



Does it pay to invest in upgrades to sell my house?

I am often asked, “*What is the return on investment of home updates?*” In two examples below, I will show how we position our sellers to get back over 100% of their investment, plus position them to sell fast, for the highest possible amount.

Project A: This is a new project we have currently started. We start every project with insights the listing agent provides. In this case, the Realtor provided the seller with the factual market comparables to determine a low and high "likely" selling price range. In his research he included the likely appraisal amount for this specific property. This house without the upgrades would probably sell in the range of \$25,000 to \$30,000 dollars. With improvements, the house will likely sell for \$70,000 to \$75,000. Most sellers would say to just mark down the house to the lower amount and move on. In this case, we are working with the sellers to invest \$12,000 in home improvements so we can position this house to sell for the higher amount of \$70,000 to \$75,000. That being said we are positioning our seller to not only get back the initial investment, but also have the opportunity to make up to \$33,000 more on this specific house.

Project B: In this example, we recently had the opportunity to work on a Birmingham condo. The condo was on the market for over a year; our seller did receive an offer of \$150,000. The only option he had left was to address the "objections" so he contracted with us to provide our expertise in staging and project management. The investment in this home resulted in \$13,000 in updates such as a new "budget wise" kitchen, painting, lighting, plus a staging package for the vacant unit. The ultimate sale price was \$205,000, which was \$55,000 more for than his prior offer thereby resulting in a return on investment of 236%.

We do the same things for our clients that investors do when they flip houses. We enhance the product so an offer is received faster, and for the highest possible price. We always collaborate with the Realtor to determine if the investment is a wise choice, and go from there to build a strategy that will allow our sellers to achieve and exceed their goals.

Another common question is, "*What price point is appropriate for home staging?*" I always respond with "all prices." Regardless of price, buyers are purchasing into the American dream of home ownership. The house you are marketing needs to feel warm and inviting, regardless of price. If the house does not have recent updates and common repairs completed, it will sit longer on the market, likely resulting in the need to take deep price cuts if you are to have any chance in selling.

We never promise that our sellers will recoup all of their investment. But we have seen this happen many times. We do our best to quantify the value of what is added to each transaction, and what the likely cost (mental price reductions) will be if minor updates and repairs are not addressed. We provide sellers with educated choices so they can then choose with confidence the strategy that best suits their needs.

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