



smart remodeling



renovations that will yield you the greatest return when you sell



OUTLINE

1 Introduction

- Background
- Definition of “Renovations”
- Typical Homeowner Concerns

2 Concern Resolution Process (the three “Whys”)

- **Why** do homeowners sell
- **Why** do prospective purchasers buy
- **Why** a buyer would buy **your** house

3 Prioritizing the Renovations

- How long until you sell
- Quantifying the ROI

4 Summary and Questions

Background

1 Introduction

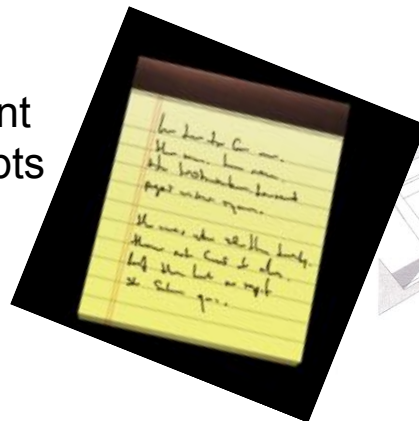
The Company

- Full Service, Design-Build, Residential Remodeling
- In Business since 1989
- Atlanta and Lake Oconee
- Typical project between \$100 and \$300K
- Complete 30 - 35 projects a year
- But receive 400-500 calls a year



The Process

- Interview
- On-site Assessment
- Alternative Concepts
- Pricing
- Final Definition
- Construction



Definition of “Renovation”

1
Introduction

Wikipedia - Renovation is the process of improving a broken, damaged, or outdated structure.



Presentation - Renovation is any effort to improve the appearance of a broken, damaged, or outdated structure, whether such improvements are **real or illusory**



Typical Homeowner Concerns

Introduction

1

- “We want to **recover our investment** when we sell in ___ years.”
- “We **don’t** want to **overspend** the neighborhood.”
- “I want to be sure my **house will sell** when I put it on the market.”



- “I **can’t sell** my house **until** _____ is **renovated**.”
- “I’m **too embarrassed** to have guests over, much less put it on the market and **sell it**.”



Why Homeowners Sell

Resolution 2

Top Five Reasons

1. Home is too small
2. Upgrade to a bigger, grander home
- 3. Fix a mistake from the initial purchase**
4. Relocation
5. Change of circumstances
 - Marriage
 - Divorce
 - Children coming
 - Children leaving



About.com, Home Buying/Selling, December 2014

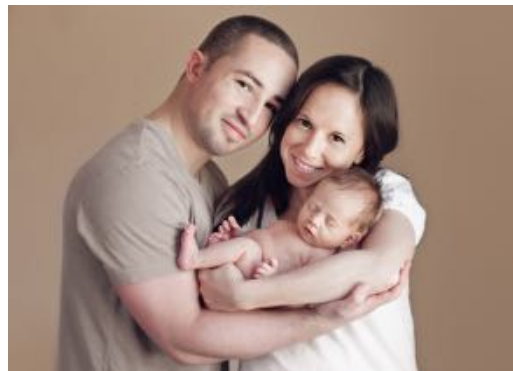
Why Prospective Buyers Buy

Resolution

2

Top Five Reasons

1. Tired of current house
2. Interest rates good
- 3. Home prices favorable**
4. Improved financial resources
5. Change of circumstances



Realtor.com, Trends, October 2015

Why a Buyer Would *Not* Buy Your House

Resolution

2

Top Five Reasons

1. Overpriced
2. Run-down or appears run-down
3. Too much “you”
4. Inflexible—limited availability for viewing
5. Poor marketing



US News & World Report, Reasons Your House Isn't Selling, March 13 2013

Why a Buyer *Would* Buy Your House

Resolution

2

Top Seven Reasons

1. Move-in condition
2. Curb appeal
3. Quality photographs
4. Lots of storage space
5. Energy efficiency
6. Correct pricing
7. Correct staging



What Makes a House Feel Good



meticulous
cohesive
comfortable
functional
current

What Makes a House Feel Good

Resolution 2

Meticulous

- Clean
- Clutter-free
- Well maintained
 - Painted
 - No visible defects
 - Everything perfect



What Makes a House Feel Good

Resolution

2

Cohesive

- Similar finish levels throughout the house
- Spaces proportional
- Furnishings and finishes consistent
(Contrary to a show home)



Same House? Same Floor?

What Makes a House Feel Good

Resolution



Comfortable

- Flow easily understood
- Safe
 - No dangerous conditions
 - Minimal knick knacks
 - Limited obstacles
- Light and bright
- Clear distinction between common space and private space
- Livable



What Makes a House Feel Good

Resolution



Functional

- Works for the family
- Every room has a purpose
- Inviting for guests
- Easy flow among and between common areas, floors, and from inside to outside
- Adequate space



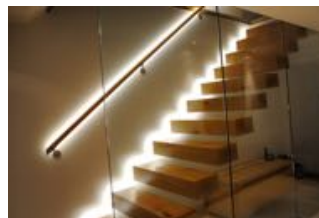
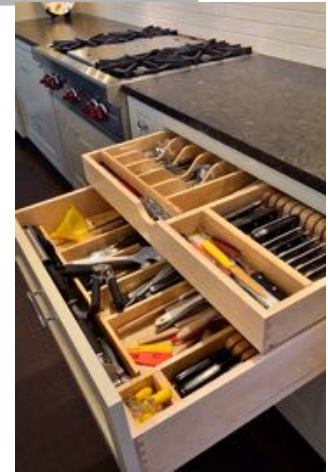
What Makes a House Feel Good

Resolution

2

Current

- Features consistent with new homes
- No worn finishes and fixtures
- Finishes either timeless or updated

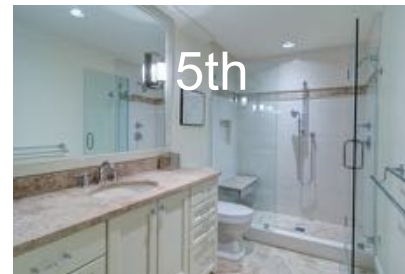


Order of Improvements

3 Prioritizing

Generally, priority based on visibility and use

- Front façade
- Main floor common areas
- Homeowners' private spaces
- Secondary common areas
- Secondary family areas
- Yard



Where Do you Start

3 Prioritizing

Four Key Questions

1. How long until you put the home on the market?
2. What do you need done to survive that long?
3. How much is it going to cost?
4. How much will I recuperate?



Why Is Time To Sale Relevant?

3 Prioritizing

Return on Investment comes in two forms

- Financial: increased sale price
- Personal: enhanced enjoyment of the home

If financial return is less than 100%

- Absorb the loss, but get a quicker sale
- Forego the improvements
- Stay and enjoy for a time



Determining the Financial ROI

3 Prioritizing

Four Methods

- Informal
 - Compare recent home sales in neighborhood (improved vs. unimproved)
- Real estate agent
- Formal appraisal
 - Prepare outline of proposed project(s)
 - Obtain appraisal for home as-is
 - Obtain appraisal for home as improved
- Remodeling magazine
 - Cost vs. value report



Determining the Financial ROI

3 Prioritizing

Midrange Project	ROI	Upscale Project	ROI
Attic Insulation	105.1%		
Garage Door Replacement	93.3%	Garage Door Replacement	80.6%
Entry Door Replacement	83.9%	Grand Entry	65.3%
Major Kitchen Remodel	77.8%	Major Kitchen Remodel	54.3%
Bathroom Remodel	61.3%	Bathroom Remodel	58.2%
Deck Addition	69.4%	Deck Addition	57.8%

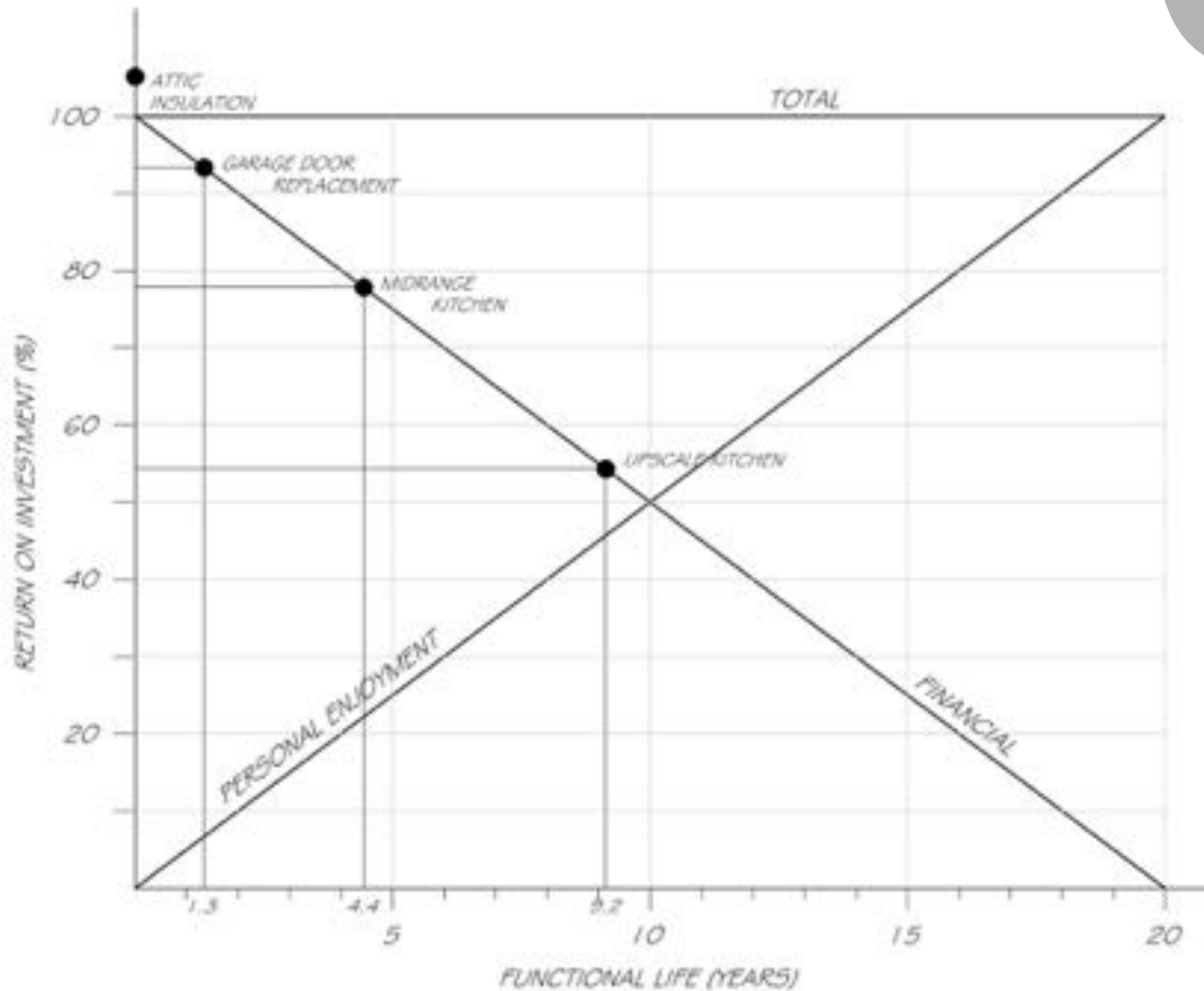
Remodeling Magazine, Cost vs Value Report, 2016

Determining the Total ROI

Analytical Approach

3

Prioritizing



Determining the Total ROI

Amortization Approach

3

Prioritizing

One question - Is it worth the money *to you* to have a new _____?

Example

- Average upscale kitchen in Atlanta = \$120,000*
- Expected financial ROI = 54.3%
- Estimated lost equity = \$54,840

→ Stay 3 years – cost \$18,280 / year

→ Stay 7 years – cost \$7,850 / year

→ Stay 12 years – cost \$4,570 / year



**Remodeling Magazine, Cost vs Value Report, 2016*

Renovations that will yield you the greatest return when you sell

Project Objective	Selling Later	Selling Now
Meticulous	Perform regular maintenance	Clean, paint and refresh
Cohesive	Address inconsistencies	Hide inconsistencies
Comfortable	Modify the home	Declutter, downsize, and depersonalize
Functional	Create/implement a holistic plan to meet your <i>needs</i>	Stage to create the illusion of space, flow and purpose
Current	Renovate to create the home you <i>want</i>	Talk to Cindy – update wisely

4

Summary

QUESTIONS

