

When a quick flick does the trick

Rapid-fire buying and selling can be a profitable property strategy, but keep your costs under control

QUICK flicks are part of our home owning and investing folklore. Doing up a house and moving on has put many a person on the path to wealth. But there is a lot more to quick flicks than just having a good eye for decor.

There are two distinct groups of people who do quick flicks: those who renovate, and those who trade properties. The line between them is blurred, because some traders will spend \$10,000 or \$20,000 on a paint job and some maintenance, whereas the renovators are often looking to do serious work such as kitchens, bathrooms and extensions.

Quick flicks may not even involve any work at all. Sometimes, says Anthea Baker-Shreeve, property investor and director of home-staging company Homebase, it's a matter of getting a new buyer hooked on a property and this can be done by cleaning inside and out and dressing it with the right furniture and accessories.

"If you want to trade property, you want to do the minimal amount of work on them," she advises. "Building prices are so high, councils charge a fortune and take too long to get consent through, and no one can make any money from renovations any more."

Jane Eyles-Bennett says the mistake that first-time quick flickers make is to become emotionally attached. She offers cut-price quick makeover advice to investors and homeowners through her company, HotSpace. "I had one lady at the [Auckland] Home Show who said that she wouldn't be happy unless she was willing to live in the property herself."

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**Anthea Baker-Shreeve
Homebase director**



But if money is the motivation for a quick flick, then forget the Italian granite work surfaces and designer bathrooms.

"People often replace a kitchen when all they needed to do was replace the bench and the cabinetry handles," says Eyles-Bennett. "Or they might paint the entire house when they could get away with painting the trim."

Eyles-Bennett was a house flicker herself before she set up the business. A typical example of what she does personally with a quick flick was a Te Atatu Peninsula estate house she bought in March for \$283,000. After spending \$17,000 on a project manager and renovation, she sold in less than a month for \$350,000. After



The Te Atatu house before (above) and after (left) the makeover that earned Jane Eyles-Bennett a quick \$20,000 profit.

renovation costs, agents' fees, valuation, tax, insurance and other costs, she came out with \$20,000 profit. All for no more than 40 hours work for her.

Ben Magrill did his first do-up in Glenfield, Auckland, late last year while still working full time as an IT operations manager — employing builders to do the work. That was followed by a couple of double settlement flicks where he sold on the same day he settled on the property.

Magrill's quick-flick operation has been so successful that he has given up the day job and gone full time. He knows, however, that quick flicks aren't as easy as they appear. One of his efforts lost money once expenses were calculated.

Costs for a quick flick can include:

- Buying costs, including your time, building reports, valuation fees and legal fees.
- Management costs, including mortgage payments and utilities as well as some-

thing like lawn maintenance.

- Renovation costs.
- Selling costs, including more valuations, estate agent fees and legal costs.
- Tax.

Home staging is the latest craze in the quick-flick market and you can do it yourself, says author Catherine Smith, who has just published *Home Staging in New Zealand*. Smith says cosmetic makeovers are an excellent way to increase value in a slow market. "Generally, you can spend 1 per cent of your house value on grooming and not lose it when selling.

"Even basic attention such as fixing deferred maintenance, cleaning and tidying, decluttering and adding sizzle features will give great returns." She warns that some renovators think they've made a profit when the property would have gained value anyway over the time.

The Inland Revenue Department views quick flicks as trading so any capital gains are taxed. If the property isn't held in a trading trust, the trader could also find their other properties "tainted" and taxed as well. ■

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