

Remodeling Best Bets



According to the National Association of Home Builders, homeowners will spend nearly \$232 billion this year on remodeling. This

impressive figure represents more than 40 percent of total spending in the home construction industry. And why not? Adding new amenities and functionality to your home not only provides great enjoyment and sense of satisfaction, but may increase the value of your home, too.

If you're thinking of remodeling with an eye toward resale, four projects have consistently provided the biggest return on investment: upgrading kitchens and bathrooms, and replacing siding and windows. Remodeling and Realtor Magazine's Cost vs. Value Report notes that a mid- to high-end siding replacement (with fiber cement or quality vinyl), is the least expensive, but most lucrative way to increase the selling price for many homes. In fact, in the South Atlantic region, which includes North Carolina, replacing siding with fiber cement returns almost 93% of its cost, and replacing with foam backed vinyl, about 90%. Replacing windows brings high returns as well, allowing area homeowners to pocket 87% of their spending at resale. These numbers underscore that curb appeal is king and well-worth the investment.

Kitchen and bathroom upgrades offer strong returns, too. A minor kitchen remodel – about \$15,000 in improvements – let homeowners pocket 89% of the cost when they sell. Interestingly, major kitchen remodeling – averaging \$50,000—actually provided a lower return on investment than its more modest counterpart, with area homeowners capturing 86% of their investment.

Thinking of remodeling your bathrooms? A mid-range update -- about \$10,000 -- returned 87% of the cost to homeowners, while a major upgrade, estimated at \$35,000, captured about 80%. As with

Wendy Tanson is an award-winning broker with Re/MAX Winning Edge in Chapel Hill. Contact her at 919-971-7180, wendy@tanson.com and www.wendytanson.com.

kitchen remodeling, spending more now doesn't necessarily translate into a higher percentage return later.

If you have an unfinished basement or attic, your return potential is tops: Turning this raw square footage into finished living space provides the greatest return, dollar for dollar, of all projects reviewed. Finishing an attic puts 90 cents of every dollar back in your pocket, and finishing that basement returns 91 cents to you. Great investments, both.

Remodeling projects found to have the lowest relative return in this area are a home office remodel, at 69%, and a sunroom addition, at 75%. Still, these numbers aren't shabby. Knowing you're estimated to recoup three-fourths of your cost to add a sunroom is fine news, indeed. And with the importance of a home office on the rise, the estimated return for this project is likely to increase.

Here's a statistic to write home about: In every one of these project categories, our region outperformed the country. Homeowners in the Triangle can expect to recoup more of their dollars spent remodeling than homeowners in other parts of the U.S., based on the 2006 numbers. Our strong showing speaks to the relative resiliency and strength of the local real estate market.

If remodeling is indeed in your future, and you're looking to get your money back when you sell, here are some pointers to consider:

- Avoid designs that are very avant garde or unusual. Room plans and materials that are highly customized may shrink the pool of potential buyers who are interested in your home.
- Consider the standard in your neighborhood. If you've got the only kitchen on the block with avocado appliances, it may be

time to renovate.

- Alternatively, if your home's value is already at the peak of your community, consider tempering your investment to avoid pricing yourself out of the neighborhood.

- Make spaces flexible. A well-designed fourth bedroom may be an attractive office, workout room or play space for a potential buyer.

- Consider the rest of the house. If you undertake a major remodel, the look and feel should blend with the other spaces in your home.

Tremendous satisfaction and enjoyment can come from remodeling your home, both in efforts large and small. The money you recoup when you sell may not be of import to you, or may just be a small part of the equation. But if increasing your home's value is among the primary reasons for your remodeling efforts, the above projects and guidelines have been evaluated as best bets to recapture the dollars you spend.

Best wishes for your adventures in remodeling, and until next time, here's to your house!

