

It's What's Inside That Counts

Indoor remodeling can help increase your home's resale value.

by Molly Petrilla

Remodeling your home is a great way to get the benefits of a new home while keeping the same address – and everything you already love about where you live. And, if the day comes that you decide to sell, upgrades and improvements you've made will contribute to a potential buyer's overall impression of a home's value. In other words, the things you do now to make your home more comfortable can also directly affect how much time it spends on the market once your "For Sale" sign goes in the front yard.

Funneling some extra cash into upgrades or improvements can enhance your overall comfort and enjoyment of your home. After all, adding that bathroom or updating your kitchen could make it a lot easier to love the house you're with, rather than trying to upgrade or downgrade with a new home.

With that in mind, the following indoor home improvements and renovations will give you the biggest bang for your buck, sweat and tears. Many improvements can yield a good return on investment when you do decide to sell and they can certainly improve your quality of life in the meantime.

SPICING UP THE KITCHEN

According to *Remodeling* magazine's 2010-11 Cost vs. Value Report, a remodeled kitchen can recoup 60 to 73 percent of construction costs in resale value, on average. Major upgrades, such as new wooden cabinets, adding an island and switching to energy-efficient appliances, can mean recouping about 70 percent of the remodel costs. However, aiming for a smaller remodel, such as replacing cabinet fronts and hardware and replacing flooring, can mean an

even greater recoup on cost. (According to the magazine's data, an upscale remodel actually resulted in the lowest cost recoup—just 60 percent as compared to 73 percent for a minor midrange remodel.)

If you're remodeling your kitchen, it may also be time to consider the advantages that natural gas appliances offer. For instance, switching from an electric oven to an energy-efficient natural gas one can save you money right away and for the life of the oven. A 2011 national study of home buyer energy preferences by Woodland O'Brien Scott shows that 78 percent of recent home buyers prefer cooking with natural gas.

HOME IS WHERE THE HEARTH IS

Homes with fireplaces tend to have stronger buyer appeal than those without, due largely to the feelings of warmth and coziness they evoke. In fact, a survey by the National Association of Home Builders found that more than 75 percent of homebuyers would like a fireplace in their family room, and the National Association of Real Estate Appraisers has estimated that you can raise the selling price of your home by 6 to 12 percent simply by adding a fireplace. That makes it one of the most valuable home improvements you can make.

Whether you have a fireplace already or are looking to build one, keep in mind that natural gas hearths eliminate the mess, smoke, and slow start time associated with their wood-burning counterparts. They've also come a long way over the years, and are now available in a wide variety of styles and colors, with an equally wide range of special features to match.

Art deco arches? Through-wall fireplaces? Modern glass beads and gem stones instead of logs? They're all available now, and will begin blazing at the push of a button.





Wood-burning fireplaces can be converted to gas fairly easily, and if your home doesn't have a fireplace yet and you'd like to install one, a gas fireplace is a versatile choice, installable virtually anywhere with access to a gas line. There's no need to spend money on building a chimney, either, since gas hearths vent directly outside—or in some cases, don't need a vent at all. (Check your local codes.)

Adding a fireplace is also a shorter-term home-improvement project, so you won't need to turn your home into a full-on construction zone while one is installed.

IS THERE SUCH A THING AS TOO MANY BATHROOMS?

The larger your family gets or the more house parties you throw, the more squabbling you can expect over use of that most precious of rooms: the bathroom. And really, when have you ever heard someone complain about having too many bathrooms? Just think of those poor Brady children, and you'll want to call up the contractor immediately.

According to MySpendingPlan.com, prospective buyers pay the closest attention to kitchens and bathrooms, which means those areas offer the greatest opportunities for upping your home's resale value. The number you have is also important, and if you add a new bathroom to your home, according to the aforementioned *Remodeling* report, you can expect to recoup about 53 percent of the cost, not to mention attracting additional buyers.

The National Association of the Remodeling Industry (NARI) recommends keeping your costs in check by using cultured marble sheets for tub surrounds, since they're cheaper to install and easier to clean than tile. And in between picking out floor tiles, debating mirror sizes and painting new walls, you might also consider a less visible element of the bathroom: your water heater.

About a quarter of a homeowner's energy costs go toward heating water, according to the California Energy Commission. In 2009, natural gas water heaters received the Energy Star label, and they continue to offer numerous benefits over electric ones. For starters, tank-style water heaters heat water faster and recover nearly three times as quickly, and they emit less than half the carbon-dioxide electric water heaters do. They're also less expensive to run: according to the same California energy experts, it costs three times as much to heat the same amount

of water with electricity as it does with gas. Tankless water heaters have a number of energy saving features that make them a smart choice, and since they never run out of hot water – and typically last 20 years or more – they are a wise investment. (For information on electric and natural gas energy pricing, see map, next page.)

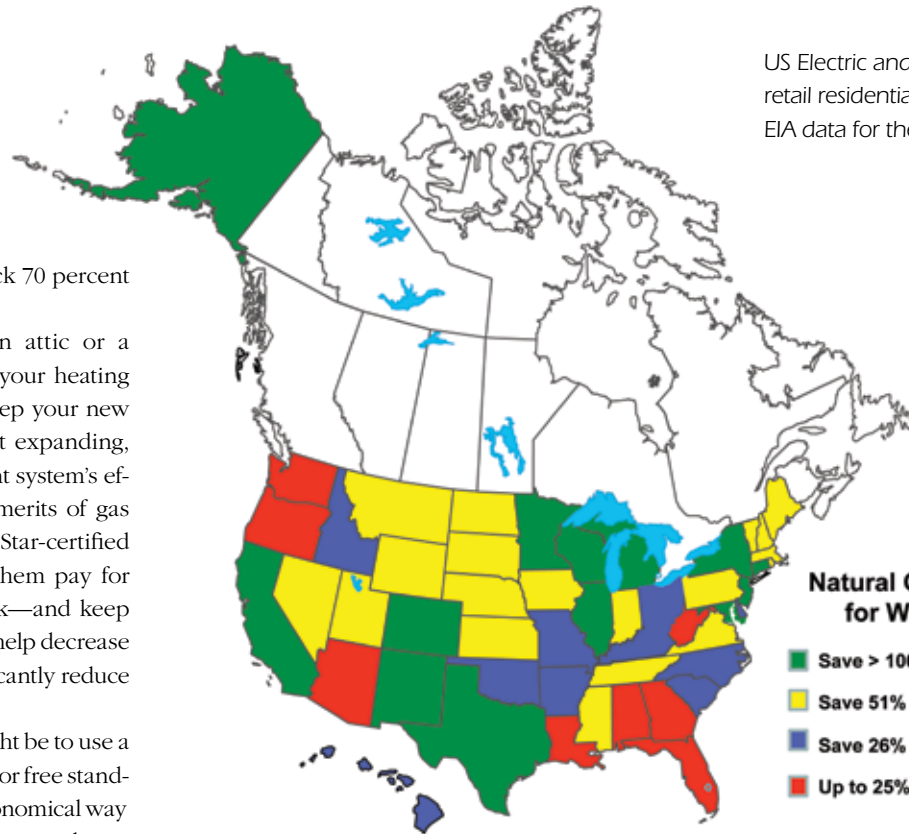
EXPANDING YOUR LIVING SPACE

If you're looking to add some square footage to your home—either for yourself or your resale value—the basement and attic are excellent places to start. They're also among the projects that offer the greatest cost-to-resale recoup, according to *Remodeling*.

According to the magazine's national report, if you convert an unfinished attic space into a 15-by-15-foot carpeted bedroom with closet space and an adjacent bathroom with shower, for instance, you can expect to recoup 72 percent of the cost. Similarly, if you finish your basement to create a sizeable entertaining area, wet bar,



US Electric and Natural Gas retail residential prices from EIA data for the year 2009.



and bathroom, you would get back 70 percent of your costs.

Whether you're converting an attic or a basement, you'll need to extend your heating and air conditioning system to keep your new space temperate. Before you start expanding, make time to consider your current system's efficiency, and to think about the merits of gas versus electric. Look into Energy Star-certified options—the savings may help them pay for themselves sooner than you think—and keep in mind that using natural gas can help decrease your monthly bills and also significantly reduce your carbon-dioxide emissions.

In some cases, your best bet might be to use a natural gas space heater, fireplace, or free standing stove, which can provide an economical way to add heat to a finished basement or three-season room.

ADD SOME COLOR

Paint continually tops lists of inexpensive remodel suggestions, and it's no wonder: as far as home improvements go, it's easy, fast, and can make a dramatic impact on any room. Painting is also something you can do yourself, which means your only investment will be your time and the cost of materials. In fact, the Paint Quality Institute describes it as the "one [remodeling] project that's still affordable for nearly everyone."

Aside from being gentle on your wallet, paint can also help make a room look bigger or taller; warmer or cooler; traditional or cutting-edge; cozy or modern; the list goes on and on. Better still, it can also hide any wall imperfections and cover up years of finger smudges or furniture scrapes.

Colors and finishes abound, but if you're planning to sell in the near future, it's best to stick to a neutral color and avoid flashy crackled or textured finishes, gendered colors, or anything too off-the-wall. Semi-gloss paint has become increasingly popular in recent years, since it is easily washable and can resist dirt and mildew. (Just be aware that its shiny finish also highlights any imperfections on the wall.)

And while there's no data on how much painting explicitly raises a home's resale value, rest assured that it will do something even more important: Help you sell your house. Potential buyers expect to find paint that's in neutral colors and in good shape, and if they don't, they may write your home off immediately. As many experts will tell you, ugly or chipped paint is one of the things buyers have the hardest time overlooking. ■

GAS TRUMPS ELECTRICITY IN HOMEOWNER PREFERENCE STUDY

If you prefer natural gas over electric, you're not alone. According to a New Homeowner Energy Preference Survey conducted by the research and management consulting firm Woodland, O'Brien & Scott and Energy Solutions Center, more homeowners prefer natural gas – including those who don't presently have it.

Among the study's more significant findings:

- Natural gas is the leading energy source for home heating and water heating
- Natural gas is preferred more than it's currently utilized;

while 74 percent of homeowners have at least one gas appliance, 82 percent say they would prefer at least one gas appliance.

- In the U.S. today, 54 percent of homes have fireplaces, and about half of them operate on natural gas.
- Of the survey participants, 74 percent would recommend natural gas to family and friends.

Reasons cited for preferring natural gas included economics, dependability, warmer heat and quicker recovery for heating water.

