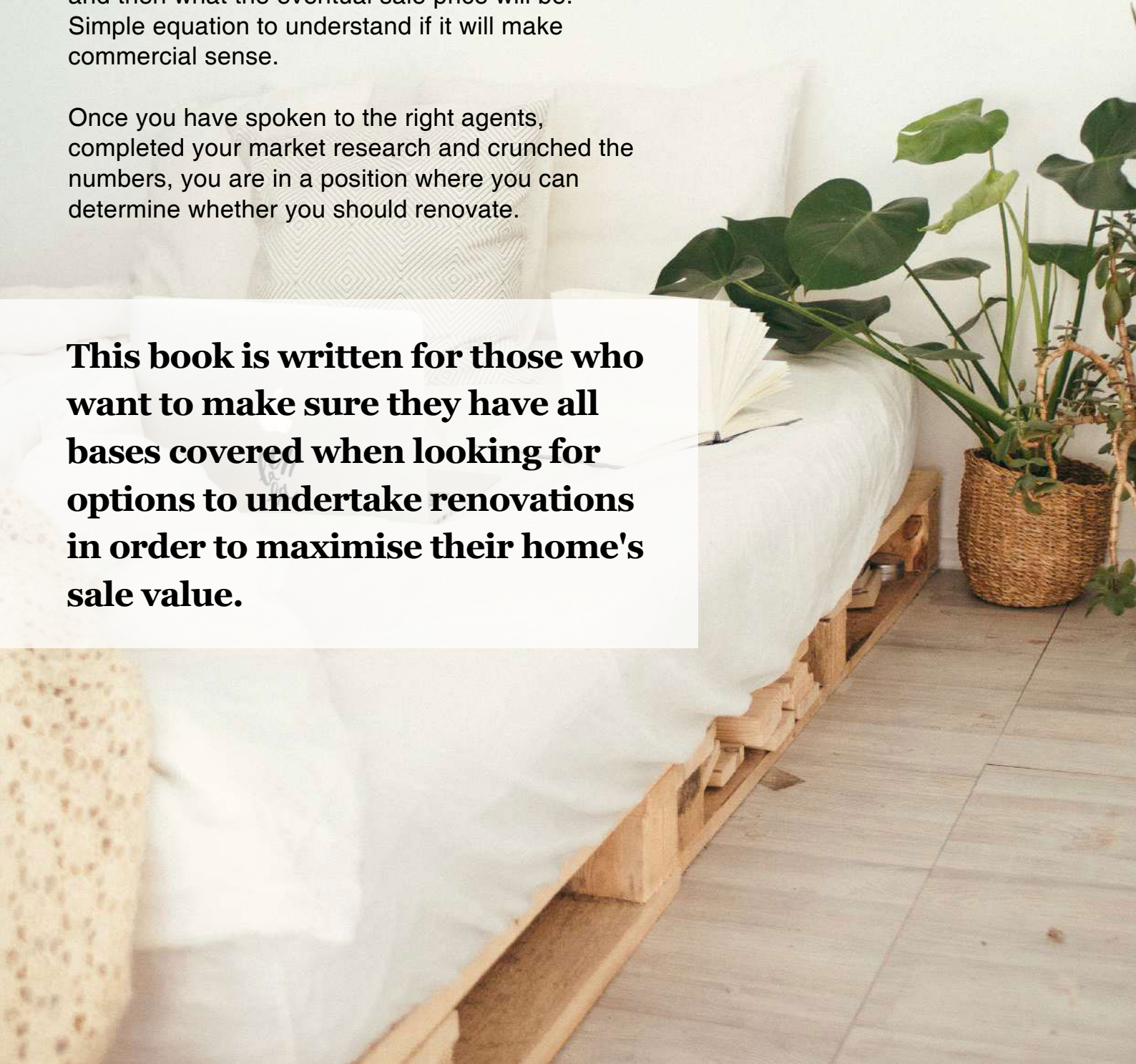
This e-book will help you understand how to 'Renovate Now, Pay When You Sell', an exciting new concept in getting your property market ready to achieve optimal sale price without out of pocket expenses. Selling a home is an exciting time for most, but it can prove to be a stressful one for many. The reality is most homes achieve a higher sale price when they are fully renovated or at least had some cosmetic touch ups and being neatly presented for sale. Proven studies show that most buyers want to purchase a ready to move into home.

# MAXIMISE YOUR HOME'S SALE VALUE WITHOUT BEING OUT OF POCKET

It is imperative you do as much research as possible, understanding and analysing the numbers involved will lead you in the right direction. The numbers don't lie, if done correctly, compare what your property is worth "as is", add how much you may need to invest in a renovation and then what the eventual sale price will be. Simple equation to understand if it will make commercial sense.

Once you have spoken to the right agents, completed your market research and crunched the numbers, you are in a position where you can determine whether you should renovate.

**This book is written for those who want to make sure they have all bases covered when looking for options to undertake renovations in order to maximise their home's sale value.**





the right

**STRATEGY**

This is a critical piece of the renovation puzzle. If the correct steps are taken then renovating can be extremely smooth sailing.

Understand exactly what is going to increase your value and keep refining your strategy. You need to look at what is going to increase your properties value the most. It is important to get the right advice in the beginning as once you have started any work, it is very difficult to change direction as you more than likely have invested funds to get where you are.

Look at the size of your block and the condition of your property, renovation might be one of many ways to capitalise on the equity. You will find that your property will fall into the following categories; Multi-dwelling development, dual occupancy, subdivision or renovation.

**Multi-dwelling** is considered a development opportunity to build multiple properties on one site. Obviously this has the potential to increase your profit considerably, however the costs and risks are higher. Plans and permits are a major part of the process and can take months. But if you have done the necessary research you will know whether it's a viable option.

**Dual Occupancy** (DualOcc) is generally two dwellings on the one title, either attached or detached. This can be a very happy medium between maximising your profit with the land you have. Having two dwellings in effect to sell instead of one, again extremely important to do the cost analysis and it generally includes a fair bit of construction.

**Subdivision** is where you divide your land and potentially sell it off as is or build and then sell. This can fall into the above categories or be simply selling land off, which can be extremely profitable where you renovate the property and you increase your profit from all angles.

**“The biggest temptation is to settle for too little.”** — Thomas Merton



If developing your property does not appeal or is not viable, then the renovation angle is generally the easiest and most common process taken to get a property market ready.

This can be a cosmetic touch up, generally advised to spend 5% of the total value of your property, but to see a decent increase in sale value you generally need to spend minimum 10%. Attracting a larger share of the buyer's market is extremely important, moreover this increases competition and subsequently your profit. When determining your strategy, you need to determine the appropriate amount to spend on your renovation.

The number one thing to get right here is the budget, if you under-capitalise then you will be leaving money on the table, if you over-capitalise then you will eat into your profits. Hence devising the right strategy, listening and talking to experts and implementing a solid plan is key before you decide what to do.

You also need to keep in mind this is a business decision, first and foremost. Your strategy can not be guided by emotion or drive how you want the renovation to look at the end. You are renovating to increase appeal to the majority of the buyer's market, personal dreams and taste go out the window.

Figures, facts and advice are the main components you need to focus on here. Do your due diligence on the market in your area, research previous and similar property sales. Be honest with valuations, it is best to get a few Real Estate agents to appraise your property, which are free so make sure to utilise them. Real estate agents understand the market and what the local buyer looks for, ask them what you need to focus on when renovating. Explain your budget to them and they will focus on what you need to improve to maximise your return. These appraisals will determine current market and help you understand whether a renovation will add the value to make the project viable.

Moreover, conduct a cost vs profit analysis, this will provide a true gauge on whether you stand to make enough profit to go through with the renovation. Sometimes we have the best ideas but essentially you are over-capitalising and doing any type of renovation is pointless.

**Set a budget  
and stick to it!**





# PROCESS & TIMELINES





You have arrived at the point where the numbers add up and made the decision to push ahead with the prospective renovation.

While many renovations remain simple and will be limited to cosmetic work, in some cases it makes sense to extend the home or to open up a floorplan.

This is where processes need to be followed. A structural renovation is a bigger investment of time and money, and will require consultancy. Ensure that you have the right team on board well before you start. Typically, you may need an architect or drafting service, possibly a town planner, you may need to get a land and geotechnical survey done, you may require structural engineering and a building surveyor to sign off on the works. These services are generally required when applying for a planning permit (local council) and a building permit (building surveyor).

Venturing into the territory where permits are required without the expertise of suitable consultants can prove to be incredibly expensive down the road. Most potential buyers will be put off if you cannot provide the required permits. In some cases, homeowners were forced to remove additions and extensions at an immense cost simply because they were trying to cut some dangerous corners.

Ensure you understand the scope of your

project and complexities that you might face. Make sure that the permits you are applying for are completed thoroughly and reviewed before submitting. A problem you do not want to have is for your local council to look for reasons to delay the approval process.

Like any other project, processes that you put in place need to be followed and timelines need to be adhered to. These are extremely important in order to deliver your project on time, on budget and with little chance of complications.

Protracted decisions and delays will obviously affect your timeline. This will most likely add additional cost and therefore reduce your profit margin.

Markets are fluid, if you were trying to capitalise on a seller's market and delays see the market turn then subsequently this has also cost you profit. Having contingency plans if you find your project being delayed should be devised during your strategy. If you think it can go wrong, prepare for the possibility just in case.

Processes and timelines play a massive part in your renovation, pay attention to them, have a contingency for the contingency.

Be prepared, follow the process and set strict achievable timelines to track your progress.

# TRADES & PROJECT MANAGEMENT

Trades can make or break your project and timelines. Do thorough due diligence here, reputation and experience are key. Read, research and select a short list and get them to come and quote on the potential work. With a few quotes to compare for each trade you can determine one you trust and which falls in your budget.

We can not stress highly enough how important this phase of the project is, trades can have an effect to your profit margin in the end.


We have seen the good, the bad and the ugly. A good trade is honest, upfront and communicates, you should be able to ask anything you like with a transparent answer. Unfortunately, the bad and the ugly trades exist. So, the most important part here is to get as much information on them as possible, look at previous work and judge their professionalism and then make a decision. Whilst you can save cost by doing a lot yourself, remember to get licenced trades where required (plumbing and electrical etc.) as this can become a sticky point when you sell.

Trades do not manage the project, they only manage their portion of the work, hence project management is something you need to address. Dependent on the size of your project and your experience, you need to consider whether or not you can take on the management yourself. Be mindful that it can be an arduous task and extremely time consuming. On a sub

\$30-40k renovation you may feel comfortable enough, however, above that things can get complicated quickly.

A project manager will basically step in and manage the project/renovation from inception through to completion. Time and finance management are key here. If this is your 1st attempt and you plan to project manage it yourself, then find all relevant material and do your homework. Speak with experts, friends and family and remember there is an amazing wealth of knowledge online to guide you. No matter the size of the job, if you are time poor, inexperienced or just do not want to get involved in managing the project then best to outsource and get some external help.

Once the project is complete and marvelling at how good the property has been renovated, presentation to the buyer is extremely important. Results show, staging a property with professionals goes a long way to increasing your profit. We managed projects were friends and family lend some artwork or furniture to create that stunning final touch. If you choose not to go down that road, make sure that all the furniture is clean and the place is spotless on the inside and out.



Be proud of what you have achieved and make the most of what you stand to earn. Remember, the time and money you have put into the project should be complimented by the décor and furniture.



getting the right

**FINANCE**



How much is too little or too much to invest in your renovation? Renovating can be a money pit, so beware and take care. With all the knowledge that you have gathered from above, you now know what your property is worth and what renovations will add value for the potential buyer.

When determining how to finance your renovation, there are many options to consider. Ideally you have enough funds to start renovating. This however is not always the case and you may need to source another form of funding. Firstly, you may decide to approach family and friends to see if they are willing to lend you the funds. Second, the banks, they offer the cheapest rates on loans, however their processes and eligibilities are very conservative. Timeliness is also a factor with the banks, it is rare that you will receive a loan acceptance until they have completed their necessary protocols. Banks would typically finance your renovation cost up to 80% of what your property is worth “as is”.

If you cannot fund it yourself and family friends are not an option, there are some other solutions out there. A way to secure funding is to use Other People’s Money, or OPM as it is commonly known. This basically alludes to another form of lending, where you secure funds from outside lenders. They will assess your situation on a case by case basis and are generally more flexible and have more lenient lending.

Furthermore, you can consider Flippro - Renovate Now, Pay When You Sell. Essentially, meaning we will fund the project and you can settle the bill once the property has been settled. This is a new form of renovation finance that might help you complete the necessary works without being out of pocket. We are slightly more expensive than the banks, however if you don not renovate you could be leaving hundreds of thousands of dollars on the table. As we carefully assess each project and understand the potential uplift in value through the renovation, we are able to fund projects beyond the typical banking levels.

Our previous clients have increased their sale price by 50% of what it was valued before renovating. At Flippro, we have over 30 years of experience in property and finance and we understand every scenario is unique. We combine the expertise of finance and project management to make things easier for you. Our goal is to help you capitalise on the full potential of your property.



# CONCLUSION

## So, when considering whether to renovate before you sell, remember the following;

- 01** Determine what your property is worth as is, determine the profit you stand to make if you renovate by crunching the numbers, cost/profit analysis.
- 02** Research – make sure that you engage with the experts and listen to their advice on the necessary changes that will add value for the potential buyer.
- 03** Do your due diligence on what type of project is best for you; Renovations, Joint Venture, Subdivision or Development.
- 04** Select the right agents, trades and project manager, this can make or break your budget and timelines.
- 05** Increase your buyer's pool by completing the works your buyer is looking for.
- 06** Know how much is too much to invest on the renovation, don't overcapitalise.
- 07** Get your hands dirty – clean, tidy and make the property sparkle. No one wants to think what needs to be done to the property but how their life will look when they move in.
- 08** Understand that there are numerous finance options out there, don't let someone else capitalise on the equity of your property. The old adage 'Sometimes you need to spend money to make money' is still true.

From all the information provided, the key thoughts to take away from the word R.E.N.O.V.A.T.E can be simplified into;

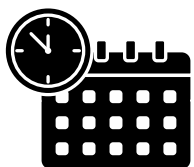
1. R - Research
2. E - Everything
3. N - Never
4. O - Overcapitalise
5. V - Value
6. A - Add
7. T - Think
8. E - Equity

**... good luck with your project.**



*Take the headache out of financing and sourcing trades for your home renovations. Our services include:*  
**Renovations, Extensions, Developments, Subdivisions and Joint Ventures**

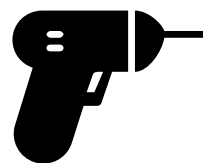
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Qualify for a presale renovation package



Line up contractors and complete your renovation



Pay us back when you sell

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