



What to consider before renovating

The decision to renovate is a common sticking point for homeowners, who can spend hours weighing up the cost benefits.

Whether your motivation is to add value to your property or to add a touch of your personality to the home, renovations are expensive and debt often follows.

By working with a Chocolate Finance broker you will be able to find solutions that benefit your long-term goal, rather than hindering future plans.

While your broker can't assist you with forecasts on future property values, he or she can help you reassess your current financial position, run through your plans and future payments, and decide if you can afford to take on more debt.

Laying the foundations

With a broker in your corner, the next step is to investigate how much you need to borrow. Work out the specifics of your renovation, what the average cost to renovate is in your area and how much you are eligible to borrow. You should aim to spend no more than five per cent of your property's value on renovation.

If renovations are likely to take over your living quarters you may need to also consider the additional cost of accommodation for the renovation period. This is another cost to factor into your budget.

Get bang for your buck

Once you decide to renovate, if you are trying to add value to a house to resell, it is important to look at the rooms and areas that will add the most value. These are average renovation prices, however prices will fluctuate based on the city and suburb.

- **Kitchen**

If you are a fan of the show *The Block*, you will know kitchens sell houses. Our average market estimated renovation cost you should be spending on a kitchen is between \$15,000 and \$20,000.



- **Bathroom**

The average bathroom space in Australia is six square metres. Look to spend around \$9,000 - \$16,000 as the bathroom is a highly trafficked space and needs to appeal to a wide variety of investors.

- **Other areas**

An extra bedroom or a deck outside both add appeal and improve the standard of living for the homeowners.

Finishing touches

The final hurdle to look at is the council fee. The council can charge you up to \$2,000 for an application fee, although prices can vary. After speaking to a broker and finalising the renovation, make sure you account for an extra 10 per cent in your funds, to cover any unexpected costs.

Deciding on the type of loan

If after the assessment and investigation you decide to renovate, there are three types of loans to consider to help refinance and renovate your house: a **line of credit loan**, a **construction loan** or **increasing your existing home loan**.

Contact your broker

To make sure you get a great outcome, speak to Chocolate Finance on 1300 137 539 or www.chocolatefinance.com.au | Australian Credit License 387277

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