

# Curb Appeal Is King

Seven of the top 10 Cost vs. Value projects involve the outside of the home. Here's why.



By: [Jim Cory](#)

Credit: Keith Negley/Munro Campagna

Why are seven of the top 10 value-yielding projects of the 33 projects ranked by Realtors in this year's Cost vs. Value Report exterior projects?

Lots of reasons, the first of them being cost. In an economy where frugal is the word, each of the exterior projects comes in at less than \$15,000. The project with the greatest return — a mid-price-point entry door — costs less than \$1,200.

Another reason is appearance. Exterior improvements contribute to the overall look and feel of a building. “Curb appeal is king,” notes Strongsville, Ohio, Realtor Mike Pallendino — especially in a market with more sellers than buyers. Pallendino says that sometimes when he pulls up to a house that has a less-than-stellar exterior, clients ask him to just keep driving. “With the exterior updated,” he points out, “owners can concentrate on other parts of making the house their home.”

## The ‘F’ Word

With home prices lower than they were a few years ago, and home equity tapped out for many consumers, function trumps glitz. “Three or four years ago, a \$50,000 or \$100,000 kitchen was a sensible investment,” says Kermit Baker, director of the [Joint Center for Housing Studies](#) of Harvard University, “because housing prices were increasing 6%, 8%, or 10% a year. So you were adding to the value and letting the equity build up.”

This year the Joint Center sees the total number of improvements (i.e., jobs) down 9% and overall remodeling expenditure down 3.5% to 4.5%.

Fewer projects means that those projects that just can't wait get done. The projects that can wait — that are discretionary — often are postponed. That's why total spending on “Improvements” (additions and alterations) was down while “Maintenance and Repairs” spending was up in 2007, the last year that the U.S. Census Bureau broke remodeling sales out in those categories.

## Energized

Another big reason for the popularity of exterior replacements is energy efficiency. Not so important before. Definitely important now. Chalk some of that up to the American Recovery

and Reinvestment Act tax credits available for energy-efficiency upgrades, including qualified roof and window components. That has helped boost homeowners' — both buyers' and sellers' — awareness of such improvements. Some potential home buyers not only want a good-looking house, they want an energy efficient one, notes La Crosse, Wis., Realtor Kathy Fox. Clients, says St. Louis broker Dawn Griffin, are “willing to pay a little bit more if the house has new and energy-efficient windows.”

That's because homeowners are now more aware of the fact that those windows or that siding can save them money in the long run by offsetting energy costs. The U.S. Department of Energy says that qualified (dual- or triple-paned) windows can save as much as 15% to 20% on energy bills. Foam-backed siding provides a modest boost in R-value as well as reduced sound transmission. Homeowners are drawn to improvements that help reduce the cost of maintaining the home over time. They are, Pallendino says, “more aware, these days, of the saving aspects” available through upgraded windows or a new HVAC system. But those functional improvements are “still not high on the list of must-haves.”

## **Turnkey Is Key**

What is high up on that list is move-in condition. In a booming real estate market, marginal locations move because buyers are willing to invest the time and money into customizing. They think of the investment as part of the long-term cost of the transaction. In lean times, the opposite psychology holds sway. Marginally maintained houses get house hunters' short shrift.

Bill Gassett ought to know. The Hopkinton, Mass., market where he has sold homes for 25 years hit its pricing peak in 2005 and is down about 25% since that time.

“The houses that get most significantly hurt by the market,” Gassett says, “are the ones that haven't been cared for.”

Turnkey is what a house has to be these days to sell. In St. Louis, Griffin recently went into a home that had just come on the market. Price: \$80,000. The house was old and the kitchen hadn't been updated since the '70s, she says. But though it wasn't stylish, what it did have going for it was that the owner had maintained it well. “It was super well-kept,” Griffin says. “Roof in great shape. Gutters in great shape. And,” she adds, “that house was under contract in three days.”

*—Jim Cory is editor of REPLACEMENT CONTRACTOR, a sister publication of REMODELING.*