

FIX IT UP!

Bruce Turner

The Bay Area's Remodeling Bonanza

If you've decided you're going to spend the rest of your days in your current home – I've had clients tell me "I'm staying until they carry me out!" – then any remodeling you do is just to make your life better, and you can skip the rest of this column and go right to the sports section.

But if you do plan on moving someday, you want to know what projects will have the best payoff when you sell your home. And the shorter your time frame, the more important those numbers are. Fasten your seat belt, because I have some startling statistics for you.

I always carry a copy of the most recent annual Cost vs. Value Report by Remodeling Magazine. Every year, they compile statistics on the investment return of kitchen and bathroom remodels, room additions and other projects. We've all seen the surveys in national magazines on what pays and what doesn't – one I saw recently said a mid-range bathroom remodel returns almost 90% of its value – but those surveys quote *national* numbers.

The Remodeling survey breaks down the numbers by region and city, and they show that the Bay Area is a whole different world when it comes to remodeling values. For example, that mid-range bathroom project costs more in San Francisco than in any other U.S. city – an average of \$12,617, according to the most recent survey – but it enhances the value of the home by \$19,462. That's a stunning return of over 154%. You get *more* than you paid for.

And that's no aberration. A \$30,000 upscale bathroom remodel that returns 87% across the West region returns 156% in San Francisco. A major kitchen remodel that returns about 80% of its value elsewhere produces a 119% return here. Just want to do a minor kitchen project? In Sacramento you'd recoup 76% of your cost, but here you'll reap a 150% bonanza.

Even home additions that wouldn't normally produce big resale payoffs are profitable investments in our little corner of the world. The Remodeling survey says adding a master suite or family room returns about 130% here, and for adding a bedroom to the attic, it's 150%.

And low-cost projects pay off as well. Adding a 16-by-20-foot deck or replacing your siding may cost \$9000 in San Francisco, well above the national average, but both projects return over 150%, and replacing your windows can return 125%. Those statistics aren't unique – certain kinds of projects in other cities generate even higher returns – but across the board, nowhere else in America does remodeling pay off like it does here.

The reasons aren't hard to figure. Remodeling is hot because Bay Area property values continue to skyrocket and interest rates remain low, so people can inexpensively borrow against the increased equity in their homes to pay for a remodel project that will enhance the value of the property even more quickly. The process builds on itself.

Of course, you also get those quality-of-life benefits that the lifetimers build for – the enjoyment of a new and more functional space. The downside is, of course, the high cost of getting work done here, but doing the work yourself can take a big chunk out of that expense. And for return on investment, it beats the heck out of the stock market, doesn't it?

Bruce Turner is president of TurnerBuilt, Inc. He can be reached at bturner@turnerbuilt.com.