

CASE STUDY 2

In today's current economic environment, making a huge decision to sell your existing home and buy a new dwelling to increase space for the growing family is becoming harder and harder.

When your family out grown their current home, the logical solution is to sell and buy a new home. The hardest decision that needs to be made is to find the dream home in the right area. If you love the area you're in already, it makes the decisions making process even harder.

There are other alternatives that can be investigated before the big choices are made. One alternative is to demolish the existing dated and tiring dwelling while the other is to renovate and increase the size of the existing dwelling. Investigating and doing the right research can help determine the final decision.

The following case study is a quick breakdown on the process and costs associated with renovating and demolition and rebuild of the family home.

Knock Down and rebuild

Every rebuild is different and so are the costs.

The project will start on a base cost for the new home constructed by the builder, but various other costs will need to be incorporated into the budget. Options such as changes to the building façade and internal fitouts will need to be included as variations to the building contract.

Additional factors to be included into the budget:

- Demolition and removal of the existing dwelling
- Site costs such as earth works and new service connections
- Statutory requirements such as energy efficiency enhancements, bush fire proofing
- Rental costs (including bonds and monthly rents, agents fees, removalists, storage)

Renovate

Again, each project is different and costs vary accordingly.

Project considerations:

- Design costs – professionals need to be engaged to translate your needs and requirements into a functional design. Plans will be prepared and the appropriate consultants engaged to complete the whole package
- Construction costs – this is the biggest component of the budget. Prices will vary from suburb to suburb and will differ from builder to builder
- Council fees – the local council will need to issue a building licence before any construction can begin. There fees include inspection fees, planning and building approvals
- Insurances – it is important to have the correct insurances on the occasion the something goes wrong. The cost of insurance will depend on the size of the renovation.

Case Study 2

The following study is based from a TV show aired on Channel 10. This study investigates the rebuild/renovate options for a family living in a three bed, two bathroom home.

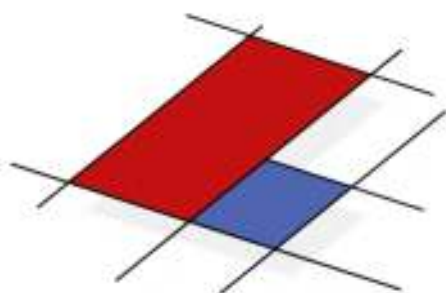
Current Home layout	Wishlist
<ul style="list-style-type: none"> - 3 bedroom, 2 bathroom on concrete slab - 1 lounge room - Non-functional open living space 	<ul style="list-style-type: none"> - Additional bedroom - Remodel existing bathroom - Second living space - More storage

Knockdown & Rebuild	Renovation
<ul style="list-style-type: none"> - Rebuild cost - \$238,540* - Demolition cost - \$5000 - Rental Fees - \$8710 (Average rental price for 4 bed home in same suburb for 6 months) - Removalist costs - \$2000 	<ul style="list-style-type: none"> - Renovation/building cost - \$175,000 (\$2500/sqm – 70sqm) - Engineering - \$4100 - Design Fees - \$9000 - Rental Fees - \$8710 (Average rental price for 4 bed home in same suburb for 6 months) - Removalist costs - \$2000 - Insurances - \$2000 - Contingency - \$17,500 - Council Fees - \$1500
Total Cost - \$254,250	Total Cost - \$ 219,810

*based on a cost of selected home to suit the family's needs

Considerations:

- For some, the option of rebuild may be more suitable if you are on a strict budget with little room to move. The fixed price with a one-shop decision making process will also make this more preferable for busy families.
- Renovation costs can easily blowout with unforeseen problems such as termites, asbestos, water damage, especially prevalent in older homes
- Before committing to either renovation or re-build, be sure to do the appropriate homework and find out what limitations and restrictions apply to your property



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