

Can't sell? Here's a big idea

If the bank won't let you buy that five-bed of your dreams, build it instead. Extensions are cheaper than ever, writes **Mark Keenan**

You know it's a good time to trade up. You have watched the gap in price between your three-bedroom terrace and the five-bedroom detached house you want shrink from €300,000 to €150,000.

Your youngest needs her own room and your home is bulging at the seams. Luckily, unlike so many unfortunates, your employment is secure, you still have significant equity in your home and you have no outstanding loans other than your mortgage. With prices on the floor, that five-bed — which was never an option before — is within your reach.

So you walk confidently into a meeting with your bank manager. A few weeks later, the news comes back that you've been refused. You try other banks. None of them want to know. Why? Because they don't want new mortgages on their books from customers who have homes to sell.

So you can't trade up. But there might be another option, particularly if space is the only issue and you'd otherwise prefer to stay put.

People who want to trade up often don't realise that extension costs have fallen by 40% since 2006 and are still dropping. Architects' fees are down by about a third, materials costs are down by a quarter to a third and the cost of hiring a builder has fallen, in some cases by two-thirds. A basic extension that once cost €120,000 can now be built for €80,000.

Better still, with fees down by 30%, you may be in with a chance of snaring an award-winning architect who can design something really special. One-off work is thin on the ground for architects at present, so a budget of €150,000 could attract their attention.

Banks are more open to remortgaging for smaller amounts that don't involve the sale of an existing property.

Michael Dowling of the Independent Mortgage Advisers Federation says: "Once the numbers add up for them, banks are happy to top up on existing mortgages."

"For larger amounts, they'll require an architect's confirmation that the work is actually being carried out, but

otherwise they're generally happy to trade up. You have watched the gap in price between your three-bedroom terrace and the five-bedroom detached house you want shrink from €300,000 to €150,000."

Dowling issues one warning, however. "Do be careful, as in the current climate banks will try to get tracker customers off their tracker loans. Be quite clear that you want a mortgage top-up, but under a new loan. That way, the old loan stays on the tracker and it's only the new loan that goes variable."

If you need even more money on top of the bank loan, joining your local credit union may be the best way to find the amount required, particularly given that some unions are in a more solid position than the banks.

The credit unions have made it clear in recent campaigns that, with a solid rump of savings behind them, they are prepared to lend. In some cases they may be prepared to grant loans to new customers once their deposit conditions are met. Details of credit union accounts are not accessible to banks.

One homeowner who decided to extend is Mike Stacey, who bought his 1920s-built two-bedroom house in Churchtown in the late 1990s. He and his wife Olive were starting a family and, with some good equity under their belt, had looked at trading up.

"We looked at the figures and realised that we just couldn't do it," he says. So they had to explore other options. A friend of Olive's recommended they talk to Darrell O'Donoghue of Odos Architects.

The couple's Odos-designed extension was completed recently — they now have a two-storey contemporary extension and a three-storey home that is more than twice the size of the one they started with. It has four bedrooms, plenty of utility spaces and a huge open-plan living/dining/kitchen area.

"What we've ended up with is something really special — and now we don't plan to move anywhere again. And it cost us half as much as moving," says Stacey.

Not all couples want more space because they are starting a family. Adrienne Medlar, a mother of three, wanted to extend her home in Rathfarnham, Dublin, for lifestyle reasons.

"We just fancied having enough room so you could sit down somewhere

without being forced to watch television," she says.

"It's a five-bedroom house so where would we be trading up to? Somewhere in the country? We like the area and didn't want to disturb the children in their schools, which is why we chose to extend instead."

"We initially planned a standard extension of a single storey but, after talking to FKL Architects, we were surprised to see what two storeys could offer. The end result was a two-storey extension which looks like a whole new home from the rear."

"It took time but the end result is absolutely fantastic. The quality of the finish is superb and we won't be moving anywhere."

A space-age extension to a home in Ringsend Park, Dublin, designed by Boyd Cody, shows how an extension to an average-sized home can seem to create an entirely new residence while also, like the Churchtown extension, sitting well with the more conventional home frontage. In this way, ambitious contemporary extensions, once the realm of expensive mews sites in Dublin 4, have pushed out into suburbia.

While extensions seldom translate their cost on to the value of your home, using a recognised, award-winning design firm will attract notice in the market: their work is sought after by a certain segment of buyers.

The positives of extending rather than trading up are:

■ The fast falling cost of design and construction means this kind of work now earns back a far greater proportion of its costs relative to the market value of the home than at any point in the past seven years.

■ You will have access to top-class builders and craftsmen who weren't available in busier times. With such little work around, they'll have far more time to concentrate on your extension rather than dividing their attention between many projects, as they were inclined to do in the past.

■ Like the builders, top architectural practices may now be within your budget and more open to domestic extension work.

■ You don't pay stamp duty and agent's fees, you won't have to take your chil-



The Medlars' home in Rathfarnham



Carysfort Road; below, the Stacey's house in Churchtown



Boyd Cody's extension in Ringsend

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dren out of school or change your travel routines.

Paul Kelly of FKL Architects, says: "We'll take on work from a basic 40 sq m extension with 12m of that upstairs. Without getting into extreme reworking in the existing home, this should work out at about €150,000 depending on what you're doing."

"The downturn means we can get far better craftsmen and builders who do a far better job for the money."

O'Donoghue echoes his sentiments. "There's some fantastic value out there at the moment and prices are still coming down."

Even before the recession kicked in, Odos Architects was one of the practices known for its willingness to talk to anyone about any project.

For those with some cash to spend, an extension is cheaper than trading up — and you end up with a new home anyway.