# 12 Remodeling Projects That Offer the Best Value at Resale

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The home remodeling boom continues, as homeowners leverage their equity to take on a range of house projects, large and small. But are they choosing the best projects to help boost their home's resale value?

A fancy kitchen upgrade or bathroom renovation may have a significant impact on potential buyers. But for projects that recoup most or all of their cost, owners should think smaller, according to the newly released 2025 Remodeling Impact Report, conducted by the National Association of REALTORS® and the National Association of the Remodeling Industry. Swapping out the front door for steel, for example, is likely to get the most bang for the buck.

## **Prioritizing Home Remodeling Projects**

Being able to help sellers prioritize home improvements and maximize their net on the sale is a key value real estate agents offer. For a range of home improvement projects, the Remodeling Impact Report compares estimated cost (estimates are from a NARI member survey) with real estate professionals' estimates of the likely dollar value at resale.

The report revealed the following home remodeling projects may offer the highest returns, based on their estimated cost recovery at resale:

- New steel front door: 100% (estimated return based on upfront cost)
- Closet renovation: 83%
- New fiberglass front door: 80%
- New vinyl windows: 74%
- New wood windows: 71%
- Basement conversion to living area: 71%
- Attic conversion to living area: 67%
- Complete kitchen renovation: 60%
- Minor kitchen upgrade: 60%
- Bathroom addition: 56%
- New primary suite: 54%
- Bathroom renovation: 50%

#### **A Balancing Act**

Because owners often plan to stay in the home and enjoy the improvements for a few years before selling, the report also assigns a "joy score" to each project. The score is derived from a survey of homeowners conducted by NAR's consumer website HouseLogic.

"Homeowners undertake remodeling projects for numerous reasons, but what remains intriguing is the disparity between the joy experienced post-remodel and the actual cost recovery," says Jessica Lautz, NAR's deputy chief economist. "While homeowners take pride in seeing their personal tastes and design choices come to life, [real estate professionals who are] REALTORS® may recommend different strategies to enhance the property's resale value."

Americans spent an estimated \$603 billion last year on remodeling their homes, according to the report. With the average home of the U.S. now older than 40 years old, home remodeling may be growing more important as homeowners try to ensure their home ages well—with its value, too.

Consumers surveyed for the report said their top motivations for undergoing a home remodel were:

- To upgrade the home's worn-out surface finishes and materials (27%)
- To improve energy efficiency (19%)
- A desire for a change (18%), or
- Because they plan to sell their home within the next two years (18%).

Because every home and every neighborhood are different, a presale project that's right for one home won't benefit another.

But for those who do plan to sell within the next couple of years, the Remodeling Impact Report offers agents a starting point for a discussion.

### **How Real Estate Pros Are Helping**

Forty-three percent of homeowners say home remodeling, repairs and maintenance stresses them out, according to <u>Angi's State of Home Spending report.</u>

Real estate pros are finding themselves an important <u>ally in</u> <u>helping to guide remodeling decisions</u> to help ease some of that stress. Clients turn to them for reputable contractors, as well as for guidance in prioritizing remodeling decisions.

"A real estate professional absolutely can help clients with remodeling," says Angie Hicks, co-founder of the home services site Angi, formerly known as Angie's List. "I always like to say, 'You want to keep up with the Joneses, but you don't want to beat the Joneses.' If you have three bathrooms when everyone else has two, you won't be getting the return on that. In thinking of the resale on your house, a real estate agent is going to be a great person to talk to."

According to NAR's Remodeling Impact Report, the top agentrecommended projects were painting—either the entire home or at least one room—as well as installing a new roof, if necessary, to make a home more marketable. Real estate professionals also reported that over the last two years they've noticed an uptick in the number of homeowners who've had an increased desire to tackle kitchen upgrades, install a new roof or complete a bathroom renovation, the Remodeling Impact Report finds. These can be key areas in a home for buyers, as well as among the most expensive house projects. Nearly half—or 46%—of home buyers say they're less willing to compromise on the condition of the home they purchase. As such, homeowners prioritizing such projects may help make their properties more move-in ready to home buyers and justify recent home price growth.

Homeowners who don't intend to sell soon may be motivated by recent home appreciation to undertake house projects. "The substantial housing equity that homeowners have built up over time enables them to invest in transforming their homes," Lautz says.

"This report demonstrates that demand for remodeling remains robust," as remodeling contractors continue to report an uptick in projects as well as larger scope projects over the last two years, says Jason Hensler, president of NARI. "Homeowners are discovering significant value and joy in these investments—from smaller upgrades, such as front doors and windows, to major renovations like kitchens and primary suites," he says.