

# Williams

## Real Estate & Construction

### **Two Approaches to Home Improvements**

There are two approaches to home improvements: improving to sell and improving to enjoy. These approaches are not always the same and are often completely opposite of each other. Let's tackle improving to enjoy first. If you plan to live in your home until you die, then make whatever improvements you want. Your home should be a place where you can express yourself and create an environment for your family and friends to maximize their enjoyment. You may choose to paint the walls purple with green polka dots or convert the kitchen into a rainforest or put in a pool and putting green. You can add a stairwell that goes to nowhere; it is your home and you have no plans to sell, so feel free to enjoy. However, if there is a chance in the near future (in the next five years or less) that you might need or want to sell your home, take special care in what improvements you choose to complete.

If you are planning to improve your home in order to sell, you should take a different approach to home remodeling. First, you need to begin to look at your home as all potential buyers will view it. One way to get started is to spend a Saturday afternoon walking through some new homes in your area. These few hours spent looking at model homes will allow you to see what the potential buyers will see and will begin to get you mentally prepared to update your home. The builders selling homes in this economy understand the wants and needs of today's buyer. They spend a lot of money to know what paint colors, flooring styles, and exterior elevations will appeal to the majority of buyers. You might not like what the builders are doing with colors and finishes, but that is not what is important. You are concerned with what interests the buyers. Most homeowners who are attempting to sell their home do not think about the competition. A new home being built in your area is in direct competition to your home; it's not just the house down the street. You must attempt to make your home look as new, fresh, and clean as new homes look. When you do this, your home will stand out against the other existing homes for sale in your area. The closer you get to their new-home look, the more quickly you will sell your home. The statistics do not lie: approximately 90% of home buyers want to purchase a home that is move-in ready. They do not want to paint, re-carpet, or even clean. They want to have the movers place their furniture and immediately invite over their family and friends to show off their new home. The key, then, is for sellers to achieve this move-in ready look and feel as inexpensively as possible.

You are probably asking yourself, "What, then, should I do to improve my home in order to sell it?" The answer is, start with the basics. Our research tells us that buyers make up their minds to buy a home in the first 1.5 minutes (90 seconds). You have a very small window of time to impress the buyers. Drive-up appeal is critical. The back of your home can be extremely ugly, but the front must look great. Begin with your landscaping and make sure the lawn looks green and well kept (mowed, edged, weeded, etc...). Have the bushes trimmed and shaped to ensure that they have not grown too

# Williams

## Real Estate & Construction

large for the home; smaller is usually better. Give the front of the home a coat of fresh paint to make it look clean, replace the exterior light fixture(s), and clean the windows inside and out. Lastly, if the front door looks dated or in need of repair, consider having it replaced. In the annual 2009-2010 *Cost vs. Value* report for home improvements, the replacement of the front door had the highest return over all other home improvement projects. Homeowners that replaced their existing front door(s) with new steel door(s) saw a 239% return on their money. This improvement provides an updated and improved look for the front of the home, as well as additional safety for the homeowners. Again, the drive-up appeal is critical in positioning the home during the previously mentioned 90-second decision time.

Basic improvements are not as fun, but they do return the greatest value for the money. Are there any leaks that should be repaired in the roof? Does the foundation need to be leveled? Are there cracks in the walls? Do you have broken windows? These and many other basic items need to be addressed. If any of these items are in disrepair, they could cause buyers to walk away. If they love your home, they will more than likely ask for these items to be repaired, so why not address them before putting your home on the market?

Since a woman is the deciding person in the purchase of a home 80% of the time. The next level of basic improvements is interior finishes. These finishes consist of neutral paint colors, neutral carpet/flooring colors, a fresh and clean kitchen, and a fresh and clean master bath. The man is usually tired of looking at homes and wants to get on to something else like TV, golf, etc... So if we know that the woman decides which home to buy, the money spent on improvements should go towards items that will impress her or give her a blank canvas to arrange her furniture and personal items within the home.

If you decide that you want to make a particular improvement to your home, you need to realize that you will need to enjoy or consume the improvement to some extent. With almost all improvements, your costs will be significantly higher than the market value. For example, if you decide to put in a pool, the most you can expect to see in increased value for your home is 50% of the cost (\$30,000 pool = \$15,000 value, maybe). The following table will show you the top 20 home improvements for the southwest region of the country over the last year. On the left side, you will see the average job cost, followed by the estimated resale value and percentage recouped. The table also shows the national averages for the same improvements. As previously mentioned, you will not receive a dollar-for-dollar return on your money when you attempt to sell your home.


















Good luck with your projects, and if you every have any questions or concerns about potential projects; do not hesitate to contact me. I am here to help in any way I can.

- John

[www.wrecrealtors.com](http://www.wrecrealtors.com) – 214.789.3505 office – [jwilliams@wrecrealtors.com](mailto:jwilliams@wrecrealtors.com)

# Williams

## Real Estate & Construction

<b>Midrange Improvements - Southwest Region</b>				<b>2009-2010 National Average Improvements</b>			
<b>Job Cost</b>	<b>Resale Value</b>	<b>Cost Recouped</b>	<b>Project</b>	<b>Job Cost</b>	<b>Resale Value</b>	<b>Cost Recouped</b>	<b>Change 2008 to 2009</b>
\$41,389	\$40,448	97.70%	Attic Bedroom	\$49,346	\$40,992	83.10%	
\$12,540	\$9,789	78.10%	Backup Power Generator	\$14,304	\$8,428	58.90%	
\$52,931	\$49,010	92.60%	Basement Remodel	\$62,067	\$46,825	75.40%	
\$33,188	\$22,955	69.20%	Bathroom Addition	\$39,046	\$23,233	59.50%	
\$14,109	\$11,532	81.70%	Bathroom Remodel	\$16,142	\$11,454	71.00%	
\$14,463	\$10,011	69.20%	Deck Addition (composite)	\$15,373	\$10,904	70.90%	
\$9,773	\$7,924	81.10%	Deck Addition (wood)	\$10,634	\$8,573	80.60%	
\$3,252	\$2,415	74.30%	Entry Door Replacement (fiberglass)	\$3,490	\$2,275	65.20%	N/A
\$1,043	\$2,496	239.30%	Entry Door Replacement (steel)	\$1,172	\$1,470	128.90%	N/A
\$70,827	\$51,071	72.10%	Family Room Addition	\$82,756	\$54,051	65.30%	
\$50,123	\$33,538	66.90%	Garage Addition	\$58,432	\$36,361	62.20%	
\$26,101	\$13,970	53.50%	Home Office Remodel	\$28,375	\$13,648	48.10%	
\$52,405	\$39,346	75.10%	Major Kitchen Remodel	\$57,215	\$41,260	72.10%	
\$88,750	\$61,959	69.80%	Master Suite Addition	\$103,696	\$67,578	65.20%	
\$20,077	\$16,557	82.50%	Minor Kitchen Remodel	\$21,411	\$16,773	78.30%	
\$15,148	\$10,734	70.90%	Roofing Replacement	\$19,731	\$13,133	66.60%	
\$66,046	\$34,375	52.00%	Sunroom Addition	\$73,167	\$37,118	50.70%	
\$139,048	\$99,095	71.30%	Two-Story Addition	\$156,309	\$107,286	68.60%	
\$9,285	\$6,859	73.90%	Window Replacement (vinyl)	\$10,728	\$8,217	76.60%	
\$10,168	\$7,802	76.70%	Window Replacement (wood)	\$11,700	\$9,044	77.30%	