

Property

Lines



RENOS CAN BE A MODERN-DAY GOLD RUSH

When it comes to renovations, kitchens typically yield the greatest return on investment according to a May, 2022 report from a major real estate firm. As this space is one of the most frequently used and is perceived as the gathering place and heart of the home by many, it can increase your home's value by 20%. This report says that "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 and felt like. They may not remember the size of the bedrooms or the colour of the walls, but they will remember the kitchen."

The majority of those surveyed say that prospective sellers have been less inclined to renovate their homes prior to listing since the onset of the pandemic due to sustained sellers' market conditions. In other words, when a sellers' market prevails, basically, any home will sell at the right price and "condition" may not factor in so why go to the trouble of a reno? Additionally, 57 percent say that sellers may choose not to renovate, due to recent increases in the cost of construction materials and labour and the logistics for delivery of goods and materials.

However, it seems times are changing and several real estate boards are cautiously reporting a return to a more traditional pace of home sales – a more "balanced" market. One where home buyers will have more time to make decisions, secure financing and perform other due diligence such as home inspections. Nevertheless, rising interest rates and inflationary pressures on top of higher prices may combine to introduce new dynamics still to the ever-changing real estate market. Time will tell.

Investing in upgrades to your home can be beneficial whether or not you are planning to sell in the short term. Properties that are turnkey with modern finishes usually spend less time on the market due to more buyer interest and thus, may fetch a higher price when all is said and done.

So, what other renovations would increase your bottom line and would be a wise decision? Well, a bathroom renovation ranked second in importance. According to those surveyed, a makeover here has the potential to increase a home's value by an average of 16 percent.

What else? In today's market, investing in a basement apartment can greatly increase the value of a home (15%), largely because it can help offset mortgage costs with a rental unit, or appeal to newcomers or seniors looking for multigenerational homes. Having an additional fully livable unit allows for more privacy for those families.

The other renovations and their estimated return on investment are as follows: window replacement (13%); interior painting (12%); exterior façade (11%); outdoor entertaining space i.e. deck, patio (10%); landscaping (10%); home office (8%); eco-upgrades (7%); driveway improvements i.e. interlocking stone (7%); and lastly, a pool (6%).

Know that not all remodels add value to your home and that poorly done projects may actually cost you double. How's that? Well, payment for materials and labour in the beginning will cost – that's a given. However, your pocket-book could also take a second hit when a buyer sees that your reno has to be redone because of shoddy workmanship, inferior materials or both.

Renos can be a modern-day Gold Rush – but do it right!



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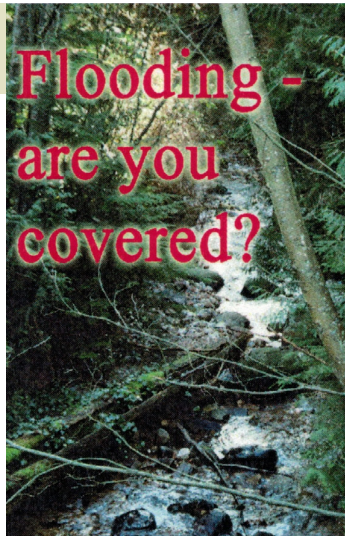
BITS AND PIECES

- A pre-approval **does not** guarantee that you will get the mortgage loan. Once you have an accepted offer on a home, the lender needs to sign off on all the paperwork and the property itself. So even though you have a pre-approval in place, the lender could still decline the application based on the property. Having a "subject to financing" condition on any offer may be a wise decision.
- "If you think hiring a professional is expensive, wait till you hire an amateur." *Red Adair*
- A 2021 survey done by a major real estate firm found that 35 percent of boomers in Canada said they were considering purchasing a primary residence within the next five years. Of them, more than half said they were considering buying in a rural or recreational region, which could result in up to approximately 1.8 million Canadians having entered the recreational real estate market within the five-year period. In BC that would amount to 256 thousand people.
- "In real estate, you make 10% of your money because you're a genius and 90% because you catch a great wave." *Jeff Greene, Real Estate Billionaire*
- Buyers of new homes in BC are protected by Canada's strongest construction insurance. Those who learn as much as they can about their home warranty insurance will get the most out of their coverage. Noting the expiry date of each coverage and knowing what's covered and what isn't are key.
- "Real estate is the purest form of entrepreneurship." *Brian Buffini*
- Annual widespread wildfires and flooding have unfortunately become a regular occurrence in BC. In 2021, the province recorded more than 1,600 wildfires that burned more than 869 hectares. Sixty per cent of the wildfires occurred naturally.
Source: BCREA

INSURANCE MATTERS

"There's a big difference between getting a quote from an insurance provider and an insurer "binding" a policy. A quote just summarizes the coverages being offered and the annual premium. When an insurance provider binds an insurance policy, it means they've issued the policy and coverage will come into effect on the agreed upon date. Buyers should request that the insurer binds the policy to align with the closing date so that coverage is active when the sale has been completed. However, if the closing date changes, a bound offer won't become valid until the buyer becomes the owner and the buyer should notify the insurer to change the effective date. Once a policy has been bound, the insurer is generally bound to honour the policy (assuming there is no misrepresentation on the buyer's part), even if a fire were to ignite that is a potential threat to the home." *Source: BCREA*

**Flooding -
are you
covered?**



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