

What Home Remodeling Projects Offer the Best Return on Your Investment?

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Many times, homeowners approach us asking if remodeling their kitchen, bathroom, etc. will provide a good return on their investment. The true answer: It depends.

There is a misconception that most home remodeling projects you do will recoup your initial investment and more when you are ready to sell. However, just because you spend \$200,000 remodeling your home doesn't necessarily mean you will get that back when you are ready to sell.

The "Remodeling 2019 Cost vs. Value Report," which has been done every year for the past 30 years and compares the average cost for 22 popular remodeling projects with the value those projects will return if one sells within a year, shows that almost all remodeling projects do not recoup the initial costs.

The report compares nine different regions and 136 different geographical markets in the United States, so we can compare Los Angeles for example. They also compare a baseline "midrange" cost for each of the 22 remodeling projects, as well as a higher-priced upscale one.

By asking local contractors what the cost for each project would be and then consulting with local real estate professionals on what the specific remodeling project would return if they were to sell within a year, the report is able to determine with accuracy the cost and potential return of a given project.

The report finds that on average, when combining all the projects throughout the country, the return is only 68.5 cents on the dollar in resale value.

In general, what they found from their research is "curb appeal" projects generate a higher return than interior remodeling projects. This makes sense, as improving the outside of a home, replacing the front door or replacing a garage door can help make a great first impression. On average, they found that exterior "curb appeal" projects returned roughly 12 percent more than interior projects.

For Los Angeles baseline "midrange" projects, the best returns were found to be: manufactured stone veneer (130.1 percent return) and garage door replacement (123.8 percent return). Other projects, like a grand entrance, entry door replacement and window replacement, all provide returns between 102-108.1 percent. The only interior

project that provides a positive return on investment is a minor kitchen remodel, with a return of 105 percent.

The study found interesting factors that can have an effect on the results, such as when real estate agents are more confident in a market (so when home prices are appreciating) they will feel better how much a project will increase the value of the home.

Also markets are localized, so while in one market a specific remodeling project may provide a 55 percent return, in another market, the same project could return 100 percent.

So while you will enjoy that new bathroom or kitchen remodel, know that you may not get every dollar that you put in. But can you really put a price on happiness?

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