



nerenj

Smaller scale renovation projects maximize potential ROI according to the Appraisal Institute

May 19, 2017 - Connecticut

Chicago, IL The Appraisal Institute, the nation's largest professional association of real estate appraisers, today advocated that homeowners pursue smaller-scale renovation projects in order to maximize their potential return on investment.

"The latest research shows that home improvements with a relatively low cost are most likely to generate a positive cost-to-value ratio," said Appraisal Institute president Jim Amarin, MAI, SRA, AI-GRS. "Spending big dollars on major renovations doesn't necessarily equate to a dollar-for-dollar return. In short: cost doesn't necessarily equal value."

According to Remodeling magazine's most recent Cost vs. Value report, the projects with the highest expected return on investment are attic insulation (fiberglass), entry door replacement (steel), manufactured stone veneer and minor kitchen remodel. Other projects with potential payoffs, according to the report, are garage door replacement and siding replacement.

Amarin encouraged homeowners contemplating renovation projects to compare the planned improvement to what's standard in the community.

"Projects that move a home well beyond community norms are typically not worth the cost when the owner sells the property," Amarin said.

For an unbiased analysis of what their home would be worth both before and after an improvement project, a homeowner can work with a qualified real estate appraiser – such as a designated member of the Appraisal Institute – to conduct a feasibility study.

The Appraisal Institute offers a free, informative brochure titled "Remodeling & Rehabbing," which provides consumers with valuable advice on home improvement projects.