

Can you still buy a **property** and renovate it for **profit?**

In this, the first of a series of articles by the NSBRC, property expert Kate Faulkner asks, 'in today's property market, can home improvements still add value to a home?'

We are living in strange times when it comes to the property market. Prior to 2004, property prices could almost be 'guaranteed' on average to double every ten years even without you lifting a finger. In London in 1999 you could have bought a property that just one year later would be worth between 30-40 per cent more. It took the rest of the UK until 2003 to see similar huge annual growth when property prices went up by 20-30 per cent. And it's these kind of increases which helped boost people's interest in property as an investment.

With this increased interest came programmes such as Property Ladder on Channel 4 which seemed to overnight create an army of buyers wanting to buy a property at a discount, do it up in a few months and make their fortune. Because the market was working in their favour, many of them did very well.

But today's market is very different. Firstly, for the first time I can remember, London is not tipped to have the greatest property price growth potential. Savills estimate natural house price

growth for the area to be (on average) 10 per cent over the next five years. In comparison both the South East and East of England are expected to increase by 25 per cent, especially in places such as Cambridge which have a close proximity to London, a growing economy and plenty of money pouring into upgrading the City Centre and even a new train station.

Another feature of the property market since the Credit Crunch is the huge variations we are now seeing in property price changes. Some areas such as London and Cambridge have recovered way beyond the market heights back in 2007/8, while others such as Liverpool are 28 per cent lower today than they were before the Crunch hit.

So what do these new trends mean if you are looking to improve your home? Can you

still buy a property and renovate for profit? Will you get the money back you spend? And if you are going to live in the home for a long time – do price trends matter?

The reality is whether home improvements add value or not depends on what's happening in your local market for the property you are looking to upgrade. At the moment, it's not good to rely on natural property price growth to help you recover money from the changes you made, it is important you build profit in from the start.

In the past you could have bought a property which needed a bit of painting and decorating, a new bathroom and kitchen and then sell it on at a profit. Part of this was from natural house price growth, part was from buyers being happy to pay a premium for a home they could move straight into.

Unfortunately this is unlikely to work anymore. To make the 20 per cent profit you should be aiming for from home improvements, you are

Kate Faulkner

Kate Faulkner is one of the UK's leading property experts, regularly appearing on National TV & Radio and provides advice to consumers via www.propertychecklists.co.uk



There will be a number of experts available to answer your renovation queries at The BIG Home Improvement Show, held at the NSBRC in Swindon, on the 13th & 14th June