

## 2013-14 Cost vs. Value: Remodeling Pays Off Big Time

Home improvement projects across the board are giving home owners a greater return on their investment when it comes time to sell. Find out which projects "open the door" to buyers and where remodeling dollars stretch the furthest.

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As existing-home sales and home prices make remarkable strides upward nationwide, remodeling projects are also continuing to make a comeback in a big way.

This is the second year in a row that all 35 projects in *Remodeling* magazine's Cost vs. Value Report saw more home improvement dollars recouped upon resale of a home than the previous year.

Existing-home sales reached 5.02 million in 2013, a 9.1 percent increase from 2012, according to the National Association of REALTORS®. Home prices also rose in 2013: Existing homes commanded a median price of \$197,100, up 11.5 percent from the 2012

median price of \$176,800. This is the largest price gain since 2005.

Also for 2013, the cost-value ratio of remodeling projects nationwide averaged 66.1 percent, up 5.5 points over the previous year — which is, like median price, the largest increase since 2005.

### Remodels That Payoff

The fan favorite in the 16th annual Cost vs. Value Report, which was released this month, was again the steel door entryway. Topping the list last year as well, this project is ideal for clients considering a quick update to the curb appeal of a home. The survey shows that a new steel door, with an average cost of \$1,162, will recoup 96.6 percent of the remodeling cost at resale.

Making the biggest gain in percentage of recouped costs was the addition of a backup power generator. This project, averaging \$11,742, jumped 28 percent in estimated resale value, recouping 67.5 percent of its cost in 2013. Usually at the bottom of the list, this project now ranks 25th out of the 35 projects. The increase is attributed in the report to 2013's "unpredictable weather and multiple large storms."

### Regional Trends

The report also shows where remodeling dollars go the furthest.

Topping the list for remodeling costs recouped upon resale were Honolulu and San Francisco, at 110.8 percent and 109.4 percent, respectively. San Jose, Calif., came in third, with just shy of 100 percent of remodeling costs recouped on average. San Diego came in fourth, with 89.8 percent of costs recouped at resale; and fifth was Bridgeport, Conn., bringing in 85.9 percent of remodel costs at resale.

Also signifying distinct improvements over last year, seven of the country's nine regions outperformed the nationwide cost-value average of 66.1 percent.

Holding onto their positions as the top two regions for recouping remodeling costs were the Pacific (Alaska, California, Hawaii, Oregon, and Washington), with an 88 percent cost-value ratio, and West South Central (Arkansas, Louisiana, Oklahoma, and Texas), with a 76.4 percent cost-value ratio.

The award for most improved region could go to New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont), which moved from sixth to third this year with an overall cost-value ratio of 74.6 percent.

The two regions that held lower cost-value ratios than the national average were the Middle Atlantic (New Jersey, New York, and Pennsylvania) and West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota), with cost-value ratios of 63.2 percent and 57.3 percent, respectively.

### Top Projects

If your clients are considering a home improvement project to boost the quality and appeal of their home, pass on this list of top 10 midrange and upscale projects from the 2013-14 Cost vs. Value Report:

#### Top 10 Midrange Projects

##### 1. Entry Door Replacement (steel)

Job Cost: \$1,162

#### Top 10 Upscale Projects

##### 1. Siding Replacement (fiber-cement)

Job Cost: \$13,378

Resale Value: \$1,122  
Cost Recouped: 96.6%

**2. Deck Addition (wood)**

Job Cost: \$9,539  
Resale Value: \$8,334  
Cost Recouped: 87.4%

**3. Attic Bedroom**

Job Cost: \$49,438  
Resale Value: \$41,656  
Cost Recouped: 84.3%

**4. Garage Door Replacement**

Job Cost: \$1,534  
Resale Value: \$1,283  
Cost Recouped: 83.7%

**5. Minor Kitchen Remodel**

Job Cost: \$18,856  
Resale Value: \$15,585  
Cost Recouped: 82.7%

**6. Window Replacement (wood)**

Job Cost: \$10,926  
Resale Value: \$8,662  
Cost Recouped: 79.3%

**7. Window Replacement (vinyl)**

Job Cost: \$9,978  
Resale Value: \$7,857  
Cost Recouped: 78.7%

**8. Siding Replacement (vinyl)**

Job Cost: \$11,475  
Resale Value: \$8,975  
Cost Recouped: 78.2%

**9. Basement Remodel**

Job Cost: \$62,834  
Resale Value: \$48,777  
Cost Recouped: 77.6%

**10. Deck Addition (composite)**

Job Cost: \$15,437  
Resale Value: \$11,476  
Cost Recouped: 74.3%

Resale Value: \$11,645  
Cost Recouped: 87.0%

**2. Garage Door Replacement**

Job Cost: \$2,791  
Resale Value: \$2,315  
Cost Recouped: 82.9%

**3. Siding Replacement (foam-backed vinyl)**

Job Cost: \$14,236  
Resale Value: \$11,124  
Cost Recouped: 78.1%

**4. Window Replacement (vinyl)**

Job Cost: \$13,385  
Resale Value: \$10,252  
Cost Recouped: 76.6%

**5. Window Replacement (wood)**

Job Cost: \$16,798  
Resale Value: \$12,438  
Cost Recouped: 74.0%

**6. Grand Entrance (fiberglass)**

Job Cost: \$7,305  
Resale Value: \$5,163  
Cost Recouped: 70.7%

**7. Deck Addition (composite)**

Job Cost: \$35,158  
Resale Value: \$22,881  
Cost Recouped: 65.1%

**8. (tie) Bathroom Remodel**

Job Cost: \$51,374  
Resale Value: \$32,660  
Cost Recouped: 63.6%

**(tie) Major Kitchen Remodel**

Job Cost: \$109,935  
Resale Value: \$69,973  
Cost Recouped: 63.6%

**9. Roofing Replacement**

Job Cost: \$34,495  
Resale Value: \$21,731  
Cost Recouped: 63.0%

**10. Bathroom Addition**

Job Cost: \$72,538  
Resale Value: \$43,936  
Cost Recouped: 60.6%

The data used in the Cost vs. Value Report was collected with the help of REALTOR® Magazine in an online survey between August and October 2013. More than 4,500 NAR members participated from 101 U.S. cities, up from 81 cities included in last year's survey.

Visit [www.costvsvalue.com](http://www.costvsvalue.com) to find information from the 101 cities included in the survey and download free PDFs that include specific metro-area market data. (Site registration is required.) Also visit [HouseLogic.com](http://HouseLogic.com) for a slide show of the report's results.

Construction cost estimates were generated by [RemodelMAX](#).

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