

Historic designs hold fresh appeal

Feb 10, 2014

Chris Tolhurst



Phil Burnham sacrificed a bedroom for extra living space at his Collingwood terrace.

To point out the obvious – they don't make Victorian and Edwardian cottages any more. But fixed supply is only one of a number of reasons why compact period homes continue to sell strongly.

Single-fronted cottages punched well above their weight during Melbourne's real estate recovery last year, despite an avalanche of new apartments and townhouses coming on to the market.

Estate agents reported that two-bedroom cottages in Northcote were selling for \$850,000 to \$900,000, about the same price as you'd pay for a similar cottage in Fitzroy North, a fancier locale, closer to the city. Across town in the inner-west, prices for weatherboard cottages also edged up – to the point where in some areas there is now little difference in price between a brick and weatherboard cottage.

Richard Reed, who lectures in real estate at Deakin University, says it's a standard economic principle that the market will pay a premium for a good design that is limited and not in production. "The limited availability of single-fronted Victorian and Edwardian cottages fits into this category, especially considering that the trend with larger homes is towards a generic housing design and construction approach," he says. "Therefore the long-term capital growth for this type of property is positive."

Location works just as strongly as the scarcity factor for vendors selling cottages. "They generally were built in the pick of positions," says Paul Osborne, of the Carlton North-based buyer advocates, Secret Agent. "Position-focused buyers will target this."

Osborne says the price gap between the common single-fronter, which is 4.5 metres to 5.1 metres wide, and those that are 5.5 metres to 6.5 metres wide, is increasingly fast.

He estimates that 80 per cent of the buying market is chasing 20 per cent of the terraces being put up for sale. "Most often those terraces are the ones that have extra width – it might be just 50 centimetres and in some cases it will be 1 metre or slightly over that."

Small period homes can be renovated superbly – or badly. A major no-no is to add a second-level "pop-top" addition at the front of a cottage that is visible from the street. Aesthetically, it's better to keep the pop-top hidden at the back.

Sales director at inner-city agency Nelson Alexander, Arch Staver, also warns against renovations that make a building too dense for its site.

"When renovating, you've got to get the balance right – that juxtaposition between the old and the new has to flow well," he says. "More and more people are putting pop-tops on their single-fronters – they're going up at the rear of the property and adding extra accommodation.

"But don't try and create a big family home on a small block. If you create a four-bedroom, three-bathroom big family home in a single-front terrace, it is going to be a little tight unless there is some extraordinary architecture that takes place."

Most family buyers won't be interested in purchasing an over-renovated cottage, Staver notes. "The single-fronted home has always been the domain of the young professional and the investor," he says. "I think you should always renovate them with that in mind."

Single-fronters are popular with tenants but scarce in the rental market. Yet some terrace houses deliver strong rental and capital growth, and others don't.

Make sure you assess street appeal before you buy. This is one area of the real estate market in which streetscape consistency and the presence of a council heritage overlay can add real value. A cottage in a street with a consistent period streetscape almost always outperforms one in a "hodgepodge" street with dwellings of different architectural styles.

"Uniform streetscapes unquestionably add to cottages' value, but heritage overlays have different levels of protection," says adviser Monique Sasson, of Wakelin Property Advisory.

She says buyers need to be well-informed about what they can and cannot do with a building, and should steer clear of the top echelons of the heritage protection hierarchy.

”For example, you may not be able to take the original spouting off the outside of the building no matter how unsightly we think it may look by today’s standards – it is considered to be part of the structure.”

Reed also recommends carefully weighing the pros and cons of a building’s age.

He notes that when a building structure is 130 years old, it may require major structural work, such as re-roofing. Another influencing factor is the planning legislation designed to protect period cottages from substantial renovations and demolitions, he says. ”This planning legislation is a positive factor which will retain the perceived uniqueness of these properties in the future, however it also restricts the owner from making substantial changes.”

While building width adds value to a terrace, so too does the degree to which you are able to let in light.

Secret Agent’s Osborne reckons free-standing and semi-detached cottages are more sought after than fully-attached terraces. ”They offer better access to natural light inside the building,” he says.

”The ability to have windows facing the long sides of the building also assists in creating a functioning floor plan.”

He says the best renovations maintain the character of the original cottage at the front and have a contemporary addition – providing the kind of light-filled living and dining spaces that the market is looking for.

Weatherboard cottages are especially prominent in suburbs such as Yarraville, Williamstown and Northcote. They are typically cheaper to renovate than brick dwellings.

Osborne says timber homes are often freestanding and ”generally more workable” when it comes to renovating.

”In a suburb like Northcote, we actually see a premium paid for weatherboard stock,” he says.

But he warns that overseas buyers, especially those from Asia, are less inclined to purchase weatherboards than other buyer groups.

Sacrificing a bedroom for outdoor space

Most people add bedrooms when renovating a period cottage, but not Phil Burnham.

In a recent makeover of his Victorian workers cottage in Collingwood, the public servant opted to turn the dark second bedroom to a new use. The

4.5 metre by 4.5 metre space previously received light only from a skylight; it now houses a kitchen, which opens to the living area, and a bathroom/laundry.

Mr Burnham bought the attached brick cottage for \$110,000 in 1994. He used Archicentre, the advisory arm of the Australian Institute of Architects, to come up with a plan to modernise the terrace and increase outdoor space.

"We decided to sacrifice the second bedroom and make that the kitchen/bathroom," he said. "As a bedroom, it wasn't very good."

The \$120,000 renovation has resulted in a house with a much larger living area and a study that can double as a small bedroom. French doors open onto a north-facing deck, where the original bathroom was.