



Careful renos can increase home value

Tom Lebour

TREB PRESIDENT'S COLUMN AS IT APPEARS IN THE TORONTO STAR

March 5, 2010

The Greater Toronto Area's spring real estate market is just weeks away and many analysts anticipate that it will be a busy one.

It is expected that the number of properties available for sale will increase as homeowners react favourably to recent months' activity. It's also likely that the market will have more homebuyers, prompted to make a purchase before the added costs of the Harmonized Sales Tax take effect on July 1st.

If you're planning on making a foray into the market this year, now could be the time to undertake improvements, which if carefully planned, can increase the value of your home considerably.

Most of us know that kitchens, bathrooms and a fresh coat of paint inside and out, offer the best return on investment. According to the Appraisal Institute of Canada, you can expect to get back 75 to 100 per cent of what you put into kitchens and bathrooms. Painting can return 50 to 100 per cent of your investment.

While these are typically low risk investments, a number of factors can influence the gains you achieve with other types of renovations. Location is one such consideration. The completion of a basement recreation room for example, can generally return 50 to 75 per cent of expenses, depending on the preferences of future buyers in your area. In a predominantly seniors community its value could be considerably limited.

It's also important to consider your home's most crucial needs. Window and door replacement may offer a return of 50 to 75 per cent, but if your existing units are broken, this home improvement should take

priority on your project list. Where glaring needs are concerned, the value associated with your home's overall impression outweighs specific project returns.

When deciding whether to proceed with functional renovations though, it's also important to consider that significant government rebates are available for many energy efficiency improvements.

There are some improvements that we undertake simply for our own enjoyment, like a swimming pool, from which you can get back up to 40 per cent of your investment or landscaping, which is likely to offer a 25 to 50 per cent return. Despite the limited gains they may offer individually, these types of improvements can also make an important contribution to your property's overall image.

Consider as well that not all of your renovations need to be sizable. Even minor improvements like new light fixtures, cabinet hardware or faucets can give your home a contemporary look.

For more information visit the Toronto Real Estate Board's consumer website www.TorontoRealEstateBoard.com to find a REALTOR® who can advise you on wise improvements for your home.

Tom Lebour is President of the Toronto Real Estate Board, a professional association that represents 28,000 REALTORS® in the Greater Toronto Area.