

HOT

reno suburbs

Updating a tired property is one of the best ways to manufacture value – but where are the country's best fixer-uppers?

Renovation is a favourite strategy of many property investors throughout Australia. The ability to take an undervalued property, add value and either sell at a profit or benefit from higher rental income is undeniably attractive – and never more so than when we're faced with the likelihood of flat property markets for the next few months at least.

However, finding the best properties to renovate can be akin to finding a needle in a haystack – not

least because shabby properties are usually the last ones you'll see in real estate agents' windows or up front on realestate.com.au. There's also a race among investors to grab these properties and push prices in the process.

To help you get a head start on the competition, *Your Investment Property* reveals where the best up-and-coming opportunities are – and consults reno specialists on what renos you should be carrying out once you've found your diamond in the rough.

Best renos

Property type: brick homes on large blocks

Other: cosmetic reno on the existing property and subdivide and build or sell the newly-created block

☀ Daw Park

Located just 7km from Adelaide CBD, Daw Park offers renovators a wide range of properties in need of renovation, according to Prue Muirhead, *Your Investment Property* Investor of the Year winner for 2009.

"The suburb has had no capital growth in the past 12 months (as per April 2011 *YIP* magazine) and I would expect this suburb to have a correction and jump shortly as the surrounding areas have seen an average of 11% capital growth over the same period," says Muirhead.

The suburb is popular among families and students because of its proximity to Flinders and Adelaide University. It's also got good public transport options and has a wide range of retail amenities.

High profit renos

The demographics in the suburb calls for renovations that focus on adding rooms and you can really boost your profit by finding properties that will allow you to do just that, according to Muirhead.

"I start by looking for structurally sound properties, with large rooms. I then pop a stud wall through the centre of at least one of the large rooms, add a door and I then have another bedroom. This is a simple and wonderful way to add instant value and achieve a considerably higher rental return," explains Muirhead.

Best renos

Property type: structurally sound brick homes with workable floor plan

Exterior: install a fence around the property

Interior:

- paint the walls
- upgrade kitchen and bathrooms
- install new carpets or polish wood floors

Structural: add another bedroom by converting one large room into two