

## The Bottom Line on Fixing It Up

### Home Renovations' Return on Investment Varies at Resale

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If you're trying to sell your house, you're probably going to need to grab a paint brush — or at least a phone to call a contractor. But as you fix up the place, keep a close eye on costs, as major remodeling projects rarely add to a seller's bottom line.

Even a minor, mid-range kitchen remodeling project in the Washington area would cost about \$21,000, and a major "upscale" kitchen upgrade would cost \$110,521, according to Remodeling magazine's 2007 Cost vs. Value report. That report seeks to estimate the costs of common remodeling projects, as well as how much of the investment will be recouped at resale.

"To sink those kinds of dollars into a property that you are planning on leaving is very risky," said John K. Wuestman, a broker and an owner of Re/Max Advantage Realty in Silver Spring. "Any thought of recapturing 100 percent of that isn't true," he said. "It's more like 70 to 75 percent."

Payoff for recent remodeling projects at resale varies depending on the project, Remodeling found. That mid-range kitchen upgrade, for instance, would add about \$17,000 to the home's resale price, recouping about 82 percent of its cost. The upscale version would add about \$85,000 to the bottom line, for a 77 percent payoff on investment.

Some projects had worse payoffs than kitchens, the Remodeling report found. Installing a backup generator, for example, cost an average of \$12,874 but returned only 55 percent of that in value. Home-office remodeling also brought a poor return, costing an average of \$26,679 and recapturing 56 percent of that in value.

That doesn't mean you should just throw up your hands and ask for less, though. "Anything that's broken or that you're thinking, 'We're just going to knock off the price,' fix it," Wuestman said.

Barbara Nowak, an agent in Long & Foster's Burke office, agreed, cautioning sellers against thinking they can avoid doing the work by instead offering credits toward repairs like carpet replacement. "You're better off doing it yourself."

Still, "people have to be very cautious," she said. In her experience, many of the projects with the biggest payoff were also the least expensive, she said.

The most important improvement, she said, is to "clean the house and clear the clutter."

After that, "paint's always a big thing," Nowak said. Sellers should also remove any dated wallpaper, as well as any flooring that is stained or worn. "If you have vinyl that's curling up," it needs to go, she said.

Consider replacing any dated light fixtures, Nowak said. "Those things will give you pretty good bang for the buck."

Overhauling a kitchen is costly and should be taken on with caution if you're on your way out, she said.

Instead, most sellers should focus on small changes, she said. One easy upgrade that Nowak recommends is installing a microwave over the stove if it isn't already there, at a cost of several hundred dollars. "Having a microwave on the counter takes up valuable counter space. Even a microwave cart really closes up a room."

Bill Millholland, who oversees the kitchen-and-bath division at Case Design/Remodeling in Bethesda, said that if clients tell him they plan to move within a year, he encourages them to approach

any upgrades "fairly modestly." The biggest money saver: not moving any appliances or sinks. "It still counts as a brand-new kitchen if that stuff is in the same place."

Bathrooms are another area where sellers should consider small fixes before major ones, Nowak said.

A mid-range bathroom remodeling job would cost a Washington area homeowner an average of \$16,028, and an upscale one nearly \$52,000, according to the Cost vs. Value report.

But you can reglaze a tub for about \$400, Nowak pointed out. "Sometimes it's just a matter of replacing a vanity" or faucets to spruce up the room.

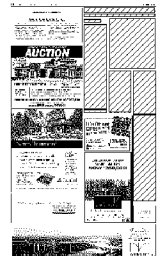
Another area worth a little attention is the home's exterior, she said. Clean up trash, keep the lawn cut, and trim or remove overgrown shrubs.

The project that provided the greatest return on investment in Remodeling's report was the addition of a wood deck, a project that would cost \$10,260 in the Washington area and return an average of 98 percent in value.

No matter what part of the house you're working on, your choices should be designed to appeal to as broad an audience as possible.

"Be careful of over-improving it and over-customizing it," Wuestman said. You don't want to incorporate your tastes into a property, then turn around and leave it, he said. "What kind of sense does that make?"

Millholland echoed that advice, saying he tells clients who plan to sell soon to keep their choices neutral and to go with stock cabinets, for example, not custom work. "You want to appeal to the widest range of people."



## Recoup After a Remodel?

*Home improvements can add to your enjoyment of a house, but they may not add much to the bottom line when it comes time to sell. Here's a look at the average cost and return on investment for 10 common projects in the Washington area.*

### MID-RANGE

Project	Job cost	Resale value	Cost recouped
Basement remodel	\$60,433	\$50,726	83.9%
Bathroom remodel	16,028	12,932	80.7
Deck addition (wood)	10,260	10,067	98.1
Master suite addition	98,569	70,371	71.4
Sunroom addition	70,073	49,366	70.4

### UPSCALE

Project	Job cost	Resale value	Cost recouped
Bathroom remodel	\$51,845	\$38,021	73.3%
Deck addition	14,894	12,927	86.8
Master suite addition	220,038	143,763	65.3
Window replacement			
Vinyl	12,882	10,717	83.2
Wood	17,082	14,004	82.0

SOURCE: Remodeling magazine

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