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Home Improvements 2015 - The Good, the Bad, and the Profitable

MACK Investments identifies which simple home improvements are a sound investment, and which can be a waste of money

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CHICAGO (November, 2014) - An improving housing market is good news for homeowners looking to sell in 2015, with many planning to boost their sales price through home improvements. In fact, according to the "Remodeling 2014 Cost vs. Value Report," rising resale value, not construction costs, is driving the overall improvement in the home remodeling market for the first time in four years. But how can homeowners know which investments will increase a home's value, and which are a waste of money?

Tinley Park, Ill.-based MACK Investments, one of the largest providers of single-family properties in the Chicago-land area, understands what upgrades are most likely to increase a property's value, as the firm purchases, redevelops, and then sells or leases a new home every day. Scott Fridrych, director of Residential Construction at MACK Investments, outlines the good, the bad, and the profitable home improvements for the year ahead.

The good:

1. Boosting curb appeal

Landscaping is critical to making a strong first impression on prospective homebuyers. "It's the first thing they'll see, and will influence their impression of the home during the tour. Applying mulch around shrubs in the fall, planting flowers in the spring, or replacing crooked pavers, gives the exterior a fresh look. Many of these improvements are easy for homeowners to do, but even if you hire a landscaping firm, the value added could be double the amount invested," said Fridrych.

2. Kicking the kitchen up a notch

Although the kitchen is typically the focal point of any house, extensive remodeling is not always necessary. Instead, as Fridrych suggests, adding a decorative tile backsplash and under-cabinet lighting is an easy way to create a totally new look.

"If you're able to plug new lights into an existing lighting fixture, you only need to consider the cost of the lights. If you need an electrician's help, you're still probably looking at less than a \$1,000 investment that will provide great appeal to homebuyers."

3. Painting, not replacing

It's not always necessary to replace outdated kitchen cabinets or doors that can be easily refreshed with a coat of paint. Instead, Fridrych suggests painting doors and trim white, with accent colors on the walls, to give the home a very contemporary feel. Painting cabinets white or a dark espresso color can also deliver a more modern look.

4. Exchanging brass for class

Outdated doorknobs, cabinetry hardware and light fixtures can make an entire room look old and dated. Fridrych recommends replacing brass, round or worn fixtures with vertical, brushed-nickel and more modern-looking materials. Additionally, replacing retro-colored toilets, tile and sinks can modernize an entire bathroom.

The bad:

1. Walling up non-living areas

Fridrych says that, while many homeowners believe installing drywall in a garage or utility room adds appeal, it does not actually add much value. "If it costs a homeowner \$2,000 to drywall a garage, that's just \$2,000 dollars they're not spending on new tile or something that will have greater impact. Plus, for less than \$100, you could probably paint the interior of the garage and get the same positive results."

2. Replacing good pipes

Properly functioning mechanicals are essential, but that doesn't mean they need to be brand new. "Upgrading the old galvanized plumbing is nice, but it adds no value to the home if the existing pipes are working properly," said Fridrych. "And doing so can be very costly if you need to open walls and disrupt other areas of the house to access pipes."

3. Building up, not down

Adding bathrooms and bedrooms can increase a home's value considerably, but converting an attic space is often not the way to do it. "Attic space typically lacks any heating or cooling, plumbing or sometimes even electricity, making it necessary to hire professionals to run those systems upstairs. But if you add new rooms to a basement, you can tap into all of the mechanicals that are usually housed on that floor." Fridrych also notes that building out an attic may require an upgrade to the furnace. "If the furnace isn't sized to accommodate the extra square footage, it's not going to do the job."

The profitable:

1. *Combining form with function*

"When trying to prioritize what improvements to make within a budget to get the most return on their investment, homeowners should consider the little things that impact daily living and the home's overall appeal," said Fridrych. He suggests replacing a garage door as one effective way to boost both the home's look and quality. In fact, according to the "Remodeling 2014 Cost vs. Value Report," replacing a garage door could result in a 151 percent return on investment in the Chicago market. "This relatively simple change can address both form and function for just a couple thousand dollars."

2. *Saving energy long-term*

Regardless if a homeowner plans to live in the home or put it on the market, there are long-term benefits to incorporating energy-efficient upgrades. "Windows are the primary source for energy loss, particularly in places like Chicago where there is extreme heat and cold. Installing energy-efficient windows will result in savings for the homeowner, and also appeal to buyers who are looking to save money long-term," said Fridrych. "Even basic energy-saving measures, like weather stripping windows or doors, can save anywhere from 30 to 45 percent on winter heating costs. It's a very inexpensive way to potentially save hundreds of dollars a year."

3. *Keeping it simple*

The simplest home improvements that pay off are those that focus on high-priority areas for homebuyers, like the exterior, kitchen and main living areas. "Homeowners can often go overboard with improvements, thinking that the more they invest, the greater the return. But more isn't always more when the homeowner's focus is on the high price of an improvement rather than the high impact it will have on a prospective buyer," said Fridrych. "Sometimes the simplest improvements, like a fresh coat of paint, or new lights, can elevate the home's appeal - and the homeowner's returns."

About MACK Investments

MACK Investments, a division of MACK Companies, is a premier provider of turn-key residential real estate investments for individual and institutional clients across the globe. MACK Companies is a redevelopment firm offering investment, construction, residential, commercial, landscape and brokerage services. Founded in 1998 by Chicago-native father-and-son duo James and Jim McClelland, MACK Companies was built out of a shared passion for real estate. Today, MACK Companies is one of the largest providers of turn-key real estate with a portfolio of more than 1,500 properties in the Chicago area. Leveraging a team of professionals in various disciplines, MACK Companies is able to function at the highest levels of expertise in all specialized sectors of real estate.

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