



INVESTWISELY
THE ONLY WAY TO INVEST



To renovate or not to renovate?

Renovating a property is a great way to add value but be careful jumping in that you know what you're getting into. Some properties look easy to renovate but on closer inspection, will end up costing you thousands more than you budgeted for. It's always recommended to get a building and pest report to make sure there aren't any obvious problems with a property. Engaging a builder at the start can also save you some costly mistakes.

One of the benefits of renovating is that you get to choose the theme to match your taste. There are lots of apps you can use, not to mention the endless content online. All you have to do is search for the concept you're trying to create to get lots of fresh, new ideas. If you're still not feeling confident with all your colour choices, engaging a designer can help in getting the right look and feel for your property and adding that extra pizzazz.

Another benefit to renovating is that you can add value to your property without spending as much as a renovated property would cost. Be careful not to go over budget. Set a budget for the entire project and stick to it.

Finally, if you decide to take on any renovation project, make sure you engage licenced trades to get the job done right. Don't be afraid to roll up your sleeves and get involved but don't take on work you're not qualified for. Painting, gardening and decorating are a great way to save money.

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When **DIY** does not pay off

“If you want something done right, you’ve got to do it yourself”

Not necessarily! The appeal of doing it yourself is understandable. There is a great feeling that comes with doing something that challenges you and with being resourceful and learning a new skill. However, there can be pitfalls to DIY and there are benefits from getting an expert involved sometimes.

We tend to be proud of what we create and place greater value on things we have made ourselves. There is a statistical difference between the dollar value someone places on something that they have built, compared to what another person would pay for it (this is for good reason known as the “Ikea effect” as it even applies to putting together flat-pack furniture).

Making DIY look easy

With all the information we have at our fingertips, encouraged by the appeal of learning a new skill and guided by the power of Google and YouTube videos, we are emboldened to give things a go. Whether it’s fixing that dripping tap, troubleshooting the laptop that’s playing up or even investing your hard-earned dollars, DIY has never looked so easy.

The growth in DIY

The DIY mindset seems to be one that is on the increase. When we think of DIY we tend to think of home improvement and fixing things around the home. This market has increased by almost 10 million dollars in the last ten years.ⁱ The statistics reveal more than half of us are taking up the tools,

with 55 per cent of homeowners deciding to take on home improvement and repair jobs rather than seek professional help.ⁱⁱ

DIY can be a lot more than just picking up a hammer though, and our love of DIY also extends to our financials. The search for additional income in an inflationary environment has seen an increase in traders keen to take the reins and invest for themselves. Over the past decade there has been a steady increase in the share of retail investors, with equity trades by a retail investor nearly doubling in volume from a decade ago.ⁱⁱⁱ Equally, when it comes to getting ready for retirement the number of people setting up self-managed super funds (SMSFs) continues to rise, increasing by around 9 per cent over the past 5 years.^{iv}

Reasons to be careful

There is a lot more to lose if there is a problem with your financial situation than a tap that’s leaking though, so it’s important to think about what is at stake when you manage any aspect of your own financials.

The bottom line is you want to be getting the best outcomes and that does not always happen if you are taking a DIY approach. For example, when it comes to investing, a number of academic studies have shown that DIY investors tend to underperform the market and that underperformance ranges between 1% to 10% per year.^v

Getting an expert involved

The trick with any form of DIY is to do your research, understand the task and what’s involved, and acknowledge when you might benefit from a helping hand. There are times when it’s OK to have a go yourself and times when it makes more sense to get advice and support. You can still learn and gain skills that you can apply to future situations but it can make sense to maximise your efforts, while leveraging the skills of the experts.

When it comes to your financial life, whether it’s investing and growing your wealth, protecting your wealth, retirement planning or estate planning, there is a lot to know and consider, and consulting with an expert can really add value and help you avoid potential pitfalls.

Getting help does not mean being passive and not engaged, however. The best outcomes are achieved when we actively work together in partnership to achieve your desired outcomes.

There is a world of difference between totally going it alone and maybe floundering a little, and getting advice and guidance to reach the best outcome. So, if you want something done right, sometimes it is best to call in the experts! We are here to help.

ⁱ <https://www.mordorintelligence.com/industry-reports/diy-home-improvement-market/market-size>

ⁱⁱ <https://blog.idashboard.com.au/2022/05/13/understanding-the-home-improvement-and-diy-market/>

ⁱⁱⁱ <https://public.com/documents/2023-the-retail-investor-report>

^{iv} <https://www.morningstar.com.au/insights/retirement/246207/smsfs-continue-to-thrive>

^v <https://occaminvesting.co.uk/do-diy-investors-underperform/>