

After the Remodel, It's Payback Time

'Sexy' renovations like gourmet kitchens rarely recoup the construction costs when it comes time to sell the home, a report finds



By [SANETTE TANAKA](#)

A home renovation typically comes with clouds of plaster dust and piles of construction debris. Is it all worth it?

Yes, if the remodeling project ultimately makes life easier and more beautiful. But maybe not when it comes time to sell.

are most likely to see construction costs recouped in a resale, according to research by Remodeling magazine. For example, replacing a home's siding with fiber-cement panels can earn back 79.3% of the project cost when the house sells. Replacing the garage door recoups 75.2% of the cost, and installing insulated, vinyl windows earns back 71.2%.

And while big master bedrooms, gourmet kitchens and spa like baths will make your friends drool, major remodeling projects generally recoup less than 60% of their costs. "They're sexy rooms. That's where all the cool stuff is. But they're also the most complex and expensive rooms because they have so much going on," says Sal Alfano, an editorial director who manages the annual [Cost vs. Value Report](#) for Hanley Wood, the magazine's publisher.

The lowest return per dollar spent comes with a master-suite addition. That generally costs more than \$220,000 and earns back only 52.1% of the cost in resale, according to the report, which was released in January. To calculate project costs, the report uses figures from RemodelMax, a publisher of construction-estimating software. Estimated resale values come from a National Association of Realtors survey of more than 3,900 appraisers, sales agents and brokers conducted in August and



Renovation Rankings



- Major Kitchen Remodel
- Garage Addition
- Attic Bedroom
- Bathroom Addition
- Home Office Remodel
- Minor Kitchen Remodel
- Roofing Replacement
- Bathroom Remodel

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September of last year. The findings show that minor remodeling projects are better investments, since changing the look of a room is often cheaper than changing the structure of a home.

"People don't appreciate the things they can't see. When they walk through a home, it's all about the visual impact," says Andrew Shore, president of Sea Pointe Construction, a design/build remodeling firm in Irvine, Calif.

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Still, renovations can pay off for homeowners. Last year, Lois Collins of the suburbs of Seattle spent between \$35,000 and \$40,000 renovating the kitchen of her home in Tustin, Calif., that she had rented out for the past 20 years. Sea Pointe Construction put in a larger window, quartz countertops, hardwood floors and alder-wood cabinets. A further \$20,000 was spent to add a powder room. When it was all done, Ms. Collins, an executive assistant at [Costco Wholesale](#), [COST -0.95%](#) says she couldn't bear to have renters stay in the space. So she put the 2,800-square-foot house on the market in November. In less than one week, "it sold fast and sold high" at \$690,000—just \$9,000 below her list price. "We got back what we put into it," she says.

Money Back Guarantee?

Some high-end home-improvement projects have a better payoff when it comes time to sell.

PROJECT	PROJECT COST	RESALE VALUE	% RECOUPED
Siding replacement (fiber-cement)	\$13,083	\$10,379	79.3%
Garage-door replacement	\$2,720	\$2,046	75.2%
Window replacement (vinyl)	\$13,055	\$9,295	71.2%
Deck addition (composite)	\$34,403	\$20,532	59.7%
Major kitchen remodel	\$107,406	\$64,113	59.7%
Bathroom remodel	\$50,007	\$29,162	58.3%
Roofing replacement	\$33,880	\$19,194	56.7%
Garage addition	\$80,511	\$44,034	54.7%
Master suite addition	\$220,086	\$114,569	52.1%