

SELECTING A POTENTIALLY PROFITABLE HOUSE FOR RENOVATION

By Carolyn Anderson

End results of "house recycling" are often astonishing. Renovators turn simple ranch homes into brick mansions and small cottages into grand estates. Not so visible but happening constantly, homes are improved by room expansion and cosmetic repair. How does a renovator know what house will be the right one to buy? If you are interested in buying a house for successful renovation, follow some basic rules.....

1. "location, location, location", yes this is the same principle of home buying everyone knows. The house must be located in the right town, in the right section of town, and on the right spot on the property. For the renovator though, the house must have location and NEED. Renovators see houses with a new vision. The house must need you and your talents and it must be possible to make it much better than it presently is. Ideally, you will find the worst house in the best neighborhood and you will know how to vastly improve it at a minimum cost.

2. Choose a style of house that is the favorite in the town. Communities have special moods created by the style of architecture. Greenwich and Stamford are wonderfully diverse in styles, but for the renovator, a wise choice of architecture is not one of the unique. Too many turrets, or too contemporary a design means eventually a smaller buying group. Keep check on your personal taste (I love turrets) and select a popular colonial, Georgian or Cape Cod.

3. Take your time. Test your real estate agent's patience. Look at everything in your price range and at the price range that you think your house will be in when you put it back on the market. Become very familiar with an area so you know what is possible. Bid fast only if you are sure that the house is a bargain. Choose a realtor who understands the renovation market.

4. Buy at the right price, having done your "math." List all the potential expenses required, including cost of all materials and labor as well as the cost of interest, insurance, carrying costs, legal fees and real estate selling commission. Now match this figure with the potential selling price in its future new condition. Consider the length of time you will be working on the house.

Then decide how much you can pay for the house and still make a profit that suits you. If your offer is countered, know where your top figure should be without running the risk that you have given up profit for a community service project.

"Handyman's Special" may be the house to turn down. If the house has serious structural defects, needs rewiring, a new roof, new septic, and all new plumbing, much money will be spent and no one will admire the results except to acknowledge that of course those systems should be in good condition. Such necessary repairs, hidden from view will not bring obvious signs of improvement. On the other hand, a house that is structurally sound , perhaps built in the last 20 to 30 years may need a new kitchen and bathrooms. These improvements will make a big impact on the market.

People who renovate houses have soft hearts , and rather like people who take in stray puppies, they can't resist giving loving care and attention when they are needed. The sight of a turn of the century house with remnants of gingerbread can cause a normally rational renovator to buy a house even though the front porch gives way on entering. Even before making an offer, you may want to have a building inspection. Go with the inspector when he, without passion, carefully reviews the state of the house.

Careful selection, buying at the right price, making logical improvements, combined with good taste and lots of enthusiasm, will bring success. Finding the right house is like finding hidden treasure and just as rewarding.



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