Home Owns: Relocate or Renovate

This webinar looks at some of the catalysts that lead us to make changes to the home. When ‘moving on’ there are generally two choices: Relocate or Renovate.

Catalysts for Change

Our financial journey has many ups and downs though for most of us, it looks similar to the following Financial Lifecycle:

Making changes to the home can occur at any point throughout the journey, and it can happen more than once. There are a myriad of reasons as to why our circumstances may change and we may need to ‘move on’ e.g.:

- a change of job (e.g. promotion or redundancy) or increased/decreased salary
- starting a home-based business
- a growing or shrinking (empty nest) family
- a change in lifestyle
- retirement
- to improve the value or realise the value of the property through sale.

Whether the decision to make changes is expected or unexpected, how we manage that change will have an impact on our future financial position. When deciding whether to relocate or renovate there are emotional, physical and financial elements that influence our decision. Below we will have a look at some of these.

Relocate

When you relocate, some of the financial considerations you need to address include: do you buy the other home or do you sell first? Can you keep the current property as an investment property? Is your home loan ‘portable’ (i.e. can you transfer your current loan to a new property when you move)? And finally, do you need a bridging loan to finance the new home you’ve purchased while your current property sells?
Renovate

When you renovate financial considerations you need to take into account include: whether there are better options available than your current home loan (it’s the ideal time to reassess your current loan), the need to provide your financier of a copy of our plans, approvals and building contract, and the costs associated with progress draw downs.

**Pros**
- you’re able to choose a property that better suits your current needs
- enables you to clean up and clear out clutter
- can be less stressful, quicker and easier than renovating

**Cons**
- additional costs such as stamp duty, removalist etc.
- risk of loss/damage to personal goods during relocation
- might need to change service providers e.g. school
- can be difficult to time the buying and selling

**Tips for renovating**
- Keep a scrapbook of ideas to share with architects/builders
- Take care not to ‘over-capitalise’
- Allow plenty of time for plans and approvals, including finance
- Consider how relocation may impact everyday life and whether a temporary relocation might be needed
- Maintain checklists to ensure that nothing is missed that may cause problems during or subsequent to the renovation

Any information provided is of a general nature. Before making any decisions please ensure you seek appropriate professional advice to ensure it is appropriate to you.