
Renovation Webinar

Dean Parker & Troy Harris (Active Property Network)

Biggest mistakes people make renovating

Troy Harris: What are the biggest mistakes that people make when taking on a renovation?

Dean Parker: *The biggest mistakes.* We've got, four main ones that we've found people do the most and they really are jumping in or let's say jumping in at the buy stage. So in our product that we've got that we sell, our education product, "*The Complete Renovation System*," there's eight steps that we talk about in a renovation and the buy stage is actually at step five. So there's four steps before that.

One)

And we find that a lot of *people jump into the buy without doing the steps that are required before* and that is one, *understanding the basics*, getting yourself ready to actually do a deal which is things like getting your accounting and working in how much cash you've got. And then actually *finding a property* in an *area* based on actual goals that you set and that could be around profits or cash that you have to invest. So that's probably the number one area that people would probably just jump in a bit too quick without actually having a set plan of what they want to do and probably not understanding what's involved.

Two)

The second one is just *going over budget on reno costs*. I think that's probably...that's the one that all the reno shows talk about that they go in and people just underestimate what's involved in regards to costing. I mean, that's what we've...The very first, as I said, before the first spreadsheet we developed was our reno costing tool because we wanted to make sure that we had every cent counted for. That's definitely the second one.

Three)

Not knowing end-selling price is another big one. Real estate agents can very easily inflate end selling price when they're trying to sell you a property so there's a whole heap of things that you can do to mitigate that risk like getting valuations or getting appraisals from other real

estate agents and there is RP Data, a whole heap of things. But again, that's another thing that people probably don't do overly well.

Four)

And the other thing is probably just not *identifying a target market*. And making sure that you renovate to a market that's actually buying in the area at the moment. So for example, if you're in a school zone, there's no point in renovating...well, not...You want to be aiming your renovation to a family rather than to a young or a professional couple without kids, for example, because chances are you're going to be getting a family buying in a school zone, for example, 'cause that's what they do. So it's all about just identifying a target market and understanding what the buyers that will probably be looking at your property will want in that property. And you do that by just looking at other properties on the market in that area for around the same price bracket.