

Return On Investment

What to Expect from a Remodel

With the United States in an economic recession and the housing market in turmoil, spending money on a kitchen remodel might seem scary. Yet while home prices have declined, a kitchen remodel continues to add value to your home, depending on where you live and how you spend your dollars. According to the 2008-09 Cost vs. Value Report*, kitchen remodels rank just after siding and window replacement—both of which tend to be "must-do" rather than "nice-to-do" projects—in return on investment.



The numbers reported below are national averages; in general, the Pacific states region outperformed the rest of the nation despite higher costs. For example, in Los Angeles, a minor kitchen remodel averages a cost of \$23,135, with a return of 97.9 percent. In Detroit, however, the same project costs \$22,784, with a return of just 53 percent.

Minor Kitchen Remodel, Mid-Range

The 2008-09 report puts the national average price of a mid-range minor kitchen remodel at **\$21,246**, averaging a return of **79.5** percent (down from last year's 83 percent) a year later. What is a minor kitchen remodel? According to *Remodeling*, it's a 200-square-foot kitchen with 30 linear feet of cabinetry and countertops. The cabinets get refaced with new raised-panel wood doors, drawers and hardware, but the boxes stay. Laminate countertops and vinyl flooring are removed and replaced with the same material, but in updated colors and patterns. You also get a new, energy-efficient wall oven and cooktop, a new mid-priced sink and faucet, wall covering, and a new paint job on your trim.

Major Kitchen Remodel, Mid-Range

A major kitchen remodel at a mid-range price will run an average of **\$56,611**, according to the report. A year later, you can expect to recoup **76** percent (down from 78.1 percent) of that. This 200-square-foot kitchen features a 3-by-5-foot island, 30 linear feet of semi-custom wood cabinets, laminate countertops, and a double-bowl stainless-steel sink with single-lever faucet. Add new energy-efficient appliances: wall oven, cooktop, ventilation system, built-in microwave, dishwasher, garbage disposal, and custom lighting. Finish up with new vinyl flooring and paint for the walls, trim and ceiling.

Major Kitchen Remodel, Upscale

Price tag: **\$110,964**, according to the report, with an ROI of **70.7** percent (down from 74.1 percent). It's an easy bill to run up in a 200-square-foot kitchen with 30 linear feet of custom cherry cabinets with interior accessories, natural stone countertops, and an imported ceramic or glass tile backsplash. Appliances include a built-in refrigerator, cooktop, 36-inch commercial-grade range and vent hood, built-in warming drawer, trash compactor and built-in microwave/convection oven. Then add a high-end undermount

sink; designer faucets; built-in water filtration system; general, task and under-cabinet lighting; cork flooring; and cherry trim.

The Good News

Inflation hasn't hit yet. Compared to the 2007 report, the average price of all three types of kitchen remodels rose just slightly, from \$21,185, \$55,503 and \$109,394, respectively. That's a cost increase to the consumer of 0.3 percent for a minor kitchen remodel, 2 percent for a major mid-range remodel and 1.4 percent for an upscale.

**The 2008-09 Cost vs. Value Report—a joint study done by the National Association of Realtors and Remodeling magazine—provides national and regional averages. The report estimates the cost of an average home improvement project and compares it to the value it would recoup if the home sold a year later. In 2008, more than 4,000 real-estate agents, brokers and appraisers in 80 cities provided ROI estimates.*