



BY JANE EYLES-BENNETT

# How long should my

In the second of the bi-monthly series on commonly-asked questions by investors, **Jane Eyles-Bennett** looks at how long your renovation should take and advises how to make sure you stay on target

**S**pending too long on renovating an investment property can take you into the land of over-capitalising.

Often, we only compare the cost of the renovation with the increased property value to work out our profit. However, there are other costs incurred along the way. Mortgage repayments being the big one.

I come across investors all the time whose plan is to carry out their renovation themselves in order to keep costs down. But I believe that this is a short-sighted view of the situation.

Not only will the renovation take much longer when you do it yourself, it's likely to not be as good a quality finish as it should be. Buyers and valuers are savvy and will spot a DIY job a mile off.

The next problem is that an inexperienced renovator is likely to make mistakes throughout the process that will incur extra costs and timeframe blow-outs.

Another thing to remember is that most tradespeople can buy at wholesale rates through their trade outlets. Where you will buy retail (or perhaps at 10% to 20% discount), repeat

purchasers such as painters, plumbers, electricians and so on, can usually buy at 35% to 40% under the retail cost. They will still put a small margin on this but generally will not charge you the full retail amount.

**Let's quickly take a look at a DIY renovation versus using professionals:**

	DIY renovation	Using professional tradespeople
Pre-renovation property value	\$400,000	\$400,000
Renovation material costs (recommend 5% to 7% total renovation costs)	\$18,000 (retail prices)	\$14,000 (\$18,000 retail – less 35% discount – plus 20% margin)
Renovation labour costs	–	\$10,000
Total renovation costs	\$18,000	\$24,000
Contingency (allowance for errors)	\$2,000 (10%)	\$1,200 (5%)
Renovation length	16 weeks	4 weeks
Holding costs (\$25,200 per annum - 7% interest on a 90% loan)	\$7,750	\$1,940
Total renovation and holding costs	\$27,750	\$27,140

The long and the short of this exercise is to illustrate to you that your renovation does not need to take a long time and you don't need to do any of the work yourself to make a profit – as long as you're renovating the right property and doing all the right things.

Doing too much, or doing the wrong things to your property will have you taking more time and spending more money than you need to in order to turn a profit. And of course there's the extra loss of rental income while you're renovating yourself.

The totals in the above example don't differ very much, but you can guarantee that the quality of the workmanship on the professionally completed renovation was much better than the DIY one.

Whether you do renovations yourself or you pay professionals, the trick to a quick, no nonsense renovation is in the preparation. Waiting until the day your property is available (property is vacated, settles) is not the thing to do as an investor. You want to be planning your renovation at least a month or two out – more if you can.



# renovation take?

## Things you'll need to start thinking about

Six to eight weeks out from your start date:

- What parts of the property you are going to improve
- What actual surfaces, fixtures, fittings and components you are going to upgrade
- What materials, products, colours and finishes you are going to use.

Four to six weeks out from your start date:

- Who will do the work for you – and are they available when you need them?
- Costs for your renovation. Now is the time to 'massage' your renovation to fit within your budget if necessary
- Finalise your renovation plan, sign off your quotes and book in your tradespeople.

easily accessible by your tradespeople. And purchasing too late can lead you to not getting what you want or having to pay a premium for a particular product.

I will often store smaller items (light fittings, handles and so on) hidden inside the kitchen cabinetry at the back of a shelf. Larger items are harder to store so it's a good idea to have these delivered on the day before they're needed.

The whole point here is that all the products are on site, ready to be used when they're needed so the project keeps moving.

Tradespeople supplying their own materials or products are responsible for getting them to the property on time. If you are supplying them, then it is up to you. Not being adequately prepared can cause delays which inevitably will cost you money.

## You need to know how to manage the process – and keeping everyone informed is part of that

Don't expect that your tradesperson of choice will be available at the drop of a hat. If they are good then it is likely they will be booked up. Booking in your tradespeople early is essential if you want them at your property on certain days. If they are reliable, then they should book you in and then work their other jobs around you.

For this reason, it is essential that you stick to your timeframes. Or at least advise tradespeople of the date changes as early as you know. Nothing in construction is ever fixed in stone – and that's the fun of it. But you need to know how to manage the process – and keeping everyone informed is part of that.

If you are going to be purchasing some of the fixtures and fittings yourself, then one to four weeks out from your renovation is the time to do it.

Purchasing too early could cause storage issues – you'll need a secure place away from the work zone, but

Renovations do not need to take months and months if you plan well. I have done numerous cosmetic renovations in just a matter of weeks – in and out in under a month and onto the next project.

You can do this too. With the right property and the right plan of action of what you will do to it, you can get through your renovation projects in no time.

### Just remember

- Thoroughly plan your renovation's details – well in advance
- Prepare a realistic renovation programme and stick to it
- Book in your tradespeople or project manager early
- Resolve issues immediately and keep the project moving as fluidly as you can. ▲

**Jane Eyles-Bennett is the owner of HotSpace Renovations.**



## If you like it hot, you'll need some fans

The new **The Range 2010** and the new **The Range Whites & Neutrals** fandecks from Resene are full of inspiring designer paint colours designed for the year 2010 and beyond. Choose a feature wall colour from **The Range 2010** and complement with your favourite Resene neutrals in up to six colour strengths from **The Range Whites & Neutrals**.

Available exclusively from Resene.

**Resene**  
the paint the professionals use

0800 RESENE (737 363)  
www.resene.co.nz