

include labor, material, subtrades, and gross profit) that are not only higher than in previous years but also, we believe, considerably more accurate. Estimates of resale value are also more accurate than ever before, thanks to a record 2,188 members of the National Association of Realtors who completed our e-mail survey. Finally, we have introduced nine regional averages following the divisions established by the U.S. Census Bureau (see map, facing). We believe this data provides more useful points of comparison than the four larger regions used in previous years.

WHAT THE NUMBERS MEAN

When comparing cost estimates for actual projects, remember that averaging tends to have a leveling effect on "job cost" data from the 2006 Cost vs. Value Report. And as

No Cause for Alarm

Should the industry be concerned about lower values in this year's Cost vs. Value Report?

The unusually strong housing market over the past few years has boosted both remodeling and new-construction activity. For many homeowners, the appreciation in house prices significantly added to their net worth. Similarly, home improvement projects often paid for themselves through a comparable increase in the home's value.

But every good thing must come to an end. Eventually, things return to normal and, luckily for the remodeling industry, this year's Cost vs. Value Report seems to show that "normal" is when a home improvement project only costs 20 to 25 cents on the dollar. The other 75 to 80 cents goes directly back into the home through increased value. Coupled with the enjoyment that a homeowner will get from that improvement, remodeling contractors still have a strong value proposition to offer their customers. —*Kermit Baker is Director of the Remodeling Futures Program of the Joint Center for Housing Studies at Harvard University.*

always, seemingly small differences in size, scope, or quality of finishes can dramatically affect final project cost (full project descrip-

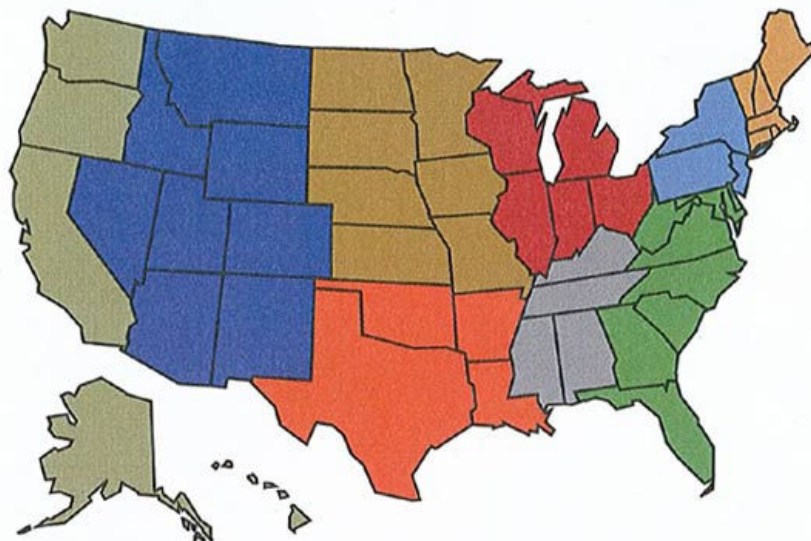
tions are available at www.remodelingmagazine.com). Finally, local conditions also play a part, often causing average prices

Remodeling Cost vs Value Report 2006	NATIONAL AVERAGES			NEW ENGLAND REGION (CT, MA, ME, NH, RI, VT)			MIDDLE ATLANTIC REGION (NJ, NY, PA)			EAST NORTH CENTRAL REGION (IN, IL, MI, OH, WI)		
	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped
MIDRANGE												
Attic Bedroom Remodel	\$44,073	\$35,228	79.9%	\$45,504	\$32,014	70.4%	\$47,494	\$34,517	72.7%	\$46,867	\$32,688	69.7%
Basement Remodel	56,724	44,685	78.8	57,750	35,738	61.9	60,879	44,788	73.6	59,622	37,369	62.7
Bathroom Addition	28,918	21,670	74.9	29,562	20,100	68.0	31,038	22,051	71.0	30,586	20,284	66.3
Bathroom Remodel	12,918	10,970	84.9	13,248	11,207	84.6	13,843	11,163	80.6	13,574	9,742	71.8
Deck Addition	14,728	11,307	76.8	14,723	11,630	79.0	15,033	11,817	78.6	15,081	9,594	63.6
Family Room Addition	74,890	53,519	71.5	75,942	53,588	70.6	78,689	55,995	71.2	78,884	48,563	61.6
Home Office Remodel	20,057	12,707	63.4	20,485	11,790	57.6	20,902	13,312	63.7	21,079	11,044	52.4
Major Kitchen Remodel	54,241	43,603	80.4	54,858	44,030	80.3	56,298	44,766	79.5	56,277	38,884	69.1
Master Suite Addition	94,331	68,458	72.6	96,232	66,745	69.4	99,944	70,935	71.0	99,600	63,072	63.3
Minor Kitchen Remodel	17,928	15,278	85.2	18,081	15,511	85.8	18,541	15,323	82.6	18,454	13,802	74.8
Roofing Replacement	14,276	10,553	73.9	15,946	11,163	70.0	16,056	11,536	71.8	15,979	9,624	60.2
Siding Replacement (vinyl)	9,134	7,963	87.2	8,717	8,225	94.4	9,483	8,748	92.3	9,351	7,593	81.2
Sunroom Addition	49,551	32,854	66.3	49,868	33,156	66.5	51,517	33,825	65.7	51,398	29,952	58.3
Two-Story Addition	105,297	87,654	83.2	106,767	86,665	81.2	110,955	88,617	79.9	109,987	78,424	71.3
Window Replacement (wood)	11,040	9,416	85.3	11,218	10,276	91.6	11,610	10,095	87.0	11,714	9,174	78.3
Window Replacement (vinyl)	10,160	8,500	83.7	10,201	8,830	86.6	10,682	9,523	89.2	10,753	8,751	81.4
UPSCALE												
Bathroom Addition	60,535	44,041	72.8	61,513	40,400	65.7	63,628	44,877	70.5	63,072	39,948	63.3
Bathroom Remodel	38,165	29,529	77.4	39,018	27,939	71.6	40,305	29,681	73.6	39,846	26,860	67.4
Major Kitchen Remodel	107,973	81,896	75.8	108,408	77,223	71.2	110,928	80,538	72.6	110,399	72,652	65.8
Master Suite Addition	176,268	128,096	72.7	178,474	129,005	72.3	183,489	123,712	67.4	182,817	116,126	63.5
Roofing Replacement	24,693	18,012	72.9	27,434	17,886	65.2	27,819	19,848	71.3	27,620	16,625	60.2
Siding Replacement (fiber cement)	13,149	11,573	88.0	13,234	11,626	87.9	13,280	11,751	88.5	13,352	10,559	79.1
Siding Replacement (foam-backed vinyl)	11,139	9,258	83.1	10,568	9,893	93.6	11,485	9,946	86.6	11,296	8,287	73.4
Window Replacement (wood)	16,910	13,952	82.5	17,054	14,049	82.4	17,607	14,879	84.5	17,718	12,883	72.7
Window Replacement (vinyl)	13,120	11,109	84.7	13,295	11,756	88.4	13,870	12,132	87.5	13,928	10,132	72.7

to appear too high or too low, even when comparing neighborhoods in the same city.

In an actual real estate transaction, the "cost recouped" for a given remodeling project also depends on a variety of unpredictable factors, including the condition of the rest of the house, the value of similar homes nearby, and the rate at which property values are changing in the surrounding area. A home's urban, suburban, or rural setting also affects its value, as does the availability and cost of new and existing homes in the immediate vicinity.

Where resale value is a major factor in a homeowner's decision to remodel, the best course of action is to consult with a local remodeler about construction cost, and ask an experienced Realtor about home prices in the neighborhood.



REPORTING REGIONS

The statistical accuracy or "confidence level" of the national averages is 95% +/- 2%, which means that 95% of the time, national results for this survey will fall within 2% to either side of the results published here. Confidence levels for each of the nine regions are as follows:

New England	95% +/- 10%
Middle Atlantic	95% +/- 9%
East North Central	95% +/- 7%
West North Central	95% +/- 8%
South Atlantic	95% +/- 4%
East South Central	95% +/- 10%
West South Central	95% +/- 7%
Mountain	95% +/- 7%
Pacific	95% +/- 7%

DOWNLOADABLE CITY REPORTS

PDF files for each of the 60 cities surveyed in the 2006 Cost vs. Value Report are available for purchase and immediate download from www.costsvalue.com. Also available for purchase is a complete printed report containing the full text of this article, descriptions of all 25 projects, plus one-city-per-page data for all 60 cities.

WEST NORTH CENTRAL REGION (IA, KS, MN, MO, NE, ND, SD)			SOUTH ATLANTIC REGION (DE, DC, FL, GA, MD, NC, SC, VA, WV)			EAST SOUTH CENTRAL REGION (AL, KY, MS, TN)			WEST SOUTH CENTRAL REGION (AR, LA, OK, TX)			MOUNTAIN REGION (AZ, CO, ID, NM, MT, UT, NV, WY)			PACIFIC REGION (AK, CA, HI, OR, WA)		
Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped
\$46,825	\$32,749	69.9%	\$39,081	\$35,242	90.2%	\$39,119	\$33,370	85.3%	\$38,520	\$29,572	76.8%	\$42,130	\$34,235	81.3%	\$52,583	\$51,698	98.3%
59,721	40,937	68.5	51,141	46,655	91.2	51,071	43,113	84.4	50,632	43,123	85.2	54,432	46,850	86.1	66,861	62,004	92.7
30,428	19,447	63.9	25,867	21,084	81.5	25,822	20,867	80.8	25,563	19,747	77.2	27,890	20,449	73.3	34,311	31,195	90.9
13,462	10,062	74.7	11,778	10,226	86.8	11,874	11,559	97.3	11,585	10,034	86.6	12,335	10,674	86.5	14,889	15,361	103.2
15,063	9,729	64.6	13,975	11,611	83.1	13,891	11,488	82.7	14,006	10,601	75.7	14,672	10,740	73.2	16,297	14,846	91.1
78,714	48,021	61.0	67,797	53,371	78.7	66,840	48,803	73.0	67,285	46,020	68.4	73,110	53,546	73.2	88,371	72,247	81.8
21,007	11,548	55.0	18,504	12,784	69.1	18,735	12,923	69.0	18,529	12,156	65.6	19,425	11,839	60.9	22,385	17,403	77.7
56,045	39,958	71.3	50,860	43,653	85.8	51,304	40,041	78.0	50,978	40,319	79.1	52,948	42,760	80.8	59,716	58,004	97.1
99,261	61,417	61.9	84,883	67,723	79.8	84,451	59,273	70.2	84,411	59,331	70.3	91,571	68,653	75.0	111,157	95,916	86.3
18,354	13,471	73.4	17,095	15,238	89.1	17,179	14,357	83.6	17,037	14,033	82.4	17,487	15,164	86.7	19,366	20,614	106.4
15,835	9,595	60.6	12,052	10,025	83.2	12,257	8,873	72.4	11,209	9,553	85.2	12,768	9,644	75.5	17,060	15,160	88.9
9,507	7,662	80.6	8,285	7,400	89.3	7,933	8,303	104.7	8,218	6,593	80.2	9,584	7,755	80.9	11,173	9,919	88.8
51,345	30,783	60.0	46,378	34,531	74.5	45,904	32,074	69.9	45,889	29,000	63.2	48,474	31,576	65.1	55,813	39,412	70.6
109,472	80,273	73.3	96,502	88,220	91.4	95,993	76,191	79.4	94,918	70,883	74.7	102,994	90,965	88.3	122,085	123,969	101.5
11,703	8,544	73.0	9,974	8,559	85.8	10,076	8,509	84.4	10,038	7,946	79.2	10,688	9,052	84.7	12,684	12,963	102.2
10,796	7,720	71.5	9,162	7,450	81.3	9,272	7,786	84.0	9,284	6,931	74.7	9,862	8,369	84.9	11,788	11,338	96.3
62,808	40,552	64.6	55,878	43,005	77.0	55,835	44,598	79.9	55,453	41,885	75.5	59,028	43,429	73.6	68,852	59,355	86.2
39,526	27,679	70.0	35,212	28,054	79.7	35,490	30,281	85.3	35,111	27,862	79.4	36,868	28,773	78.0	43,050	40,938	95.1
109,956	75,059	68.3	103,529	85,634	82.7	104,161	80,319	77.1	103,879	79,139	76.2	106,401	81,047	76.2	115,549	103,798	89.8
182,059	118,180	64.9	163,964	130,584	79.6	163,700	121,865	74.4	163,192	113,529	69.6	172,781	131,513	76.1	199,312	166,000	83.3
27,445	16,654	60.7	20,964	17,711	84.5	21,419	15,751	73.5	19,759	15,799	80.0	22,076	16,821	76.2	28,884	24,526	84.9
13,360	10,862	81.3	12,846	11,913	92.7	12,895	12,535	97.2	12,874	11,102	86.2	13,076	10,477	80.1	13,539	13,783	101.8
11,500	8,938	77.7	10,214	9,154	89.6	9,696	8,943	92.2	10,101	7,777	77.0	11,834	8,837	74.7	13,544	11,790	87.1
17,690	12,881	72.8	15,607	12,985	83.2	15,693	13,320	84.9	15,694	12,355	78.7	16,502	14,035	85.1	19,022	18,877	99.2
13,917	10,411	74.8	11,823	10,261	86.8	11,985	11,250	93.9	11,888	9,410	79.2	12,608	10,907	86.5	15,200	14,679	96.6