



Remodeling: Return On Investment



How much of the cost of a remodeling project can be recovered at resale? What's the value to the seller when they list their home? What's the value to the buyer when they are looking to purchase a new home?

Besides wanting to know how much a remodeling project will cost and when the work will begin and end, buyers and sellers have one core concern: How much the investment will add to the home's value.

Cost data for the report is from Home-tech Information systems and includes a typical remodeler's markup. Resale values are based on the professional judgment of National Association of Realtors members.

MEASURES OF VALUE

In some cases, the benefits are tangible. Replacing windows, typically adds comfort and reduces energy costs. A kitchen remodel often includes upgraded appliances that are both easier to use and more energy-efficient. Intangible benefits include improved the quality of life, reduced stress, increased comfort, and improved physical and mental well-being.

Return on investments depends on the value of the house, the value of similar homes in the immediate area, the availability and pricing of new homes, and the rate at which property values are changing in surrounding neighborhoods. And when the house is sold, the equity is tax-free. Ultimately a remodel offers sellers two distinct but no less important benefits: pride of ownership and tax-free equity when they sell.

The following examples of return on investment are for the **Southern Region** and may differ in your specific city area:

Project	Return On Investment (ROI) (National Average)	Description
Major Kitchen Remodel	79.4%	Update an outmoded 200-square foot kitchen with new cabinets, laminate countertops, and standard double-tub stainless-steel sink with standard single-lever faucet. Include energy-efficient wall oven, cooktop, ventilation system, build-in microwave, dishwasher, and garbage disposer. Add custom lighting and a new resilient floor. Finish with painted walls, trim, and ceiling. Include 30 linear feet of semi-grade grage wood cabinets, including a 3-by-5 foot island.
	Job Cost...\$42,660	
	Resale Value...\$33,890	
Bathroom Remodel	90.1%	Update bathroom that's at least 25 years old. Replace all fixtures to include standard-sized tub with ceramic tile surround, toilet, solid-surface vanity counter with integral double sink, recessed medicine cabinet, ceramic tile floor, and vinyl wallpaper.
	Job Cost...\$9,861	
	Resale Value...\$8,887	
Master Suite Addition	80.1%	On a house with two or three bedrooms, add a 24-by-16 foot master bedroom suite over a crawlspace. Include walk-in closet/dressing area, whirlpool tub in ceramic tile platform, separate 3-by-4 foot ceramic tile shower, and double-bowl vanity with solid surface countertop. Bedroom floor is carpet; bath floor is ceramic tile. Paint the walls ceiling, and trim. Add general
	Job Cost...\$70,245	
	Resale Value...\$56,257	

**Family
Room
Addition**

80.6%

Job
Cost...\$52,562

Resale
Value...\$42,347

and spot lighting and exhaust fan. Add a 16-by-25 foot room on a crawl space foundation with vinyl siding and fiberglass shingle roof. Include drywall interior with batt insulation, prefinished hardwood floor, and 180 square feet of glazing, including windows, atrium-style exterior doors, and two operable skylights. Tie into existing heating and cooling.

**Window
Replacement**

84.5%

Job
Cost...\$9,273

Resale
Value...\$7,839

Replace 10 existing 3-by-5 foot double-hung windows with vinyl- or aluminum-clad, double-glazed, wood replacement windows. Wrap existing exterior trim as required to match. Don't disturb existing interior trim.

**Roofing
Replacement**

80.8%

Job
Cost...\$11,376

Resale
Value...\$9,197

Remove existing roofing to bare wood and dispose of properly. Install 30 squares of fiberglass, asphalt shingles with new felt underlayment, galvanized drip edge, and mill-finish aluminum flashing.

**Attic
Bedroom**

82.7%

Job
Cost...\$35,960

Resale
Value...\$29,725

In a house with two or three bedrooms, convert unfinished space in attic to a 15-by-15 foot bedroom and a 5-by-7 foot shower bath. Add a 15 foot shed dormer and four new windows. Insulate and finish ceiling and walls; carpet unfinished floor. Extend existing heating and central air conditioning to new space.

		Retain existing stairs.
Basement Remodel	76.1%	Create a 20-by-30 foot entertaining area with wet bar, a 5-by-8 foot full bath, and a 12-by-12 foot auxiliary room. Exterior walls are insulated. Include a five six-panel, primed, hardboard doors. Main room includes 15 recessed ceiling light fixtures, three surface-mounted light fixtures, and snap-together laminate flooring system. Bathroom includes standard white toilet, vanity with cultured marble top, resilient vinyl flooring, two-piece fiberglass shower unit, a light/fan combination, vanity light fixture, and recessed medicine cabinet. Bar area includes 10 linear feet of raised panel oak cabinets with laminate countertops, stainless steel bar sink, single-lever bar faucet, under-counter refrigerator, and vinyl floor tile.
	Job Cost...\$47,888	
	Resale Value...\$36,457	
Sunroom Addition	70.8%	Add a 200 square foot sunroom to a two-story house. Form and pour footings for slab-on-grade foundation. Use exposed post-and-beam framing on interior side and extruded aluminum window frame-and-flashing system with insulated, low-E, laminated, or tempered glazing. Provide for natural ventilation using screens and ceiling fan. Insulate all non-glass areas; provide moveable shades for glass area.
	Job Cost...\$31,063	
	Resale Value...\$22,002	
Deck Addition	86.7%	Add 16-by-20 foot deck using pressure-treated SYP joists supported by 4-by-4 posts set into
	Job	

Cost...\$6,917

Resale
Value...\$6,000

concrete footings. Install composite deck material in a simple linear pattern. Include a built-in bench, a planter of the same decking material, and stairs. Provide a railing system made of the same composite material as the decking or a compatible vinyl system.

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