



Justin Bevins
jwbevins@verizon.net
951-326-0521
<http://www.prudential.com>



Prudential

Canyon Lake
Realty

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Renovation: Is it Worth the Cost?

A stressful part of putting your home on the market is trying to figure out what to fix and upgrade to get the very best price. An experienced agent will recommend projects to consider and ones to avoid. Just because you put money into a renovation project doesn't mean you will recoup the money in a sale.

You may also want to consult *Remodeling Magazine's* annual Cost vs. Value Report for a breakdown of typical returns on renovation projects large and small. The 24th annual edition published earlier this year contains input from some of the country's top remodeling professionals and ranked 35 remodeling projects for highest returns.

In many cases, smaller-scale renovation projects recoup more of their initial cost than larger, pricier ones, according to the report. For example, a minor \$20,000 kitchen upgrade returns 72.8% of renovation costs, but a more expensive \$58,000 kitchen remodel only retains 68.7% of its value on resale.

Surprisingly, the report noted that exterior upgrades recoup more of their costs than interior renovations—a trend that's been building for the past five years. What's the hottest exterior upgrade according to this year's report? Replacing the front door with a steel entry door, which typically returns more than 100% of its cost.

The report also lists garage doors as a wise investment, returning up to 83% of their original cost when the home sells. Other prudent outdoor renovations include siding and window replacement, returning 80% and 72.4%, respectively.

Interior improvements retaining the most value include attic renovations and basement remodels, recouping 72.2% and 70%. "Just like an addition to the home, an unfinished space—such as the attic or basement—will instantly add value and livability to your home, as it increases the square footage and changes the way your family lives in it," said Will Tomlinson, owner of North Carolina-based greyHouse Inc. Renovation and Remodeling. "You will be transforming a space that likely gets very little use into a fully functional area for your family to enjoy."

The report also notes that non-essential features have less resale value. Sunroom additions recoup only 48.6% of renovation costs; home office remodels, 45.8%; and backup power generators, 48.5%.

Of course, homeowners' needs and budgets dictate their choice of home-improvement projects. Still, it helps to know projects' cost vs. return ratio when making the final decisions.