



Value Added

Tom Lebour

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

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We Canadians love fixing up our homes. A home not only provides shelter, it's a refuge, a source of happy memories and tremendous pride.

In recent years, we have found our inspiration from a multitude of home improvement programs on television, then headed to the nearest big box renovation stores to begin the next great project.

According to Canada Mortgage and Housing Corporation, close to \$19.7 billion was spent in our country's 10 major centres on renovations last year, an increase of more than \$2 billion compared to 2006.

And there's no end in sight to our passion for refurbishment. A survey by RBC/Ipsos Reid released last fall indicates that 66 per cent of Ontario home owners say they are planning to renovate over the next two years, with an average budget of \$10,495.

Whether you're planning a renovation in preparation for a sale, because your house is in need of repairs or simply for esthetics, it's wise to plan carefully to achieve the best return on investment.

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

While these fix-ups are a pretty safe bet, there are a number of factors that can influence your return on investment. Location is one such consideration. While a basement recreation room will generally return 50 to 75 per cent of expenses, the preferences of future buyers in your community, seniors for example, can limit its value.

It's also important to consider what your home needs most. Window and door replacement may offer a return 50 to 75 per cent but if your existing units are broken, there's no question this should top your project list. In this case, the value associated with your home's overall impression outweighs specific project returns.

Similarly, new flooring can dramatically enhance the overall look of your home despite the fact that the project itself will provide returns of 50 to 75 per cent. A new heating system will offer a 50 to 80 per cent return but buyers won't have the same emotional response, which is a key factor in yielding a higher selling price.

There are some renovations that we undertake purely for our own enjoyment, like a swimming pool, which offers up to a 40 per cent return or landscaping, from which you will get back 25 to 50 per cent. They can however, also contribute to a more attractive property overall.

Regardless of the project you plan to undertake, strive to achieve good quality without overspending on custom materials. Remember that even the simplest improvements like new light fixtures, cabinet hardware or faucets can give your home a fresh, updated look.

For more information check out the Appraisal Institute of Canada's RENOVA online worksheet or visit the Toronto Real Estate Board's consumer website www.TorontoRealEstateBoard.com to find a REALTOR® who can advise you on the smartest fix-ups 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.