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REAL ESTATE

Small Renovations, Big Payoff

By TIM McKEOUGH APRIL 24, 2015



Before listing her Upper East Side duplex penthouse, Faye Cone spent \$75,000 on improvements; her real estate agent estimates the changes will give her home “a 10 percent bump in pricing.”

WPablo Enriquez for The New York Times

Before you give your contractor the green light to install that spare-no-expense kitchen you’ve always dreamed of, consider this: A high-end kitchen with top-of-the-line finishes might not be worth as much as you think when it comes time to sell.

Smaller projects, though, like replacing cabinet fronts in the kitchen or refinishing hardwood floors can increase your sales price significantly. Several real estate organizations have warned homeowners in recent months that not all renovations are created equal, and you can’t always count on recouping what you spend, especially if you decide to splurge.

The National Association of Realtors issued a statement at the beginning of the year saying that small and exterior-focused improvements offer better value than more ambitious renovations. Then last month, the Appraisal Institute, an association of real estate appraisers, urged homeowners to “choose upgrades instead of major remodeling projects to see the greatest potential return on investment.”

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Ms. Cone replaced the buckled wood floors with honed black granite flooring in a herringbone pattern
Pablo Enriquez for The New York Times

Both groups cited findings from Remodeling magazine's 2015 Cost vs. Value Report, an annual survey comparing the cost and resale value of remodeling projects, ranging from window replacement to major additions. Top performers in this national survey included a steel replacement entry door, estimated to recoup nearly 102 percent of its cost; replacing exterior siding with stone veneer, a 92 percent return on investment; and minor kitchen remodeling that includes new cabinet fronts, laminate countertops and appliances, with a 79 percent return.

The survey also found that the more you spend on a project, the more you stand to lose. In the New York metropolitan area, the report found that a minor kitchen remodel recouped 84.2 percent of its cost, on average. But a major kitchen remodel, including new semicustom cabinets and an island, recouped only 75.8 percent. And a more upscale major kitchen remodel with custom cabinets, stone countertops and a commercial range did even worse, returning just 69.1 percent.

"The point is that the more expensive the work you do on a property, the higher the risk is that the buyer is not going to be willing to pay for it," said Jonathan J. Miller, the president of Miller Samuel, a New York appraisal company. "If your kitchen is old and dated and you completely renovate it, you're gambling that the buyer is going to like your taste."

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Faye Cone, an interior designer who is selling her duplex penthouse condominium at 157 East 74th Street, had gut renovated her home when she bought it in 2001. But, over time, a few problems had developed. The wood floors on the main living level had buckled. And, after she temporarily rented the place out while she was in Italy, the granite countertops had become chipped.

“Nothing was in terrible disrepair, but my standards are really high,” Ms. Cone said. “When I was thinking about selling it, I wanted it to be perfect.”

So she spent about \$75,000 replacing the buckled wood floors with honed black granite flooring in a herringbone pattern, and installing new granite countertops with a leathered texture.

The apartment is now on the market with an asking price of \$5.3 million. Ms. Cone’s changes “helped tremendously,” said her agent, Chris Kann of Brown Harris Stevens, who shares the listing with Robby Browne. Mr. Kann estimates the improvements give the home “a 10 percent bump in pricing,” or an increase of about \$500,000, compared with selling it as it was.

“Everything is perception, and people start to discount when they see something needs renovation,” he said. “When you see floors that need to be replaced or re-sanded, you start to look for other things as well.”



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