



## Renovating for Resale

When it comes to home renovations, **one plus one does not necessarily equal two**. The money invested in improving your home will not always translate into an equivalent return in the selling price of your home. However, with planning it is possible to both increase the salability of your home and even profit from your home renovations.

**Renovations do not have to be extensive or expensive to earn a high rate of return.** In fact, one of the cheapest and simplest improvements yields one of the highest paybacks. According to a study (1999 Renovations and Home Value Survey) by the Appraisal Institute of Canada (AIC), **a fresh coat of paint on interior walls returns an average 73 percent payback**. So, a \$1,500 paintjob could be expected to increase a home's selling price by \$2,625 (a \$1,125 profit).

To maximize salability, ensure that your new décor is modern and tasteful. Choose shades of white and tame versions of popular colours. Steer away from too many personal touches and custom work if you plan to re-sell. It is unlikely that your investment will be recouped and it may prevent the quick sale of your home. Also, try to keep renovations in harmony with the fashion of your neighbourhood.

**The kitchen and bathroom are key areas to focus your renovation attentions.** With average paybacks of 72 and 68 percent respectively, new fixtures, cabinets and tiles could be well worth the money and/or time and effort. The AIC's study highlighted the top ten renovations and the average rate of return:

- Interior painting and décor - 73%
- Kitchen renovation - 72%
- Bathroom renovation - 68%
- Exterior paint - 65%
- Flooring upgrades - 62%
- Window/door replacement - 57%
- Main floor family room addition - 51%
- Fireplace addition - 50%
- Basement renovation - 49%
- Furnace/heating system replacement - 48%

According to another study (Prepare to Sell by HomeGain.com in California) smaller changes to a home can also reap hefty rewards. Any addition that brightens your home (such as new light fixtures) should be returned in the selling price by an average 84% of the cost of renovation.

As an expert on home sale trends in your neighbourhood, I can suggest which areas of your home could benefit from renovation and increase its value and salability.