

PROPERTY ONE

10 Years – 10 Points

«Life Cycle and Real Estate Cycle»

Continue to use or renovate? This question also comes up in the case of real estate. Real estate goes through certain development and life cycles within the real estate life cycle. Outdated properties often make way for new buildings. However, there are also properties that are worth carefully renovating.

Our 10-point guide for owners of real estate:

1. Due diligence and potential analyses, as well as market analyses, often result in two fundamental decisions for properties that are getting on in years: the property has potential and it can be renovated on a sustainable basis.
2. The first step is an on-site inspection and a detailed examination of the building structure.
3. The floor plans must also be analysed and optimised (e.g. extension of the outdoor spaces, integration of the kitchen units of the flats in an open floor plan, conversion of hidden reserves in adjoining rooms into spaces available for renting).
4. Any serious analysis must include an assessment of the market conditions. What are the possible rents in this micro-location? Will there be sufficient demand from tenants? The assessment of future income is included in the calculation of the property's value.
5. At this point, all of this information should be used to make an initial cost estimate of the necessary renovation works and to sketch out the expansion options.
6. Once the due diligence, potential and market analyses and cost estimates have been completed, a modular analysis is carried out for each individual component to determine which elements have not yet reached the end of their service life.
7. A pragmatic cost-benefit analysis then shows whether the continued use of the components is worthwhile or whether replacement is recommended.
8. The detailed work and implementation of the renovation also involves proactive, open communication right from the start, as well as a compassionate and professional attitude towards the tenants.
9. Financing experts are also needed to realise a renovation on this scale. Specialists develop tailor-made financing solutions, propose models for cooperation and organise the best possible set-up for borrowing.
10. Ideally, such an extensive project should be supported by a real estate expert with a combination of all the necessary skills and expertise – for successful real estate transactions, tailor-made financing solutions, project planning, renovation and conversion, as well as repositioning and marketing.

► Find out more about the «**Isola**» renovation and conversion project