

Creative Touches: Adding Value to Your Property

Wednesday, 19 November 2008

Last Updated Friday, 12 December 2008

There's money all over the place ... just not in my pocket!

So, the question is: Where is it? The obvious response would be, in everyone else's pockets, right? Wrong!

The money is all over the place. You see, no company can survive if money is in everyone's pockets. So too can no person survive to buy food, cell phone time, or any necessities if money is in everyone's pockets. People are holding money back because they are scared to spend it. And that creates a downward spiral in the economy and in everyone else's lives.

What needs to be asked is: Now that the bubble has burst, and money does not flow around so freely anymore, what do I spend my money on so that it can come back to me? And the answer is: Investments. Not so much the stock market – especially not now – but rather anything that can make you money because it increased in value since you bought it.

Obviously a car does not fall into that category, so too would it seem a house would not fall into that category anymore.

You can now buy a house on an auction for a fraction of the price that you would have paid for it five months ago, or a piece of land around a not-fully-developed golf estate for half the price than what it was advertised for, and I know there are a lot of deals like that all over the place at the moment. But are these really good deals? Or is it simply the market correcting itself after a couple of years of ludicrous buying and selling, over inflated by real-estate agent's sales talk, and the fact that credit was so easy to come by?

If you bought a townhouse for R 1 million one year ago; is it still worth that? The fact is that people will only buy something that they like, can afford, and perceive as higher value than a similar offer; and if they cannot afford it, your house can be worth R10 million, and they still will not buy it.

So, what is there to be done? Say for instance you live in a townhouse complex where all the houses look similar, and you need to sell it. You would like to get R1 million for it, but the guy next door is selling his for R900,000. Who's going to get the deal? Your neighbour - unless you can increase the value of your offering – because like anything else, if you have better features in your product, it can be sold for a higher price.

Take a car for instance. If you were to put two 3 Series BMW's of the same year model next to each other, the one with leather seats and electric windows and the other with material seats and manual windows, all other things being equal, the first one will sell for a higher price. And that is the same for your house.

If you have a house in a townhouse complex, the comparison is far easier than if you have a free standing house in an established suburb, but the comparison can still be made: Houses in the same area, generally sell for around the same price.

You see, everyone wants to sell at the moment, especially their investment properties which are now becoming a financial burden. This means that all of a sudden, your neighbour – or the guy living a few houses from you – has just become your greatest competition. And the guy walking into your house to see if they want to buy this one; your most important client. But as with any client, they will look for the best deal. Not always the amount that they have to spend, they might have the R1 million that you are asking, but if your neighbour is selling for R900,000, they will purchase his house.

Except if you can give them more value; and that is not as difficult as you might think. You just need to start thinking a little out of the box.

Let's take the car example again, but this time two different makes. A couple of years ago, BMW brought out its first built-in GPS screen. Nice and original, looks really cool, and the lady telling you when to turn left or right and when to make a U-turn if you missed your turn-off was just the pits! Audi did not have that feature yet, and a lot of people that was in the market for an Audi thought – "What the heck, lets buy the Beemer; this little screen is SOOO cool!"

The same should go for your house. A nice fresh coat of paint is not going to do the trick: all houses have paint. Also will a couple of different colours, trying to make it look a bit original, not cut it. It might just make your prospect, your client, think: "Hectic, now I will have to repaint the entire bloody house to fit in with my furniture and taste! How much extra is that going to cost me?"

No, you will have to dig a little further. There are amazing products on the market! Very few people have it, but everyone

that sees it, wants it. These are the products (features) that you want in order to increase the perceived value of your house. Invest a little to get a lot more out.

Now let's go back to your townhouse. Your house is identical in size and design to that of your neighbour's, but you have these extra little features added to it that makes the client's wife love it. You are asking R1 million, your neighbour wants R900,000. You have this nice little water feature by the entrance, immediately calming your prospect as they walk in. As you enter the front door, instead of the usual roughly plastered wall painted in beige on the far end of the entrance hall, you have this lovely red SatinCrete or Stucco wall that can make virtually any piece of furniture look absolutely posh – the client's wife loves it. It goes perfectly with that little antique table and flower vase that she inherited from her gramps, but that has been standing in the garage all these years because they had beige walls in their previous house.

As you turn left into the living area, the far end of the wall has this lovely rough quartzite strip wall, breaking the feel of the rest of the room – that is still beige – into something exquisite. The three down lights that you had installed about 30 centimetres from the stone wall, creates such an emphasis of light and dark shadows on the stone, that no one can do anything else but comment on this stunning feature that you have created – you genius, you!

On your way to the kitchen, you have a wall perfectly technique'd in a dark-brown suede effect.

And the client is sold. They tell you that they are firstly going to have a look at your neighbour's house, but comes back 10 minutes later to sign the offer to purchase as – that other house was just so boring. It looked exactly like all the other places that we have seen over the past two weekends. This one is just absolutely beautiful!

And how much did it cost you? Not even R50,000. You created a couple of features. It took the project manager a week to complete the project. Obviously you don't tell your clients that much, you just nod and smile as you think about how easy that went.

And that, my friend, is quick return on investment: Creating something really beautiful, really original, really stunning, something that blends well with everyone's tastes and accessories, something that creates the perception of great taste, and lovely luxury and richness, and that sells for a 100% mark-up, and sells quickly.

In these times we must work clever with our money. That does however not mean that we must leave it in our pockets. Rather, spend it on something that will add value, and it will realise itself in profit for you.

Author: Michael Pretorius

You can read other articles by Michael here.

Michael Pretorius
Creative Touches Interiors
www.creativetouches.co.za
michael@creativetouches.co.za
Cell: 082-392-3336
Fax: 086-512-2807