

How to double the value of your property

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Tips for first-home buyers

The property market may be beyond the reach of many however here's some creative tips to make things a little easier.

Why do some properties double in value every 10 years but others struggle to achieve a decent financial return?

It's all in the details and location. Relatively small differences between residential properties – excellent natural light, for example, or a position on the high side of a street – often account for a significantly better-than-average rate of capital appreciation.

These types of properties stand out, whatever the prevailing market conditions.





Why do some properties double in value but others struggle? It's all in the details and location. Photo: Airphoto Australia

So-called A-grade houses (renovated, in quiet streets, near transport and infrastructure) nearly always attract buyer competition and punch above their weight, whether the market is up, down or middling.

Purchasing well becomes more problematic when you buy B- and C-grade houses and units and apartments.

It's here where aspect and outlook truly counts.



Access to light is crucial to buyers. Photo: Supplied

Since 1999, adviser Paul Nugent, of Wakelin Property Advisory, has recommended to numerous investors that they buy into a 1970s block of 24 one-bedroom units in St Kilda. However, he only recommends that clients buy the front and rear units on the first and second floors.

The block, near Acland Street, was fully renovated in 1996, with the units then sold off individually.

Mr Nugent began purchasing units in the building for investor clients 17 years ago, and has monitored various units' capital gains.



Northerly-oriented backyards have become more important as people have opened up the backs of properties to include alfresco dining areas. Photo: Supplied

“The four units at the front, on the first and second floors, that face out over a park have performed really well, and the four at the back that look out over rooftops and at the guts of St Kilda, also have a very good outlook,” he said. “We try to avoid buying ground floor apartments in St Kilda because they have perceived security issues around them. And the 16 units in the middle of the block, as a rule, don’t have an outlook to anything.”

Mr Nugent said one unit at the front of the block changed hands in 2013, showing an annual rate of growth of 7.3 per cent since 1996. Another, with a rear outlook, had notched up annual growth of 7.7 per cent in the same time frame.

By contrast, units in the middle of the building had only grown by 6 per cent or less.



Pay attention to the streetscape. Photo: Chris Hopkins

“If you compound that differential in the annual growth rate over a period of time, it can amount to quite a bit of money,” Mr Nugent said.

Secret Agent’s Paul Osborne said being on the high side of the street was a big issue for buyers.

“It’s a biological thing that many people want to obtain, rather than being on the sunken side of the street and down at a subterranean level,” he said.



Front-facing apartments tend to perform very well.

“Then there are factors like the orientation of the backyard, the natural light and extra width to a property that makes a big difference.

“Some homes that you walk into feel right. The light feels good, the way it addresses the street is good and it is safe and secure.”

Pay attention to the streetscape, too. House buyers nearly always generate greater long-term gains if they choose streets that are 80 to 90 per cent intact with houses in the same or similar architectural styles. Hodge-podge streets, where three-storey blocks of flats sit next to Edwardian or Victorian houses, just don't have the same cachet or appeal for buyers.

Access to light is becoming crucial to buyers as new apartment and townhouse blocks take light from existing properties.

Agents say northerly-oriented backyards have also become more important since 1995 as people have opened up the backs of properties.

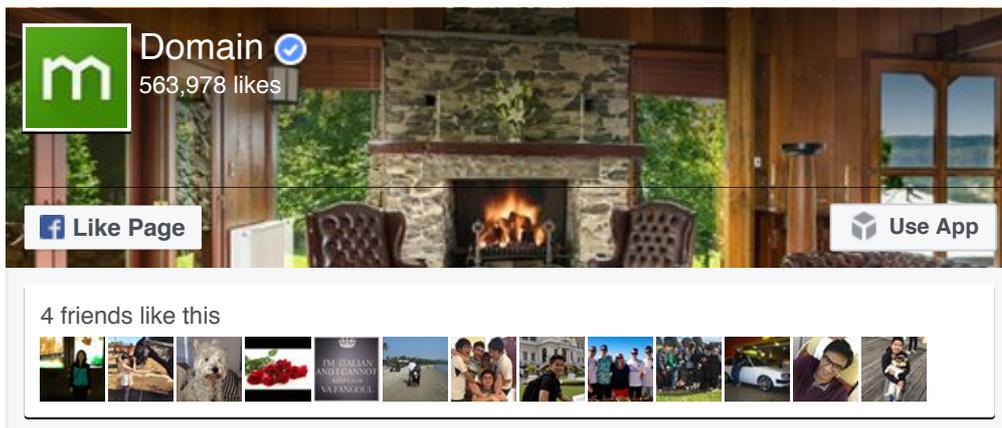
Jellis Craig director Alastair Craig says: “If there are two parcels of land – one on the north side and one on the south side – we find buyers will pay a 10 per cent premium to secure the north-facing rear.”



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