

Which home improvements give the best payback?

If you're thinking about remodeling your kitchen, or finishing your basement, you probably want to get your investment back when you sell your home. But when it comes to payback value of home improvements, some are definitely more profitable than others. As a general rule, kitchen and bathroom projects usually get a nice return on investment, typically 90% or more. Things like adding rooms or finishing basements tend to pay back the least. Finishing a basement usually returns less than 50%, so it's not a project likely to show profit at selling time.

There are a number of factors that go into determining how well a project will pay back. Payback value depends a lot on the current market conditions in your area. If the market is hot and homes are selling fast, you can expect a higher payback value than you would get in a slow market.

The type of project you do and how it fits in with other homes in the area can have a big influence on payback too. If you put your money into the wrong type of improvement, you won't get your money back. But if you're smart about what you do, you can make money. The payback will be better on improvements that are in demand and conform to neighborhood standards. Adding a second bathroom in a neighborhood where most homes have two bathrooms will give a high return on investment. Building a large addition that makes your home twice as big as the other homes on the block probably won't pay back very well. Likewise, the popularity of a project will factor into how much it pays back. An improvement heavily customized to your wants and needs won't pay back as well as something more common to other homes in the neighborhood.



Another factor to consider is the cost of the improvements. If you can do the work yourself, you can save significantly on the cost of the project and greatly improve the chances of getting a good return on the investment.

The list below is compiled from several published surveys and shows typical payback for some popular remodeling projects:

- [Kitchen remodeling](#) – 90%
- Add a bathroom – 90%
- [Bathroom remodeling](#) – 80%
- Install central heating – 90%
- Install central air – 75%
- Add a deck – 70%
- Replace windows – 70%
- Add a room – 55%
- Build a pool – 45%
- Finish a basement – 40%