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REAL ESTATE REPORT

CHANGE FOR THE BETTER

The five best home improvement projects for your money

BEFORE YOU GET STARTED ON THAT FAMILY ROOM ADDITION,

take a moment to consider its potential return. Each year, Remodeling magazine's Cost vs. Value Report provides a fascinating look at the percentage of a home improvement project's costs that are likely to be recouped at resale. The report finds that not all home remodeling jobs are created equal—you'll probably get more of your investment back after building a wooden deck, for example, than adding a sunroom.

To help consumers better understand which jobs offer the highest potential returns, we used the 2009-2010 Remodeling Cost vs. Value Report to compile a list of the 5 best home improvement projects for your money:

THE 5 BEST

1. Steel entry door replacement:

Homeowners who install a steel front door recoup on average nearly 129 percent of the project's cost when they sell the home, according to the report. Sal Alfano, the editorial director of Remodeling Magazine, says that's in part because a steel door is less expensive than the alternatives. A fiberglass front door replacement project, for example, costs about three times more than a steel door replacement, according to the report. But a steel door can still be attractive enough to boost your home's curb appeal. "A brand new door makes a big first impression on somebody who is looking at the house," Alfano says.

A steel door can also make a home more energy efficient, says home improvement expert Danny Lipford. "Steel most of the time has a magnetic weather stripping," Lipford says. "So you close it and that magnetic weather stripping seals it up very nicely." But Lipford cautions that while steel makes for a nice painted surface, it

doesn't work with all design tastes. "If you are going for a rich wood look, you can simulate the stain, but as soon as you knock on [the steel door] you know that it has an unrealistic look to it."

2. Attic bedroom:

Homeowners who turn their dusty old attic into a functional bedroom recoup on average about 83 percent of the project's cost when they sell the home, according to the report. At around \$49,000 a job, converting an attic into a bedroom is certainly more expensive than replacing your front door. But when it comes to adding new livable space to your home, building an attic is often easier on your budget than the alternatives. A family room addition, for example, can run around \$83,000. "When you are adding to the footprint of the house you have foundation costs, dirt work, and all of that," says Paul Zuch, the president of Capital Improvements. "But if you are doing an attic conversion you don't have all of those."

At the same time, modern households can encounter all sorts of scenarios that require additional living space. When faced with situations like this, an attic bedroom conversion can sometimes be your best option.

3. Wood deck addition:

Homeowners who add a wooden deck to their properties recoup on average nearly 81 percent of the project's cost when they sell the home, according to the report. Celia Kuperszmid Lehrman, deputy home editor at Consumer Reports, says the wooden deck's appeal is linked to today's more thrift-conscious consumers, who are looking to save money by spending more time at home. "Since they are staying home they want to enjoy their exterior, they want to enjoy their outdoors," Kuperszmid Lehrman says. "So [adding a deck] is one of those areas that can add value." Like steel, the popularity of wooden decks is also associated with costs. A similar project built from composite materials can run you about 50 percent more. Lipford, meanwhile,

highlights another key benefit of building a wooden deck. "That's not heated and cooled space, but it is an opportunity to make you feel like you have a lot more space in your home than you actually have," Lipford said.

4. Vinyl siding replacement:

Homeowners who replace their vinyl siding recoup on average nearly 80 percent of the project's cost when they sell the home, according to the report. Alfano says the project's low costs—the job averages less than \$11,000—deserves part of the credit for its impact. But curb appeal plays a significant role too. "New siding is going to make a house look brand new," he says. It is going to really change the way the house looks from the street." In addition, vinyl siding is extremely low-maintenance and lasts up to 25 years, Alfano says. By comparison, houses typically need their exterior painted every five to seven years, he says. "That's sort of a trend among homeowners and home buyers over the last five to ten years—moving toward low maintenance or low maintenance materials."

5. Wood window replacement:

Homeowners who replace their wood windows recoup on average about 77 percent of the project's cost when they sell the home, according to the report. Zuch notes that window replacement projects can be appealing because they can make the home more attractive while increasing its energy efficiency. "Not only does it add value but it reduces your energy bills," Zuch says. At the same time, homeowners who make certain window replacements can qualify for federal tax credits. But Kuperszmid Lehrman cautions that the project's cost—of nearly \$12,000—means homeowners shouldn't replace their windows simply to lower their energy bills. "It's just too expensive," she says. "The payback period—even with the federal tax credits—is still going to be pretty long." Instead, homeowners should replace windows if they are beaten up or broken and consider the project's energy efficiency benefits the icing on the cake.