

## **Cost vs. Value**

### **REMODELS THAT PAY**

#### **Five Mistake to Avoid**

Whether you're considering remodeling or enlarging your home for a growing family, you have important investment choices to make. You'll not only want your home improvements to recover the money you spend, but also help you get a better price for your home when and if you sell it. Keep in mind, however, it may be a smarter move to sell and buy again in today's market, rather than endure a major construction project. Remember, even an 80% recovery at resale is still a 20% loss.

#### **Improvements That Pay Off**

- 1. Bathroom Addition.** Another bath is not only a convenience; it may sharply enhance the sale of your home. Two and three bathrooms are standard in many neighborhoods. Upgrading an existing bathroom is likely to pay off in both value and marketability, especially in an older house.

**Tip:** Opt for good lighting, large mirrors, easily cleaned materials, plenty of storage space, and neutral colors. Consider the location and accessibility of an addition.
- 2. Room Addition.** Family rooms, sun rooms, and master bedroom suites are hot items and the extra space may be just what your family needs. Adding a new room is likely to pay off if the addition puts your home in the same class as others in your neighborhood.

**Tip:** Consider traffic flow, accessibility to other rooms, materials and style to blend with the existing house.
- 3. Kitchen Renovation.** Buyers typically look for updated kitchens and so you are likely to recover a large percentage of your kitchen renovation expenses on resale. If your basic kitchen plan is good, you may not need a major remodeling. Painting, new floor covering, new cabinet doors and hardware will result in a faster sale at a better price.

**Tip:** Best bets: light neutral colors, plenty of cabinet and counter space, new lighting fixtures, and new energy efficient appliances.
- 4. Deck or Patio Addition.** Decks add much to a home – as a gathering place for families. The best additions are decks or patios off living areas (kitchen, family room, dining room) with a view overlooking your own well-kept garden.

**Tip:** Use redwood, cedar or pressure-treated wood for your deck; design a deck or patio to harmonize with the architecture of the house; consider a low-level deck for children's safety.
- 5. Energy Efficient Improvement.** Improved energy efficiency will not only save on your fuel bills, but also your energy saving home will likely pay off when you sell. Replace drafty windows with insulated windows for heating/cooling efficiency and resale value.

**Tip:** Minor energy upgrades are important: caulking and weather-stripping around doors and windows, attic insulation, set-back thermostat, heat reflecting awnings or shades, water heater insulation, ceiling fans for air circulation, maintenance of heating/cooling system, a whole house electrical surge-suppressor to maintain appliance efficiency and protect electronic equipment. Many are do-it-yourself projects, which bring the best payback, if done correctly.

## Improvements That May *Not* Pay

- 1. Over Improvements.** Take the current market value of your home and add the costs of your proposed remodeling project to it. If the total is more than 20% over average neighboring home values, you probably will not recoup your remodeling expenses when you sell.  
**Tip:** Ask for a comparative market analysis to determine your home's value range to be sure your improvements are good investments.
- 2. High-Cost Single-Use Improvements.** A swimming pool is great to plunge into whenever the spirit moves you and a tennis court is very convenient, but not every buyer wants these luxuries and some will be reluctant to buy a home with high-maintenance cost features.  
**Tip:** Consider carefully before you undertake a high-cost, low-value remodeling project. You may decide to go ahead because the advantages to you outweigh the possibly financial loss. Just understand what you are getting into.
- 3. Flamboyant Architecture.** You might be crazy about the gingerbread that embellished your grandparents' home, but understand that improvements that aren't compatible with the way the rest of the house looks will make it harder to find a buyer later.  
**Tip:** Look for ways to get what you desire without clashing with the architecture of your house. For example, use the gingerbread embellishments on a gazebo in the back yard.
- 4. Inappropriate Interior Features.** Personal preference may displace resale sense, but be aware that you may have to wait for the unique buyer who shares your unique taste.  
**Tip:** It may be worth the double expense to you to put your individual features into the house now and then replace the items when you put your home on the market.
- 5. Elaborate Landscaping.** With resale and maintenance demands in mind, it's a good idea to avoid potential problems: flower beds and shrubbery that require constant attention or professional care, pathways of pebbles through which weeds can peek, fences that need frequent repainting, and complicated outdoor lighting that can be expensive to repair.  
**Tip:** Good landscaping adds much to a home's value. Plan and plant with your future resale in mind and you'll enjoy the yard more now, too.

### To Help You Decide

*Some clients are surprised to learn it may be easier to sell and buy again than to endure a major remodeling. Call for up-to-the-minute real estate market information to help you make your decision.*

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