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remodeling projects

and their impact on value

As a residential real estate appraiser, I have been asked to appraise homes where the owners are contemplating extensive renovations or adding additional living space. When I meet with the homeowners to review their plans, specifications, and contractor's bid I am always asked these same questions. Is the monetary investment we are making worth it? Will our property value increase be equal to our expenditure? There is no simple answer to these questions as no two projects are alike as no two properties are alike.

A good starting point is to value the property in its current "as is" condition. I then ask the question will the proposed improvements fit with the other existing homes in the neighborhood. Most importantly, will the improvements be over the top in relation to the neighboring homes? If they are, it

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may be harder to recover the costs when the property is sold. However, if something is not up to the standards of other homes in the neighborhood, investing in improvements should bring a big return. Just how much you will recoup in costs depends on several factors including the direction of the housing market, the predominant value range of the homes in your neighborhood, and the nature of the renovation and improvements.

Homeowners do renovations for many reasons. One reason is for their quality of life and personal needs. Another reason is to increase the resale value. It is always best to make home improvements for you and not just for your home's resale value. You, the homeowner,

are the one who will enjoy the improvements as long as you live in the home.

Before we look at specific improvements you may want to consider who will be doing them. You may be willing





your goals is to increase the value of your home consider hiring a professional. Professionally done work tends to have a certain seal of approval that assures the work was done properly and usually has a guarantee for an extended period of time.

Which home improve-

wants to recoup as much of their investment as possible if and when they decide to sell.

It is impossible to calculate how much return you will get from home improvements by simply plugging numbers into a mathematical formula. Based on national averages of mid-range projects in 60 cities across the country here are the improvements that have the highest return on investment. These returns can vary from location to location.

Siding Replacement (Vinyl)	87.2%
Window Replacement	85.3%
Minor Kitchen Remodel	85.2%
Bathroom Remodel	84.9%
Two Story Addition	83.2%
Bathroom Addition	81.0%
Major Kitchen Remodel	80.4%
Basement Finish	79.0%
Family Room Addition	75.0%
Deck or Patio	55.0%

or able to do small improvements or projects but can you tackle a major renovation or an addition? If one of

ments give you the greatest return on investment? Return on Investment (ROI) is important as the homeowner

It should be noted that as a rule improvements that create additional living space are more valuable than ones that make a house look better. To get maximum return on your investment think moderation. Try not to over improve your home for the neighborhood you live in. Quality and differences in the scope of the renovation also account for the differences in a project's cost.

Approximately seven years ago my wife and I added a two story addition to our home. Part of this area functions as our office for our respective businesses. At the same time we added a three tier rear deck area and did additional landscaping. The office has a vaulted ceiling, lots of windows, and can function as an office or a family room. At the time we wondered if we would ever recoup our investment. Well, we did and then some. But the best part of the story is the personal enjoyment and use of this space over the years. We often say this was the best money we ever spent.

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