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Lake Country Advocate

News and Information for Homeowners, Sellers and Buyers

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Dear Mike and Gloria,

Small Projects, Big Bang

It is January, the new year is full of hopes, dreams, resolutions, and excitement. For many of us thoughts turn to renewal and for some those thoughts of renewal turn to our homes. Remodeling, a question I get a lot. Is it worth it, will I see a return on my investment? The answer is not always clear but there are excellent resources to help you make your decision.

One such resource is the attached article provided by Realtor magazine. It includes a link to View the **2009-10 Cost Vs. Value Report**. Data courtesy of Remodeling Magazine

Judicious home remodeling is still worth the investment, according to Remodeling magazine's annual "Cost vs. Value Report."

By G.M. Filisko

Uncertainty and restraint are the order of the day in this economy, and that sense of caution is reflected in home owners' return on their investment in remodeling projects, according to REALTORS® in 80 metropolitan markets surveyed by Remodeling magazine for this year's Cost vs. Value Report.

The majority of the 10 remodeling projects with the best return on investment nationally are a testament to pragmatism. Six of the 10 projects-siding and window replacement using a variety of materials-involve home maintenance that costs less than \$14,000.

Two more-adding an attic bedroom or a wood deck-reinforce the notion that boosting the amount of livable space in and around your home will attract buyers who are increasingly looking for more room for their buck. In past years, converting an attic into a bedroom was a project that landed squarely in the middle of the rankings, but this year it leapfrogged over other categories into third place. It's an admittedly pricey project, with an average national cost of nearly \$50,000, but it generates an average national return of 83.1 percent and a better-than-100 percent return on investment, according to REALTORS® in 14 of the 80 cities surveyed. Adding a wood deck is much more economical, with an average national cost of slightly more than \$10,000. Its average national return is 80.6 percent, but in six cities, its return is estimated at 100 percent or greater.

The six siding and window home maintenance projects in the top 10, combined with the project with the biggest return on investment-a mid-range entry door replacement-prove something that every sales associate tells sellers throughout the country: First impressions count. A mid-range entry door replacement, a project new to the survey this year, is the only home remodeling project that REALTORS® expect to generate a full return for the money nationally. It's the least expensive of the 33 projects included in the analysis, yet it brings a whopping average national return on investment of 128.9 percent. It generates a better-than-100 percent return in 48 of the 80 cities, according to REALTORS® surveyed, and in several cities, its return is estimated at more than double its cost.

Additional data prove the value of restraint. Upgrading kitchens and baths is still a smart bet. However, home owners will recoup the greatest share of their costs by foregoing super-deluxe projects in favor of mid-range kitchen and bath remodels. A mid-range kitchen remodel brings an average 72.1 percent return on investment, while an upscale kitchen re-do returns only an average of 63.2 percent of the money invested. A mid-range bathroom project has an average 71 percent cost recovery, but the average recovery on an upscale bathroom project is nearly 10 points lower, at 61.6 percent.

The only upscale projects that cracked the top 10 were the home maintenance projects of fiber-cement siding replacement and vinyl window replacement. The average cost of fiber-cement siding is more than \$13,000, but its return on investment reached 83.6 percent, placing it squarely in second place in the survey. The average cost of vinyl window replacement is nearly \$14,000, and it generates an average return of 76.5 percent, or tenth place in the survey. Of the 12 upscale projects, nine landed in the bottom half.

Overall, home owners recouped an average of 63.8 percent of their investment in 33 different home improvement projects, according to REALTORS® who responded to the survey. The expected cost recoup was generally down from previous years in line with the drop in home prices nationally (see page 23). The return on home owners' investment in remodeling projects has declined an average of 3.5 percentage points between 2008 and 2009. That's down from the 2.7 point drop between 2007 and 2008 and much less than the 5.5 point drop between 2006 and 2007 and the 10.5 point drop from 2005 to 2006.

Zooming in from the national to the city level, Honolulu sits atop the rankings for having the most projects-18-that generate at least a full return on investment. In Honolulu, adding a wood deck, completing a minor kitchen remodel, adding fiber-cement siding, and replacing an entry door bring the highest returns, ranging from 121.1 to 195.3 percent return on investment. San Francisco is closest behind with 10 projects generating at least a full return on investment. Adding a master suite, doing a minor kitchen remodel, and replacing an entry door have the biggest returns, producing between 112.2 and 119.1 percent return on investment.

One surprise: Despite the common perception that contractors are hungry for work and therefore willing to wheel and deal, the average national cost of every project surveyed has gone up, though at a slower rate than in the previous year.

[View 2009-10 Cost Vs. Value Report.](#) Data courtesy of Remodeling Magazine

E-mail us at [The Mike Dolan Team](#)

[Looking for a Tradesperson?](#)

While we are often unable to give personal experience references, Realty Executives Integrity has compiled a list of Tradespeople that can be a starting point for your selection. Call us for names and when you interview them think of these tips.

Always get a detailed bid in writing. It must be clear what work is to be done, with what quality materials, within what timeframe, and at what cost.

Check references. Remember the list that is prepared and delivered by the Tradesperson is one that has nothing but good references on it! Instead, ask for the names for the past three jobs completed. This will give you a more up to date and clearer look at what to expect.

Finally, remember, Return On investment should not be the only criteria for starting a remodeling job. You and your families enjoyment and use of the remodeled space should also be taken into consideration.

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