

Domain

HOUSES



Dream home builders

Renovating for profit in a downturn

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WHEN: Wednesday 22 April
WHERE: The Lane Cove Country Club
TIME: 6.30pm

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WHERE: Club Merai
TIME: 6.30pm

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WHEN: Wednesday 29 April
WHERE: Liverpool Catholic Club
TIME: 6.30pm

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Attention: Investment is subject to the terms of the lease. Investors retain some responsibility and risks. Investors should seek independent advice.

Renovation rescue

Even in a downturn, it's possible to make money from doing up old houses.

'In a good market, you could turn houses over quickly in a year. Now, the figures are better if you wait three to five years.'

Michael Bechara, of Michael Bechara Design

At the viewing, she discovered the house was an ugly mess. The roof leaked, the rooms were poky and cramped with little natural light and the backyard looked derelict and overgrown. Worse still, the whole house was infused with the pungent smell of neglect.

In short, it was exactly the kind of place Stacey Lappin loves.

Two-and-a-half years ago, she bought the house at 9 Mackenzie Street, Leichhardt, for \$500,000. Two years, a new roof, a renovation to the front of the house and a DA approval for the back of the house later, it was valued at \$735,000.

"I've been renovating old terraces for about 10 years now and I love it," says Lappin, a 31-year-old mother of two. "I love being able to walk through a property and see a fresh canvas and where you can add value. And, if you buy correctly, it's a great way to earn money."

Lappin is one of a group of people who, even in downturns in the property market, buy old homes, lovingly renovate and restore them and then sell them for a profit. In a rising market, it used to be everyone's dream. But it's still possible to live that dream, say the experts, as long as you know what you're doing.

RESTORE FOR MORE

Tom Makkessi loves nothing more than finding a rundown terrace and restoring it to its former glory.

"Often, it's lost its beautiful originality over the years so we'll take it back to what it once was – but with modern facilities like good plumbing, ensuite and modern robes," he says.

He's recently done exactly that to a terrace in Kogarah, as well as converting the original lounge room into bedrooms and adding living areas to the back of the house.

Five months ago, his company, Meridian Developments & Construction, also bought a terrace in Newtown, restored the beautiful facade, made the inside contemporary and polished the concrete floors.

"We would rather restore an old house than build a new one to look old," Makkessi says. "It's more expensive to restore and keep the original features but it's a lot more rewarding."

Of course, there are always options on cost and often fine distinctions between restoring and renovating. For instance, if a house's original Baltic pine floorboards are damaged, then you can find similar boards from the same era. Alternatively, you can replace them with



Labour of love ... brother and sister team Chris and Nicole Kreis. Photo: Tamara Dean

SOMETHING OLD, SOMETHING NEW

Former corporate internet executive Chris Kreis is having an affair. He's madly in love with old terrace houses that have seen better days and finds restoring them to their former glory simply irresistible.

"Working with old houses is much nicer than building modern new developments," says Kreis, 38, one of the city's new breed of property developers. "It's always a big challenge but it's endlessly interesting and it can be so rewarding."

Like any dalliance, there can be problems. He first needs to find a good potential soulmate with possibilities to increase space despite limited boundaries, with council permission likely. And, of course, the price has to be right.

He's managed before, however. Working with his sister, Swiss architect Nicole Kreis, 39, their newly formed company ORBIS Development started by buying a dilapidated 2½ bedroom terrace at 18 Jesmond Street, Surry Hills, for about \$600,000.

After a year of work, they sold it as a three-level, four-bedroom terrace offering sun-drenched open-plan living, with bifolds to a

private deck and a main bedroom with an oversized ensuite for \$1.46 million.

"We put a lot of money into it, mostly into the high-end finish, and a year in labour, but we still made a profit on it," Kreis says. "That's certainly got a lot harder in this market but I still believe with the right product you can make something very special and make it work."

The pair has just finished work on another terrace (pictured), at 471 Bourke Street, Surry Hills. They bought it last August for \$920,000, started work in November and finished it in February after adding two bathrooms, one downstairs and an ensuite upstairs, opening up the house, adding a new kitchen and creating a large fourth bedroom with a study space out of a small attic. It will be auctioned next Saturday through Bresic Whitney (0425 305 455), with expectations of \$1.3 million-plus.

"Surry Hills is really coming up and it's certainly overtaken Paddington in terms of lifestyle," says Kreis, whose company also offers free consultations to others planning to restore and renovate.

wider Australian hardwood. A friend is painting all the ornate cornices and roses in one house by hand – another expensive and painstaking exercise.

But Makkessi says it is still possible to make money on such renovations, as long as they're

done smartly. For instance, his company bought a house in Marriott Street, Redfern, in 2003 for \$400,000, renovated it throughout and sold it on March 14 for \$990,000.

With a further renovation, including, for instance, council permission to build a garage at

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