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## Planning to renovate your home? Here's what you need to know to maximize your return on investment.

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According to a recent Royal LePage survey of 340 real estate professionals across the country, a kitchen renovation is the most worthwhile home improvement project. Respondents say that, on average, a kitchen renovation has the potential to increase a property's value by 20 per cent. A bathroom renovation ranked second, with the potential to increase a home's value by an average of 16 per cent.

"Kitchen renovations typically yield the greatest return on investment, as this space is most frequently used, and is perceived as the gathering place and the heart of the home," said Mike Heddle, broker & team leader, Royal LePage State Realty. "When a potential buyer views a home for the first time, the one thing that will stand out – for better or worse – is what the kitchen looked & felt like. They may not remember the size of the bedrooms or the colour of the walls, but they will remember the kitchen." <sup>1</sup>

Heddle noted that investing in upgrades to your home can be beneficial whether or not you are planning to sell in the short term.

“During the pandemic, many Canadian homeowners used built-up savings to make improvements to their homes. Whether it’s a new kitchen or upgrading your outdoor space, home renovations are a worthwhile investment, as you and your family will enjoy the new space, in addition to the potential increase to the overall property value.”



Exterior projects such as an outdoor entertaining space or landscaping have the potential to increase a property’s value by an average of 10 per cent.

The survey showed that basement renovations ranked third (finished basement) and fourth (basement apartment). Royal LePage experts say that finished basements and basement apartments have the potential to increase a home’s value by an average of 15 per cent.

“In today’s market, investing in a basement apartment can greatly increase the value of a home, largely because it can help offset mortgage costs with a rental unit, or appeal to newcomers looking for multigenerational homes,” said Heddle. “Since the onset of the pandemic, we are also noticing senior homeowners looking at multigenerational opportunities to live under the same roof. Having an additional fully livable unit allows for more privacy for those families.”

According to survey respondents, window replacements can increase the value of a home by 13 per cent, and interior painting can increase the value of a home by 12 per cent, on average.

While updating the kitchen or a bathroom can increase your sales price more significantly, minor upgrades such as interior painting can be a simple and cost-effective option to increase the value of the home.”



For Canadians looking for general guidance on where to invest in their home renovation projects, the vast majority of surveyed experts (87%) recommend interior renovations.

The majority of surveyed experts (59%) say that prospective sellers have been less inclined to renovate their homes prior to listing since the onset of the pandemic, due to sustained seller's market conditions. Additionally, 57 per cent say that sellers may choose not to renovate, due to recent increases in the cost of construction materials and labour.

“Properties that are turnkey with modern finishes spend less time on the market,” said Heddle. “However, the timeframe and logistics for delivery of goods and materials may be a deterrent for many sellers, especially with the rising costs associated with renovation projects.”

Investing in a pool is considered the least worthwhile renovation to increase a property's value. According to the survey, a pool can increase a home's value by an average of only six per cent.

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