



## Informational Articles

### It's What's Outside That Counts

If your interested in adding to the value of your house at resale time and want to recover most of the money your've put out to improve it, there's one word you need to know: **SIDING.**

According to the 2007 Cost vs. Value Report for metropolitan Philadelphia produced by Hanley Wood L.L.C., siding as part of a mid-range or upscale remodeling project is bring that highest return at resale time.

The cost of installing 1,250 square feet of siding ranges from \$10,000 to \$13 says, and depending on whether it's high-end foam-backed vinyl or "green" fiber-cement siding or mid-priced vinyl **95.3 percent to 87.7 percent of the expenditure is returned when the house is sold.** But that doesn't mean it will happen overnight.

John Duffy, owner/broker of Duffy Real Estate in Narberth, was more than a bit surprised at the rate of return on a siding job, though it does make sense to him.

It's a maintenance issue, pure and simple, he said. Today's buyers don't have the time or the inclination to take care of these things. They prefer to hose off the house than to scrape and paint it.

The report, now in its 10<sup>th</sup> year, compares construction costs with resale values for 29 mid-range and upscale remodeling projects in 60 markets across the country.

Through analyzing the data over time, Hanley Wood found that 2005 was the year that homeowners could expect to recover the largest share of costs for remodeling projects. That year also was the peak of the recent real-estate boom in most areas of the country, including the Philadelphia region.

In 2005, the 22 projects covered in the report returned at least 70 cents on the dollar; in 2007 that number drops to 16 of 29 projects. This year's survey added wood decks, since the majority of decks built in the United States are made of wood; backup generators, and acknowledgment of weather extremes in many parts of the country; and mid-range and upscale detached-garage additions (including storage).



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The full report is available at [www.costvsvalue.com](http://www.costvsvalue.com), which also provides the specifications for each of the projects covered. In the current housing downturn, the remodeling market is generally faring better here and nationwide than the residential-construction market is.

Looking at third-quarter numbers that showed just a slight decline in remodeling activity from 2006, Mike Nagel, chairman of NAHB Remodelers of the National Association of Home Builders, said the market was "buoyed" by continuing strong demand for minor additions and alterations and "is not experiencing the dip in production and sales being seen by the new-home-building sector of the industry."

The NAHB Remodelers figures reflect what is happening in the Philadelphia region, local contractors say. "It is a more difficult market," said Jay Cipriani, president of Cipriani Builders in Woodbury. "Our clients are still spending \$50,000 on a bathroom or a kitchen, but most are not willing to spend a couple of hundred thousand on an addition."

Ron Trull, president of Trull Building Co. in Newtown Square, said that the segment of his client base getting into its late 60s or early 70s "want their house to be totally maintenance-free on the exterior by installing stucco or factory-painted fiber-cement-board siding, vinyl or aluminum-clad windows".

Real estate agents also are reporting an increase in remodeling activity among sellers and potential sellers, who are attempting to get houses on the market with little for buyers to fix or that look better than other houses for sale nearby.

It's really a little bit of everything, from painting trim to cleaning the basement and painting those walls, too. "Most of it is cosmetic," McCann said. "I'm having them replace doorknobs and door handles with more popular brushed nickel, and even recommending that they use color when they paint rooms instead of white, white everywhere."

It's much the same story in the suburbs, said John Badalamenti, an agent with Weichert Realtors in Collegeville. "I think the biggest thing I'm seeing with buyers in this market is the less 'pain' they have to deal with when purchasing a home, the better," Badalamenti said. "Chance favors the ready-to-move-in home."

You have to be smart about renovations, said Dick Gaylord, president of the National Association of Realtors, whose members are polled in the annual Cost vs. Value survey.

"When considering a remodeling project, particularly with an eye toward resale, it's important to evaluate your home's current condition, how the project will change the existing space in your home, as well as how your remodeled home will compare to other homes in your community," Gaylord said.



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In a recent survey of members by NAHB Remodelers, had reported that the most common type of outdoor remodeling job they completed was adding a deck, followed by installing porches, patios, front porches, decking/patio covers/enclosures, outdoor lighting and outdoor kitchens.

Thirty-one percent of the members reported an increase in outdoor remodeling work compared with 2006, and 44 percent responded that outdoor remodeling work had increased during the last five years.

The Census Bureau reported that @2.5 billion was spent last year on decks, and that homeowners tend to hire remodelers to add decks after living in their house for a period of time.

Though most experts warn against spending thousands of dollars in the hopes of recovering it at resale, some parts of a house do demand more attention in these times of high for-sale inventory.

"If a buyer walks into a home in this market and feels they have to do a major overhaul to the kitchen and/or bathrooms, they usually utter one word," Badalamenti said. "NEXT!"