

## Texas Remodel Valuation Report

2014 Edition

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Contact:

Stacy Armijo  
Pierpont Communications  
512-448-4950  
sarmijo@piercom.com

### About the Texas Remodel Valuation Report

The Texas Remodel Valuation Report is based on data from the 2014 Cost vs. Value Report by the National Association of REALTORS® and *Remodeling* magazine. The Texas Association of REALTORS® distributes insights about the Texas housing market each month, including quarterly market statistics, trends among homebuyers and sellers, luxury home sales, international trends and more. To view the Texas Remodel Valuation Report in its entirety, visit [TexasRealEstate.com](http://TexasRealEstate.com).

### About the Texas Association of REALTORS®

With approximately 90,000 members, the Texas Association of REALTORS® is a professional membership organization that represents all aspects of real estate in Texas. We advocate on behalf of Texas REALTORS® and private-property owners to keep homeownership affordable, protect private-property rights, and promote public policies that benefit homeowners. Visit [TexasRealEstate.com](http://TexasRealEstate.com) to learn more.



## Executive Summary

Home remodeling projects in Texas's major cities grew increasingly profitable and popular in 2013, according to the 2014 Texas Remodel Valuation Report released today by the Texas Association of Realtors.

The report analyzed the project recoup costs and recoup cost growth in 2013 for over 20 different remodeling projects nationwide, in the south central U.S., and in Austin, Dallas, El Paso, Houston and San Antonio.

All five markets except San Antonio showed significant gains in project recoup costs in 2013. Remodeling trends, however, were evident statewide. In all markets, smaller, functional remodeling projects showed greater increases in recoup costs than upscale, less practical projects.

Smaller projects that boost a home's curb appeal continued to be popular in most markets. Steel entry door replacements, for example, ranked No. 1 for recoup total recoup cost nationwide, in the west south central U.S., and in Houston, recouping up to 105.5 percent of the total project cost.

In addition, projects that increased a home's livable square footage using existing spaces showed significantly higher recoup cost values and growth in 2013. Basement remodels ranked in the top five for recoup cost in four of the five major cities in Texas, recouping up to 99.6 percent of the total project cost.

Conversely, costly room additions and upscale remodeling projects were among the least profitable projects. Sunroom additions, for example, ranked in the bottom five for recoup cost in five Texas metro areas, recouping a maximum of 61.3 percent and as little as 38 percent of the total project cost.

Major renovations were popular in more functional rooms such as kitchens and bathrooms. Kitchen remodeling projects ranked in the top five for recoup cost growth in all five Texas metro areas, recouping up to 143.9 percent of the total project cost.

Finally, projects that increased a home's sustainability showed significantly higher recoup cost values and growth in 2013. Backup power generators ranked No. 1 for recoup cost growth in Austin, El Paso and Houston – including a 105.1 percent gain in recoup cost in El Paso. In addition, natural materials (wood, cement, steel) led to a significantly higher recoup cost than synthetic, plastics-based materials (composites, vinyl).

## Marketwide Trends

In all markets, practical remodels that directly improve a home's functionality, sustainability and curb appeal were generally more profitable than upscale, luxury projects in 2013.

- **Small projects that increase a home's curb appeal (and thus its sell factor) continued to be popular in 2013:**
  - **Steel entry door** replacement ranked No.1 in total recoup cost nationwide, in the west south central U.S., and in Houston, recouping up to 105.5 percent of the total project cost.
  - **Fiber-cement siding** replacement ranked in the top five for total recoup cost nationwide, in the west south central U.S., Dallas, Houston, and San Antonio, recouping up to 93.2 percent of the total project cost.
  - **Garage door** replacements ranked in the top five for recoup costs nationwide and in San Antonio, recouping up to 109.3 percent of the total project cost.
- **Profitable projects were also those that added livable square footage to a home using existing spaces:**
  - **Wooden deck** additions ranked in the top five for total recoup cost nationwide, in the west south central U.S., Austin, Dallas, and San Antonio, recouping up to 111.9 percent of the total project cost.



## Marketwide Trends

- **Basement remodels** ranked in the top five for total recoup cost in four of the five major cities in Texas, including Austin, Dallas, El Paso, San Antonio plus the west south central U.S., recouping up to 99.6 percent of the total project cost.
- Converting an **attic into a bedroom** ranked in the top five for total recoup cost nationwide and in Austin, recouping up to 101.6 percent of the total project cost.
- **Larger remodeling projects or additions were popular mostly for functional, utility rooms such as kitchens, bathrooms and garages:**
  - **Kitchen remodeling** projects ranked in the top five for recoup cost in the west south central U.S. plus all five major markets in Texas, recouping up to 143.8 percent of the total project cost.
  - **Bathroom remodeling** projects ranked in the top five for growth in recoup cost in the west south central U.S., Austin, Dallas, and El Paso, including ranking No. 1 in Dallas with a 23.6 percent gain in recoup cost.
  - **Garage additions** ranked in the top five for recoup cost in Dallas and El Paso, recouping up to 86.8 percent of the total project cost.
- **Finally, increasing a home's sustainability was a significant profitability factor as well.**
  - Installing a **backup power generator** ranked No. 1 for growth in recoup cost nationwide, in the west south central U.S., Austin, El Paso and Houston, including a 105.1 percent gain in recoup cost in El Paso.
  - **Projects using steel, wood and cement** were among the top five for total recoup cost across all markets, whereas projects using synthetic or composite materials showed some of the smallest growth in recoup costs, even declining in some markets.

## Marketwide Trends

**Conversely, less practical projects and upscale renovations were the least profitable projects in all markets, dropping in recoup costs in some markets.**

- **Sunroom additions** ranked in the bottom five for total recoup cost in all markets, recouping a maximum of 61.3 percent and as little as 38 percent of the total project cost.
- **Home office remodels** ranked as the least profitable project nationwide, in the west south central U.S., Austin, and Houston and the fifth-least profitable project in San Antonio, recouping a maximum of 78.1 percent and as little as 48.9 percent of the total project cost.
- **Master suite additions** ranked in the bottom five for total recoup cost nationwide, in the west south central U.S., Dallas, El Paso and Houston, recouping a maximum of 52 percent of the total project cost.
- **Upscale projects** ranked in the bottom five for total recoup cost and the bottom five for recoup cost growth in most all markets, with many of those projects being additions that did not utilize the home's existing square footage.

**In addition, larger exterior projects were among the least profitable in most markets, despite increasing a home's curb appeal.**

- **Roofing replacements** ranked in the bottom five for recoup cost growth in the west south central U.S., Austin, Dallas and El Paso, decreasing in recoup cost by as much as 19.2 percent in 2013.
- **Window replacements** ranked in the bottom five for recoup cost growth in the west south central U.S. and in El Paso, decreasing in recoup cost by as much as 17.1 percent in 2013.

## Marketwide Trends

In addition, larger exterior projects were among the least profitable in most markets, despite increasing a home's curb appeal.

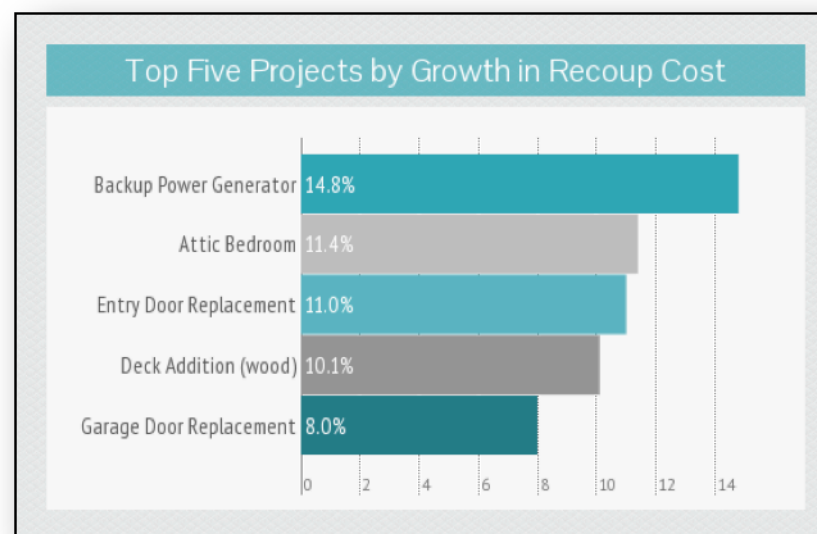
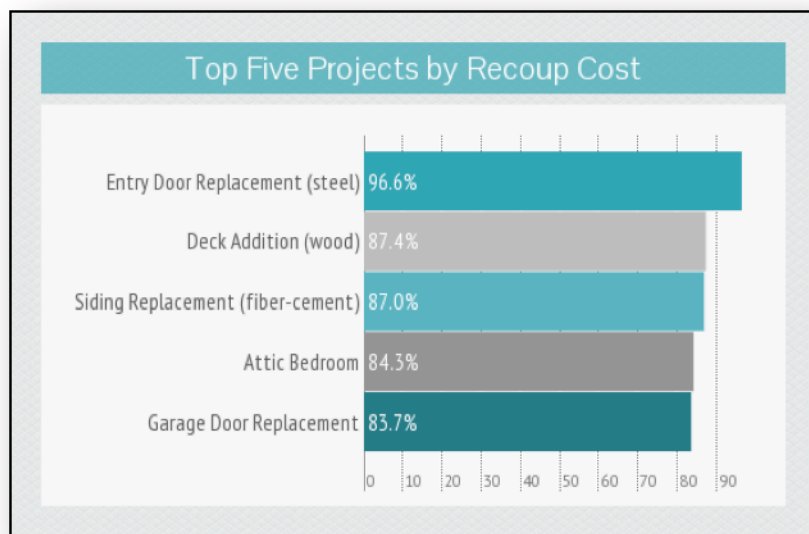
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## Nationwide

Home remodeling projects became more popular nationwide, with all projects showing gains in recoup cost in 2013.

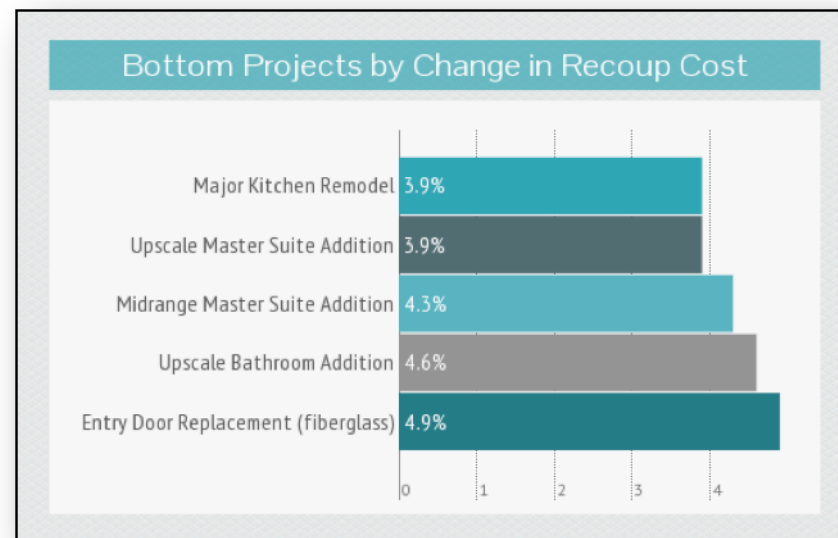
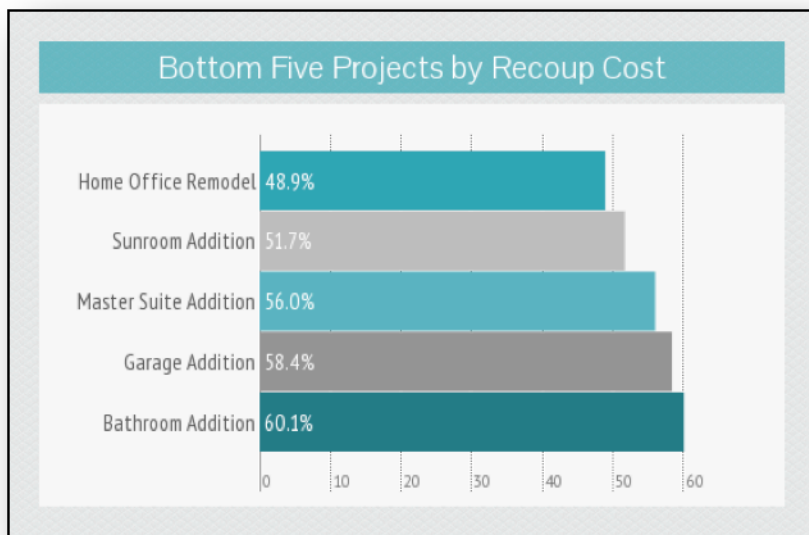
- Steel entry door replacements were the most profitable project, recouping 96.6 percent (\$1,122) of the total project cost, an 11 percent gain in 2013 (\$123).
- The largest gain in recoup cost in 2013 was in backup power generator installation, which increased 14.8 percent (\$1,576) to recoup 67.5 percent (\$7,922) of the total project cost.
- The top five projects recouped an average 87.8 percent of the total project cost, whereas the top five fastest-growing projects increased an average of 11.06 percent.





## Nationwide

- Home office remodeling projects were the least profitable, recouping 48.9 percent (\$13,697) of the total project cost, a 5.3 percent (\$1,078) gain in 2013.
- The smallest gain in recoup cost in 2013 was in major kitchen remodeling projects, which increased 3.9 percent (\$2,615) to recoup 63.6 percent (\$69,973) of the total project cost.
- The bottom five projects recouped an average 55.02 percent of the total project cost, whereas the bottom five fastest-growing projects increased an average of 4.32 percent.
- There was a range of 47.7 percent between the project without the highest recoup cost (steel entry door replacement) and the project with the lowest recoup cost (home office remodel).

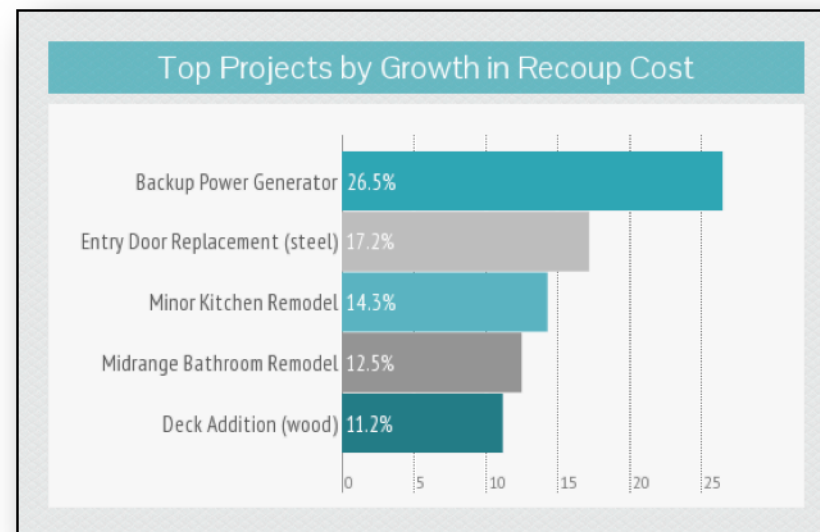
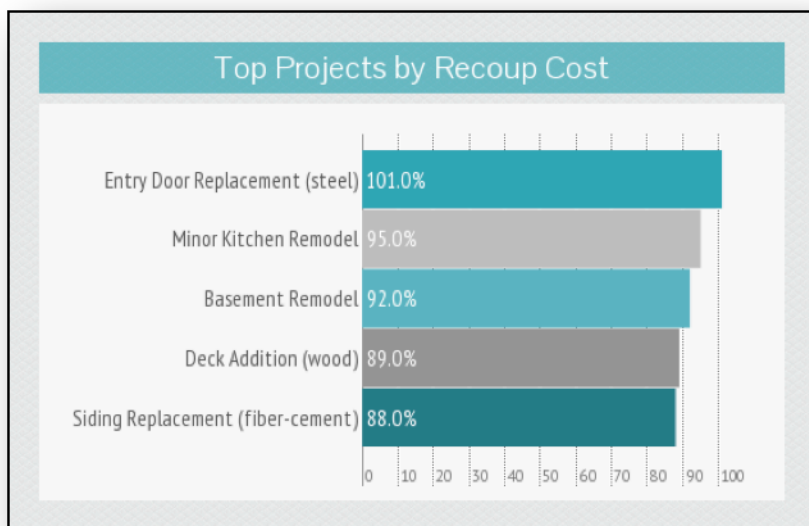




## West South Central U.S.

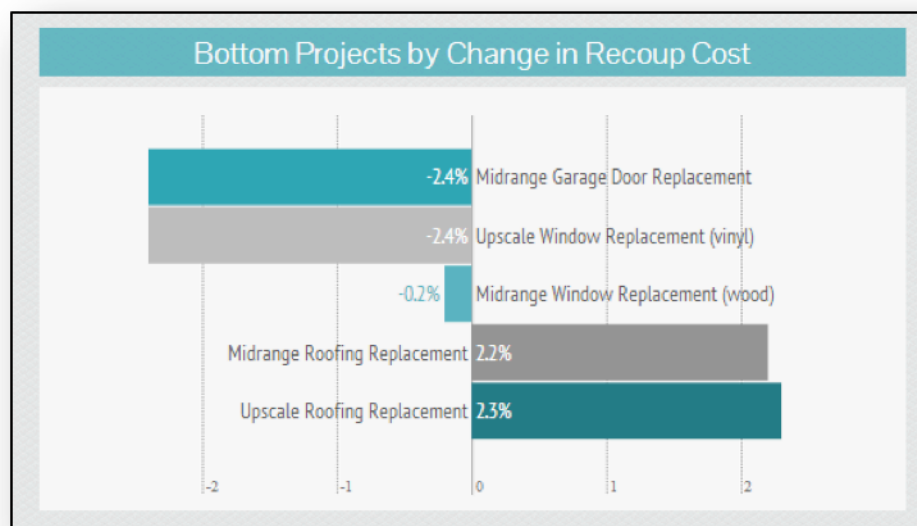
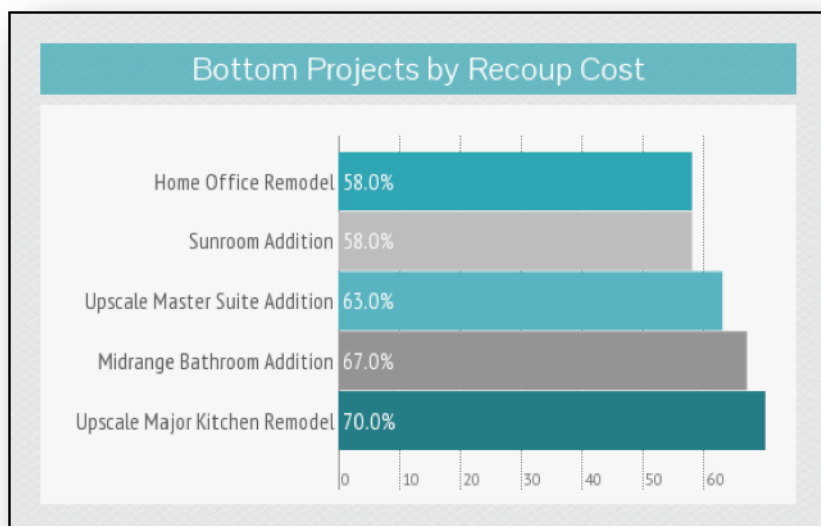
Home remodeling projects showed greater recoup cost values in the West South Central U.S., with the highest project recoup cost at more than 100 percent and the lowest at almost 60 percent.

- Steel entry door replacement was the most profitable project, recouping 101 percent (\$1,112) of the total project cost, a 17.2 percent (\$186) gain in 2013.
- The largest gain in recoup cost in 2013 was in backup power generator installation, which jumped 26.5 percent (\$2,738) to recoup 86 percent (\$9,533) of the total project cost.
- The top five projects recouped an average 93 percent of the total project cost, whereas the top five fastest-growing projects increased an average of 16.34 percent.



## West South Central U.S.

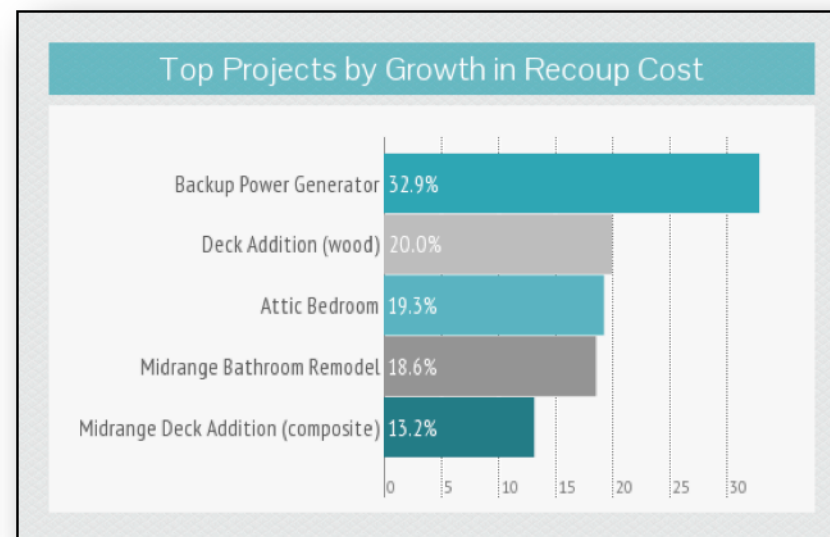
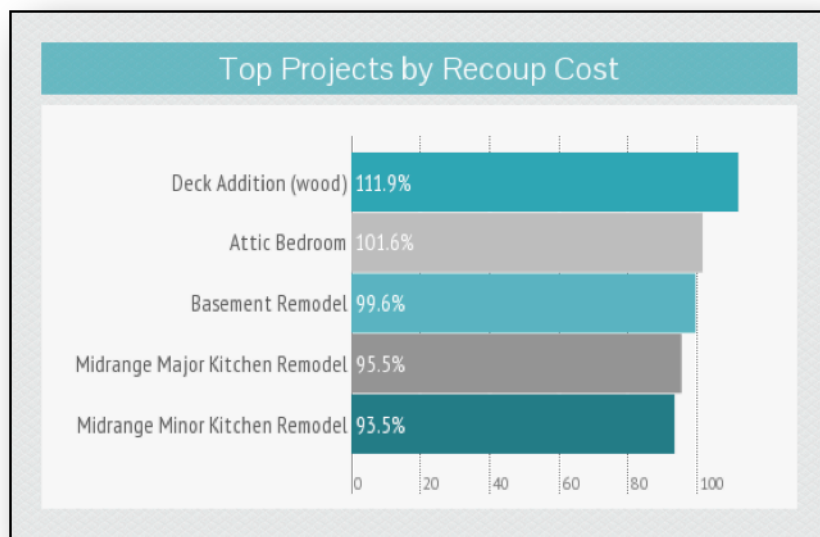
- Home office remodeling projects were the least profitable, recouping 58 percent (\$14,969) of the total project cost, a 6.4 percent (\$1,204) gain in 2013.
- The largest decrease in recoup cost in 2013 was in midrange garage door replacement projects, which decreased 2.4 percent (\$49) to recoup 76 percent (\$1,076) of the total project cost.
- The bottom five projects recouped an average 55.02 percent of the total project cost, whereas the bottom five fastest-growing projects decreased an average of 4.42 percent.
- There was a range of 43 percent between the project without the highest recoup cost (steel entry door replacement) and the project with the lowest recoup cost (home office remodel).



## Austin

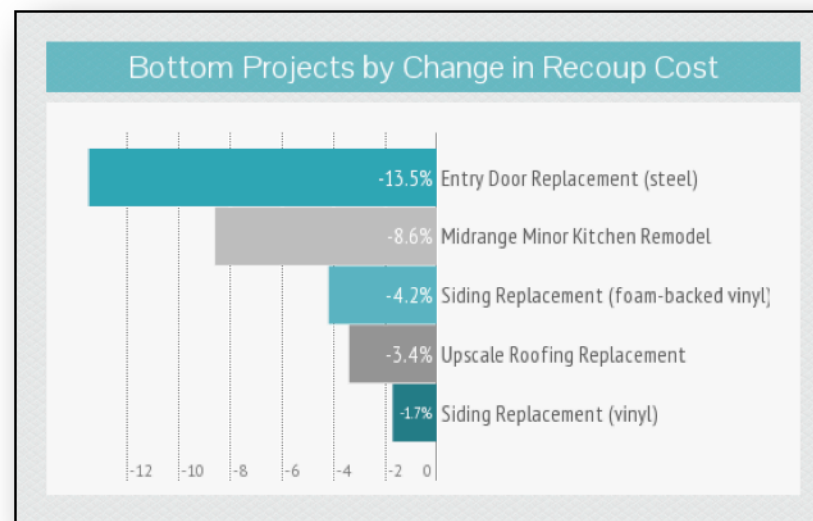
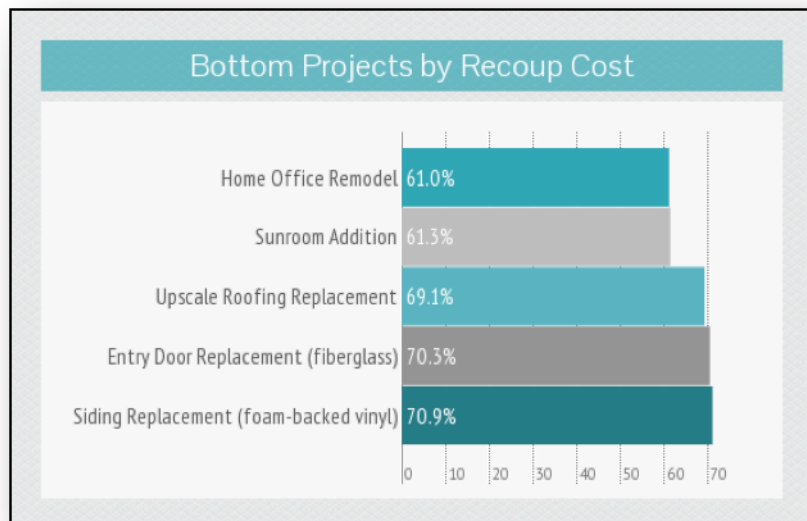
Home remodeling projects in Austin had the greatest overall recoup cost values among Texas’s five major cities, with the highest project recoup cost at 111.9 percent and the lowest at 61 percent.

- Wood deck additions were the most profitable projects, recouping 111.9 percent (\$9,562) of the total project cost, a 20 percent (\$1,674) gain in 2013. This popularity for deck additions applied to composite decks as well, which had the No. 5 fastest-growing recoup cost – a 13.2 percent (\$1,785) increase to 91.2 percent (\$13,338) of the total project cost in 2013.
- The largest gain in recoup cost in 2013 was in backup power generator installation, which jumped 32.9 (\$3,290) percent to recoup 77.6 percent (\$8,639) of the total project cost.
- The top five projects recouped an average 100.42 percent of the total project cost, whereas the top five fastest-growing projects increased an average of 20.5 percent.



## Austin

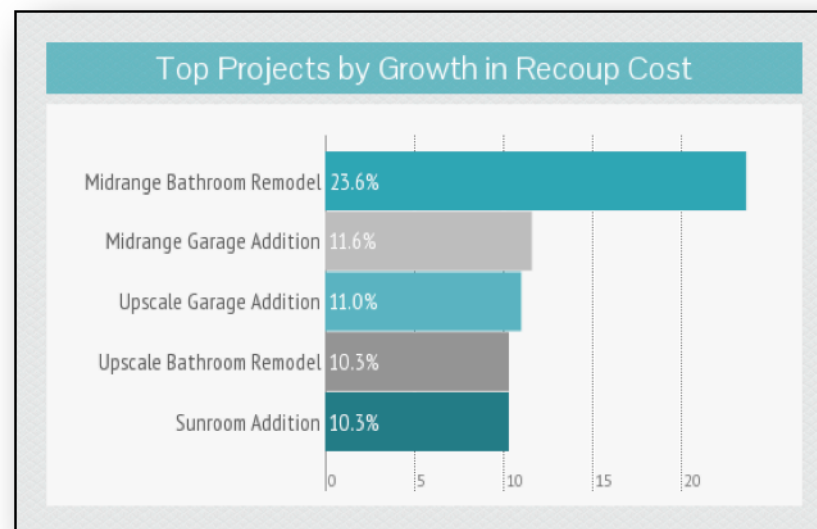
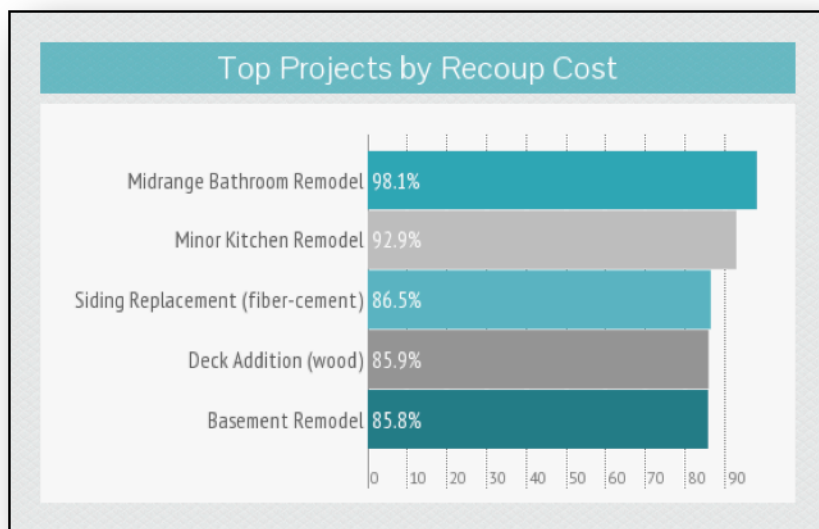
- Home office remodeling projects were the least profitable, recouping 61 percent (\$15,642) of the total project cost, a 2.8 percent (\$248) gain in 2013.
- Steel entry door replacements, a leading remodeling project in other markets, had the highest decrease in recoup cost, dropping 13.5 percent (\$148) to 82.7 percent (\$903) of the total project cost in 2013.
- The bottom five projects recouped an average 66.5 percent of the total project cost, whereas the bottom five fastest-growing projects decreased an average of 6.28 percent.
- There was a range of 50.9 percent between the project without the highest recoup cost (wooden deck addition) and the project with the lowest recoup cost (home office remodel).



## Dallas

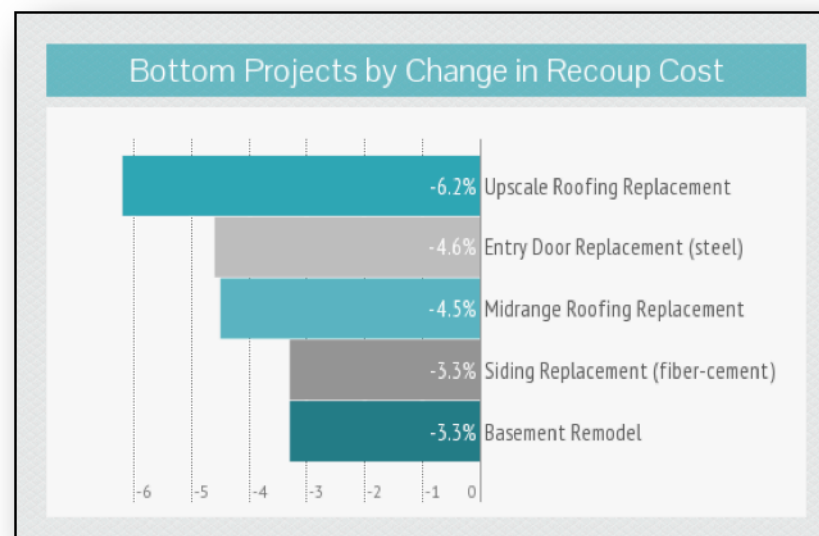
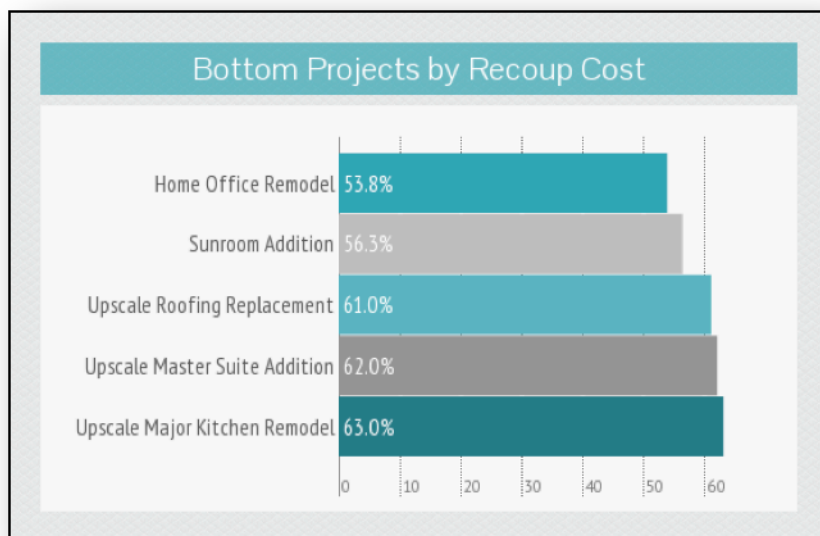
Home remodeling projects in Dallas showed the shortest range in recoup costs among Texas’s five major cities. There was a range of 44.3 percent between the project with the highest recoup cost and the project with the lowest recoup cost.

- Midrange bathroom remodels were the most profitable projects, recouping 98.1 percent (\$14,412) of the total project cost, a 23.6 percent (\$3,293) gain in 2013. This was also the largest gain in recoup costs in 2013.
- Sunroom additions, while among the least profitable projects in other markets, was the No. 5 fastest-growing project in 2013, increasing 10.3 percent (\$5,551) to 56.3 percent (\$38,902) of the total project cost.
- The top five projects recouped an average 89.84 percent of the total project cost whereas the top five fastest-growing projects increased an average of 13.36 percent.



## Dallas

- Home office remodeling projects were the least profitable, recouping 53.8 percent (\$13,970) of the total project cost, but still an 8.1 percent (\$1,487) gain in 2013.
- The largest decrease in recoup cost in 2013 was in upscale roofing replacements, which decreased 6.2 percent (\$2,228) to recoup 61 percent (\$17,603) of the total project cost.
- Steel entry door replacements, a leading remodeling project in other markets, had the second-highest decrease in recoup cost, dropping 4.6 percent (\$55) to 81.4 percent (\$888) of the total project cost in 2013.
- The bottom five projects recouped an average 59.22 percent of the total project cost, whereas the bottom five fastest-growing projects decreased an average of 4.38 percent.

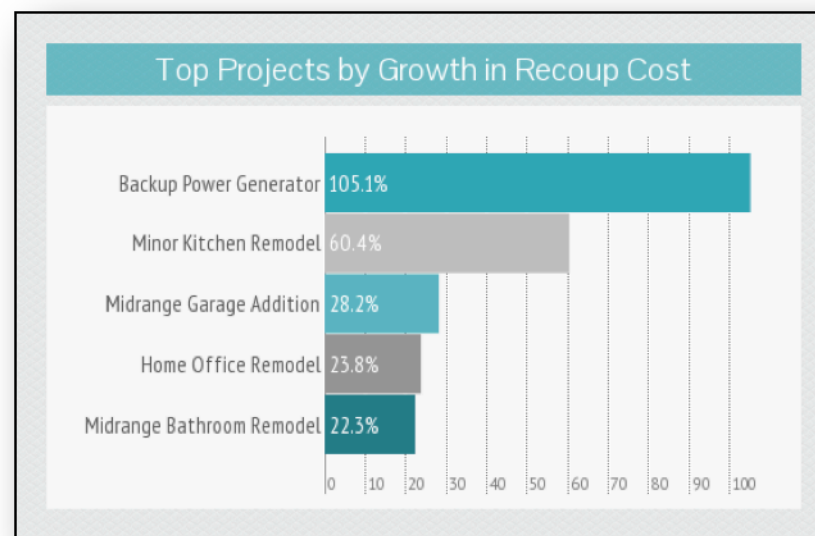
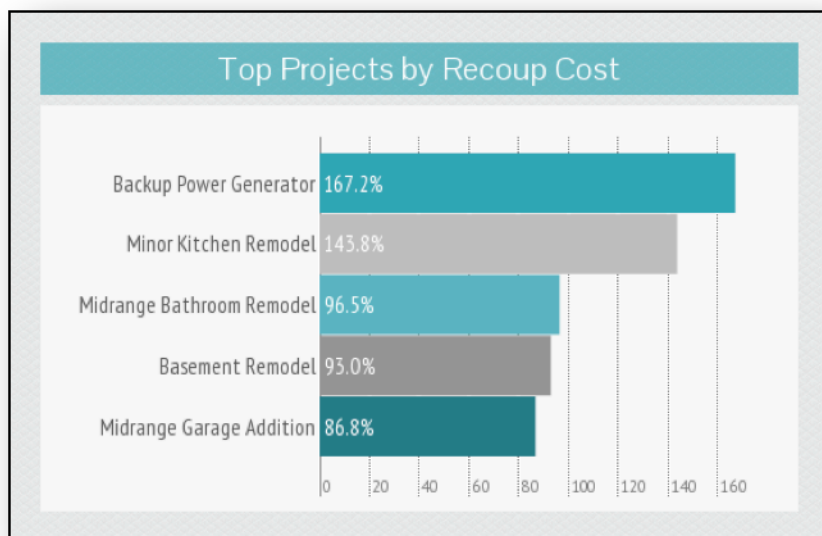




## El Paso

Home remodeling projects in El Paso showed the greatest range in recoup costs among Texas’s five major cities. There was a range of 129.2 percent between the projects with the highest recoup cost and the project with the lowest recoup cost.

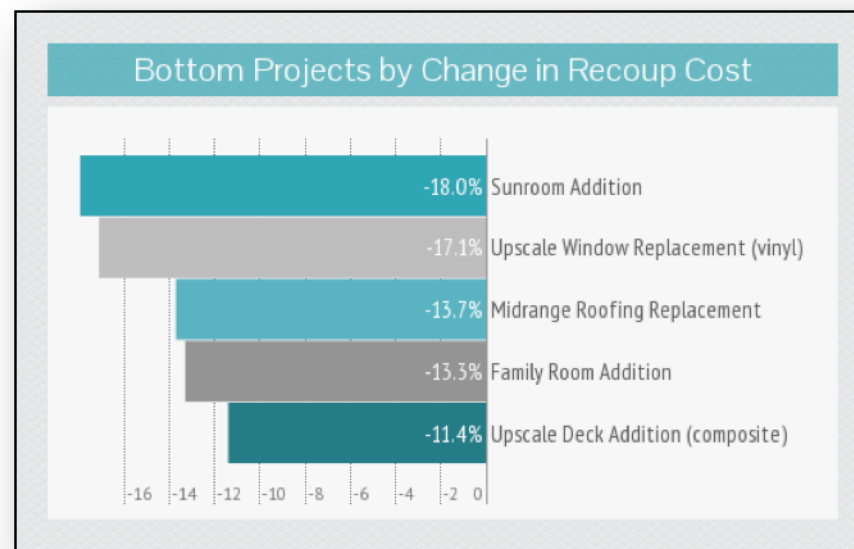
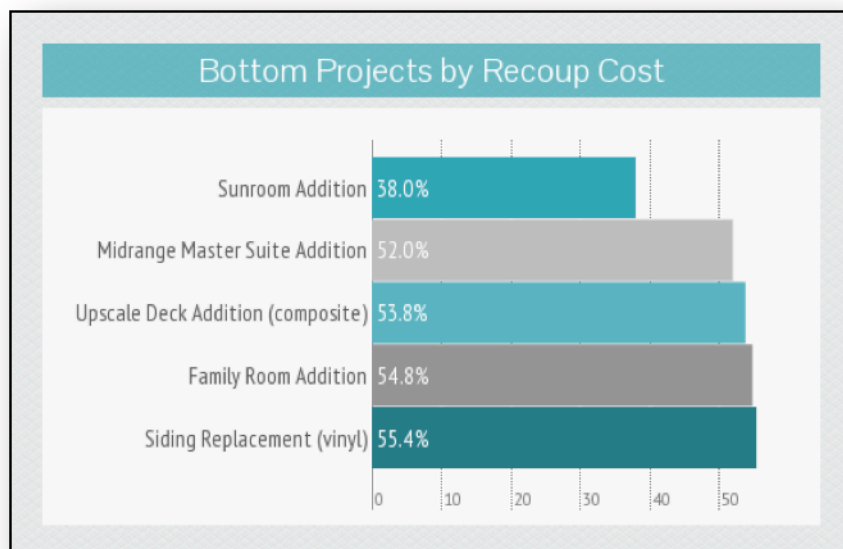
- Backup power generator installations were the most profitable project, recouping 167.2 percent (\$18,135) of the total project cost, a 105.1 percent (\$11,218) gain in 2013. This was also the largest gain in recoup costs in 2013.
- Along with Austin, El Paso was one of only two Texas major cities to have two remodeling projects recoup more than 100 percent of the total project cost. Minor kitchen remodeling projects recouped 143.8 percent (\$23,970) of the total project cost, a 60.4 percent (\$9,990) increase in 2013.





## El Paso

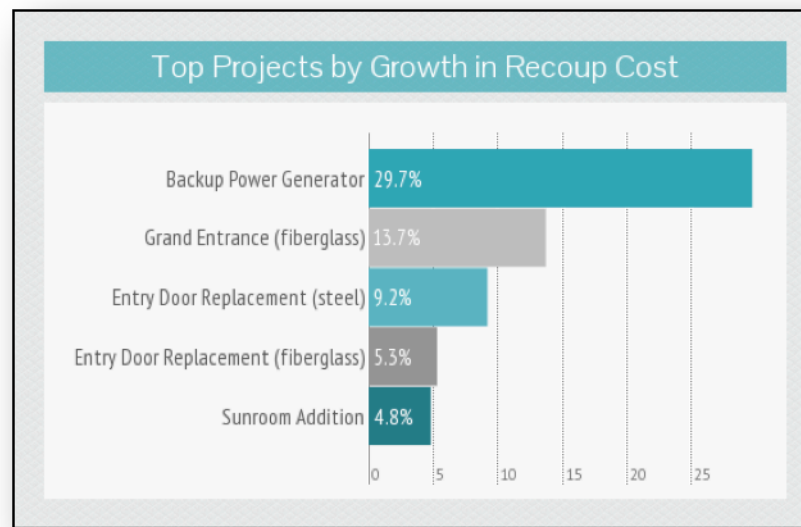
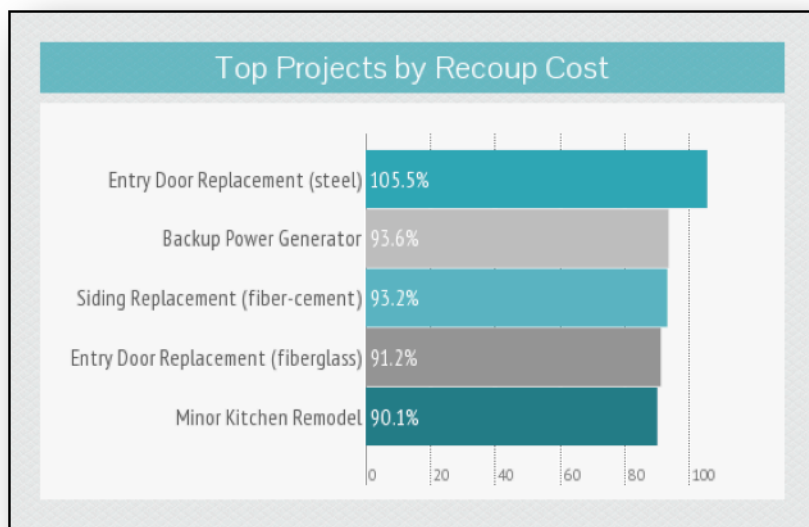
- The top five projects recouped an average 117.46 percent of the total project cost, whereas the top five fastest-growing projects increased an average of 47.96 percent.
- Sunroom additions were the least profitable, recouping only 38 percent (\$25,338) of the total project cost, an 18 percent (\$13,387) drop in 2013. This was also the greatest decrease in recoup costs for El Paso remodeling projects in 2013.
- The bottom five projects recouped an average 50.8 percent of the total project, whereas the bottom five fastest-growing projects decreased an average of 14.7 percent.



## Houston

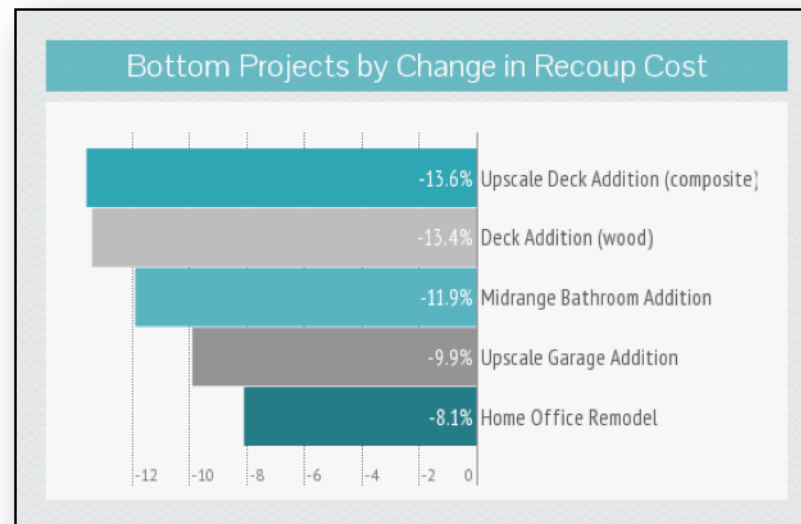
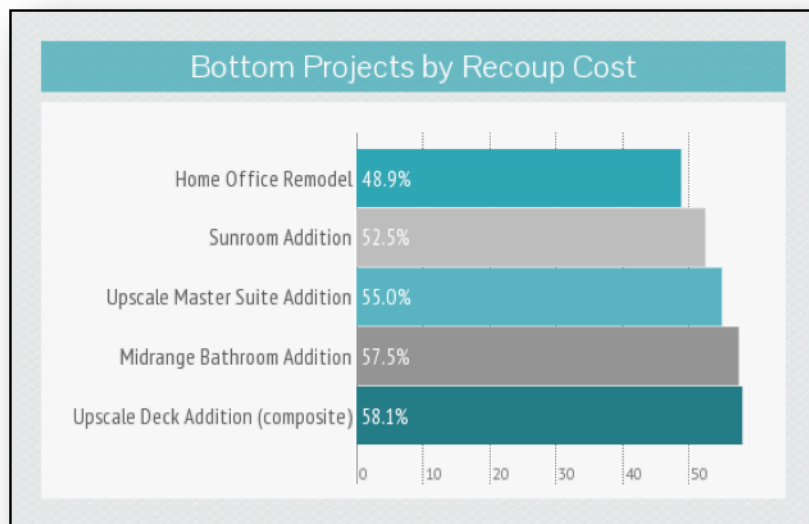
Home remodeling projects in Houston had the second-greatest overall recoup cost values among Texas’s five major cities, with the highest project recoup cost at 105.5 percent and the lowest at 48.9 percent.

- Steel entry door replacements were the most profitable project, recouping 105.5 percent (\$1,153) of the total project cost, a 9.2 percent (\$100) gain in 2013.
- The largest gain in recoup cost in 2013 was in backup power generator installation, which jumped 29.7 percent (\$3,470) to recoup 93.6 percent (\$10,419) of the total project cost.
- Sunroom additions were the No. 5 fastest-growing project in 2013, increasing 4.8 percent (\$2,471) to 52.5 percent (\$36,189) of the total project cost, despite also being the No. 2 least profitable project in Houston.



## Houston

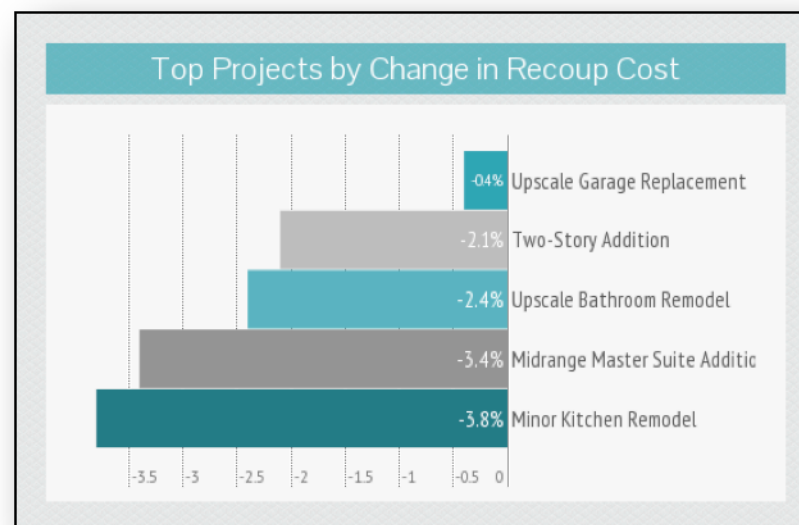
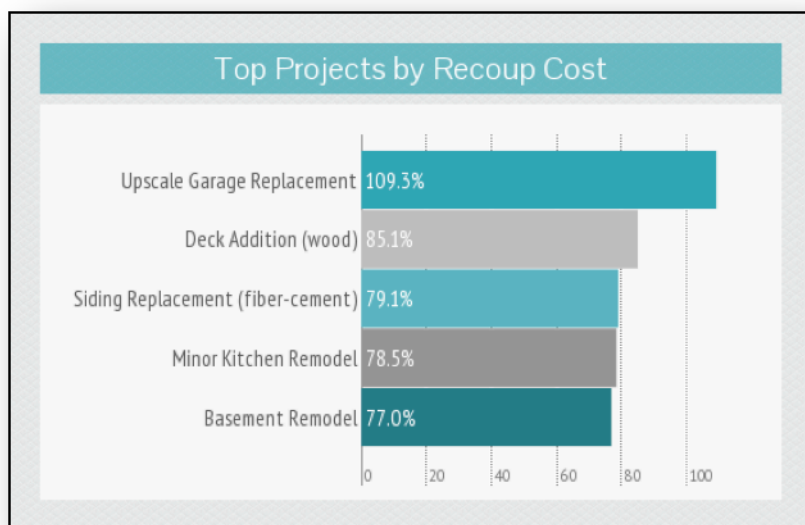
- The top five projects recouped an average 94.72 percent of the total project cost, whereas the top five fastest-growing projects increased an average of 12.54 percent.
- Home office remodeling projects were the least profitable, recouping 48.9 percent (\$12,653) of the total project cost, an 8.1 percent (\$2,393) decrease in 2013.
- The largest decrease in recoup cost in 2013 was in composite deck additions, which decreased 13.6 percent (\$859) to recoup 58.1 percent (\$18,961) of the total project cost.
- Wooden deck additions, a leading remodeling project in other markets, had the second-highest decrease in recoup cost, dropping 13.4 percent (\$1,172) to 75.7 percent (\$6,526) of the total project cost in 2013.



## San Antonio

Unlike the other four major Texas cities, remodeling projects became less popular in San Antonio, with all projects showing losses in recoup cost in 2013.

- While the top remodeling project in San Antonio recouped more than 100 percent of the total project cost, two of the top five most profitable projects showed a double-digit decrease in recoup cost in 2013.
- Upscale garage door replacements were the most profitable project, recouping 109.3 percent (\$2,924) of the total project cost, a 0.4 percent (\$1) decline in 2013. This project also showed the smallest loss in recoup cost in 2013.
- The top five projects recouped an average 85.8 percent of the total project cost, whereas the top five projects with the smallest losses in recoup costs decreased an average of 2.42 percent.



## San Antonio

- Conversely from upscale garage door replacements, the largest decrease in recoup cost in 2013 was in midrange garage door replacements, which dropped 42.3 percent (\$615) to recoup 57 percent (\$615) of the total project cost.
- Sunroom additions were the least profitable remodeling project, recouping 49.7 percent (\$33,816) of the total project cost, a 5.8 percent (\$4,658) decrease in 2013.
- Backup power generators, a leading remodeling project in other markets, had the second-lowest recoup cost in San Antonio, dropping 15.7 percent (\$1,856) to 52.1 percent (\$5,750) of the total project cost in 2013. Steel entry doors showed a similar decline, dropping 32.7 (\$356) percent to 71.4 percent (\$778) of the total project cost in 2013.
- The bottom five projects recouped an average 54.58 percent of the total project cost, whereas the bottom five fastest-growing projects decreased an average of 32.74 percent.

