



Remodeling Basics

Why Remodel? How to Get Started. What Is the Return on Investment?

Why Remodel a Home or Condominium ?

1. Repair and Maintenance

Necessary repairs and maintenance are a homeowner's least favorite reason for remodeling. While these projects are required to maintain a house, they frequently offer opportunities to expand projects for minimal additional costs. For example, overhauling bathroom plumbing is a perfect opportunity to upgrade plumbing fixtures and tile. Other examples include:

- Water damaged walls
- Electrical or plumbing upgrades
- Floor repairs

2. Functionality and Quality of Life

Improving the home function not only adds to the homeowner's quality of life, it increases resale value. Expanding and reconfiguring a kitchen or a bathroom improves family function and adds interest to a potential homebuyer. Other common projects that add immediate value for a homeowner and future value to a potential buyer include:

- Finishing a basement
- Adding closet space
- Installing built-in cabinets

3. Upgrades and Enhancement to Meet Market Standards

The market dictates standards for all properties. Those that don't meet that standard take significantly longer to sell and ultimately close at a discounted price. Upgrades and enhancements are excellent ways to improve a property and maximize resale value. Common examples include:

- New kitchen cabinets, countertops, and appliances
- New flooring
- Updated bathroom fixtures
- Fresh paint and new light fixtures

How to Get Started.

1. Pick a Remodeling Professional

The most important remodeling decision you will make is the selection of your contractor. The relationship between the homeowner and contractor is critical to overcoming all the potential obstacles a remodeling project poses. When selecting a contractor, the homeowner should be confident regarding the contractor's communication abilities and follow-through record. Qualified contractors should provide:

- Referrals from past customers
- Liability and workers-compensation insurance
- A portfolio of past projects representative of work quality
- Timely response to estimates and questions

2. Research Materials

There are dozens of manufacturers and distributors of cabinets, plumbing fixtures, tile and other materials. An experienced contractor can make sense of options and direct the homeowner to the best vendors. However, before any materials are purchased, the homeowner should feel confident that they have chosen appropriate style and functionality. Good starting points include:

- Internet search of manufacturers, distributors, and designers websites
- Local bookstore for periodicals/books displaying a variety of options and styles
- Showrooms, specialty stores, and hardware stores to see actual displays

3. Prepare for the Disruption

Under the best circumstances remodeling projects are an inconvenience. Many times they completely disrupt homelife. And no matter how many precautions a contractor takes, a thorough dusting and cleaning will be required after the project is finished. Homeowners can plan ahead and:

- Find alternatives for kitchen and bathroom downtime
 - Purchase plastic tubs that are resealable and perfect for food or cloths
 - Move furniture and breakables away from traffic patterns
 - Cover cloths and furniture in plastic drop cloth
- Make sure service panels, water and gas shut-offs, and furnaces are accessible

What is the Return On Investment?

■ To most homeowners, cost is the most important factor in a remodeling project. Cost can determine whether or not to undertake a remodeling. Cost can also determine the extent of the remodeling project. The following figures show the cost of remodeling verses the increase in property value.

	National Value			Chicago Region		
	Cost	Resale Value	Cost Recouped	Cost	Resale Value	Cost Recouped
Major Kitchen Remodel, Mid Range	\$43,862	\$39,920	91.0%	\$48,712	\$49,308	101.2%
Major Kitchen Remodel, Upscale	\$81,552	\$69,194	84.8%	\$88,575	\$82,957	93.7%
Bathroom Remodel, Mid Range	\$10,499	\$10,727	102.2%	\$12,633	\$14,082	111.5%
Bathroom Remodel, Upscale	\$26,052	\$24,286	93.2%	\$31,299	\$32,388	103.5%
Bathroom Addition, Mid Range	\$22,977	\$19,850	86.4%	\$28,437	\$26,337	92.6%
Bathroom Addition, Upscale	\$47,212	\$40,488	85.8%	\$55,024	\$55,667	101.2%
Basement Remodel	\$51,051	\$46,010	90.1%	\$59,194	\$56,747	95.9%
Siding Replacement, Mid Range	\$7,239	\$6,914	95.5%	\$8,644	\$11,420	132.1%
Siding Replacement, Upscale	\$10,393	\$10,771	103.6%	\$12,196	\$16,368	134.2%
Deck Addition	\$11,294	\$10,196	90.3%	\$12,455	\$13,867	111.3%

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- The figures show nearly a dollar for dollar return on most remodeling investments. That is a strong justification when considering a project.
- The Chicago region consistently has a higher return than the national average. This indicates the relative strength of the Chicago market and the value of remodeling to meet the market standard.

