



There's gold in your own backyard

GRANNY FLATS OFFER WIDE-RANGING BENEFITS AND FOR MANY HOMEOWNERS ARE AN EASIER OPTION THAN BUYING AN INVESTMENT PROPERTY, WRITES KIRSTEN CRAZE

CALL them granny flats, self-contained studios or even accessory apartments, but a new study has named these backyard units a "pot of gold" for Sydney homeowners.

Analysis by CoreLogic and Archistar shows there is capacity to build about 583,440 granny flats on individual existing properties across the eastern seaboard. Sydney is home to most of the granny flat development opportunities with 233,218 existing residential dwellings (15.9 per cent of all dwellings) fitting both zoning and block size requirements to build one.

Such additional accommodation in the backyards of humble homes could add about 30 per cent to the value of a property and has the potential to push up rental return by as much as 27 per cent, according to the report.

CoreLogic head of research, Tim Lawless, outlined why Sydney's current "soft" market conditions lay the ideal foundation for granny flats.

"We're seeing Sydney rents down about 3.5 per cent year on year and of course values are still falling, al-

though it looks like the bottom of the cycle is just around the corner. So, homeowners and investors will be looking to maximise their rental income to compensate for some of that downward pressure on rents and higher vacancies."

He said savvy homeowners would also be keen to build up their capital at a time when value growth has been negative.

"Our view is we won't see a substantial rebound in capital gains across Sydney for the next 18 to 24 months, which means for people looking to maximise on their investment, and any capital gains, they're going to need to be a lot smarter."

Co-founder of Archistar, Robert Coorey said granny flats offered wide-ranging benefits.

"Many homeowners are sitting on

"Many homeowners are sitting on a pot of gold ... that could be developed to generate a new income stream

a pot of gold in the form of excess land that could be developed to generate a new income stream," he said. "This has wider economic benefits for renters who want to access popular suburbs without paying a premium."

A 60sqm granny flat can be added to a block of at least 450sqm with a width of more than 12m across most of NSW. Homeowners wanting to check their property's viability should log on to archistar.ai or talk to their local council.

Chris Willoughby, director of Bungalow Homes, builds granny flats on the northern beaches and said his clients have a variety of needs.

"One of the more rewarding parts of what we do, is seeing how they improve people's lifestyles financially and also their relationships because granny flats can literally keep families closer together," he said.

"You're really helping out some everyday Australians to improve their financial position by unlocking the potential in their backyard."

With design and construction, Mr Willoughby said a two-bedroom

GRANNY FLATS

15.9

Per cent of Sydney homes meet criteria

30

Per cent rise in property value

\$3.7

Billion in rental income across Australia per year

60sqm turnkey granny flat starts from \$120,000 and can go up to \$170,000. And for homeowners with sufficient equity, Mr Willoughby said accessing the funds for a flat out the back could be easier than buying an investment property or potentially doing renovations.

"We find that banks tend to be quite happy to lend for these types of developments because they know that it adds value to the land and to an owner's cash flow," he said.

North Curl Curl's Kate Schliefert said life as a grandmother in a granny flat couldn't be more rewarding.

"I decided to sell the family home and buy with my eldest daughter and her family a few years ago," she said. "We purchased a house and built a granny flat down the back for me."

Mrs Schliefert, 62, works full time so said having separate accommodation to her daughter's family was ideal. "It's fantastic for me and the grandkids to have that close relationship, I get on really well with my daughter and her husband so that's great too," she said.