

# We're Your Locals

February/March 2014

## Know What Changes Will Pay

**Home improvements can either pay off in spectacular fashion by delighting and inspiring buyers, or can actually put buyers off because they are too individual in taste, or have had a detrimental affect on your home. It's important you know the difference!**

Below are some examples of a few improvements which most often pay off - and some that rarely make a difference (no matter how much you paid for them) when it comes time to sell your home.

**Painting** - If you're planning to sell your home in the coming months, a fresh coat of a neutral-toned paint could make the sale easier. Potential buyers will be more able to see your home as their home, rather than being distracted by outdated and outrageous paint colours or chipped windowsills.

**Kitchen** - A few basic improvements like new paint, wallpaper, flooring, modern handles on cabinets, or painting cabinet doors and shelving can cost little in time and money but make a huge impact. You can of course go all the way with a totally new kitchen, but ask for advice first before going ahead if you are doing this purely to add value to your property. It will of course add to the impact and the appeal, but you also need to assess whether you will recoup costs.

**Area Conversions** - Don't just assume you need to build on an extra bedroom to add value. Do you have existing space you can convert to more functional space? Do think carefully about your timeline. It's not just the cost of converting space, building professionals are in high demand and you need to know how easy it will be to secure someone to complete your job in the timeline you envisage before taking this step.

**Extra Bathroom** - An extra bathroom is always seen as plus for buyers. Again plan and cost out the exercise carefully to ensure you ensure your timeline expectations can be met by local tradespeople.

**Deck** - Adding a deck can be a very cost-efficient of adding new 'living/playing' areas to your home with attractive landscaping that can have a huge impact on buyers.

**Swimming Pool** - Should you or shouldn't you? Put one in for you family to enjoy, however think twice before you put one in to lift the value of your property. It all depends on your neighbourhood and potential buyers. Will they see it as a 'must have' or an expense to maintain.

**Smart Gardens** - Attractive landscaping certainly lifts the perception that the property is well-cared for. If you have 'green fingers' an extensive garden can look stunning. Many buyers will appreciate your efforts, but will they see your property as high-maintenance and time consuming? You can produce a stunning landscape with low-care plants and weed-matting covered in bark or other decorative covers that will be even more appreciated.

**Basic Is Better** - It may not sound very exciting, but it's the basic improvements you make to your home that may have the greatest return on value: a beautiful new bathroom won't make up for a leaky roof. So if you're thinking of selling your house in the next year or so, be sure to address any problems the home may have before going the extra mile.



Keen to know what your home is worth in today's market or whether those renovations you are planning will add significantly to the value of your home?

We will provide you with sales statistics and our thoughts anytime, just call, text or email to arrange

### Latest Harcourts Sales Statistics (January 2014 Sales)

x% of properties sold for more than RV  
The average sale price was x% over RV  
Highest sale price over RV was x%

## Chattels – What Goes or Stays?

**Chattels.** It's the word most homeowners will have come across in the sale and purchase of a home, but even for the initiated it does require some explanation. Many years ago there was a common adage, if it's screwed to the wall it's a fixture, if it's nailed it's a chattel. But, like so many expressions, this adage tells only part of the story. Determining the difference between a chattel and a fixture can puzzle everyone involved and over the years the determining factors have changed. It was out of a need to establish criteria for a fixture and a chattel that a modern-day test was applied, the essence of which is captured in the question "has the chattel been attached with a view to becoming a permanent part of the improvements to the land, or has it been merely attached for better use as a chattel?" But even that has created some difficulties. Take, for example, a television aerial which, in most circumstances, is classed as a chattel. Not every television requires an exterior aerial, and homeowners who firmly secure an aerial to the house do so to improve reception. However, the situation can change in rural and remote areas where an aerial is necessary for reception and more likely to be viewed as a fixture. Carpet, along with floor rugs, is generally treated as a chattel too. Carpet is secured around the edges of a room by nail or smooth edge purely to improve the durability of the carpet (carpet under tension wears less than carpet not under tension.) Washing machine taps appear to be a permanent part of the plumbing of the house, and indeed most washing machines will not function without them. It is for this reason they are usually regarded as fixtures although there can be differing opinions on this. Meanwhile a bookcase while a freestanding piece of furniture, can often be secured to the wall by nails or screws. And, what about the glasshouse? It may sit on bare ground by its own weight, or be securely bolted to the concrete foundation. With other items you need to know where you stand. Blinds, curtains, light fittings, washing machines, dishwashers and even stoves need to be discussed. You may have particular items you wish to take if you are selling, so be sure your sales consultant knows what they are so if necessary they are identified as part of the documentation process. When buying or selling a house it will be obvious on first inspection that some items are clearly fixtures, others clearly chattels, but in the middle there will be a number of items of which the precise status is unknown. When in doubt, it is strongly advisable to "spell out" any grey areas. From the seller's perspective this means that if there is an item in the house which they wish to remove, and which is assumed to be a chattel, then provision should be made in the agreement.

This is best done at the time of listing so that the sales consultant is fully informed and no misunderstandings arise.

From the buyer's perspective, they will also wish to see which items are going or staying.



## Council Rating Valuations (RVs)

A council rating valuation comprises 3 main components:

1. The Capital Value—the likely price a property would sell for at the time of the revaluation.
2. The Land Value—the likely price the land would sell for at the time of the revaluation with no buildings and improvements.
3. The Value of Improvements—the difference between the Capital Value and Land Value reflects the value which buildings and improvements add to the bare land.

Quotable Value New Zealand (QV) is the agency contracted by Wellington City Council to assess property values and in Wellington they are assessed every 3 years. According to QV Rating Values are calculated using a complex process called mass-appraisal. In its simplest sense, valuers consider all relevant property sales which occurred in an area around the date of the last revaluation. A market trend is established and applied to similar properties in the area. A number of assessments of individual properties are completed every year as a result of issued building consents, subdivisions, sales inspections, objections and ratepayer requests to update their Rating Value. These individual assessments supplement the mass-appraisal process.

When selling a property one of the first questions buyers ask is what is the RV? Rightly or wrongly the RV is used as an indicator by buyers in association with local area sales to help them determine where they see value in a property they are looking to purchase.

If you are looking to come to market and feel that your RV is not reflective of the value of your home we are happy to give you our opinion on whether having your RV reassessed is likely to make a difference to the sale process and as a result the sale price you are likely to achieve.

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