

Texas Remodel Valuation Report
2015 Edition
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About the Texas Remodel Valuation Report

The Texas Remodel Valuation Report is based on data from the 2015 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.

About the Texas Association of REALTORS®

With more than 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 to learn more.



Executive Summary

Home remodeling projects in Texas's major cities continued to be popular and profitable in 2014, according to the *2015 Texas Remodel Valuation Report* released today by the Texas Association of REALTORS®. The report analyzes the recoup costs in 2014 for more than 20 different remodeling projects nationwide, in the West South-Central U.S., and in Austin, Dallas, El Paso, Houston, McAllen and San Antonio.

Four of the five Texas markets in the report showed gains in project recoup costs in 2014, excluding Houston, which showed small declines in recoup cost growth. For the second year in a row, functional remodeling projects were significantly more profitable than upscale remodels and additions.

According to the report, the most profitable remodeling projects were dominated by those that boosted a home's curb appeal. Steel entry door and garage door replacements ranked among the top five projects in most markets, recouping up to 113.2 percent and 107.6 percent of recoup costs, respectively. Siding, roofing and window replacements – and a new project, stone veneer accents – also frequently yielded higher returns than costs.

Projects that maximized a home's existing square footage and sustainability continued to be popular in 2014, but less so than in 2013. Basement remodels recouped up to 98 percent of project costs, but attic bedroom additions – popular in 2013 – were no longer a top project. Backup power generators, the most profitable project in the 2014 report, remained a top project in only two markets yet still recouped up to 129.2 percent of project costs.

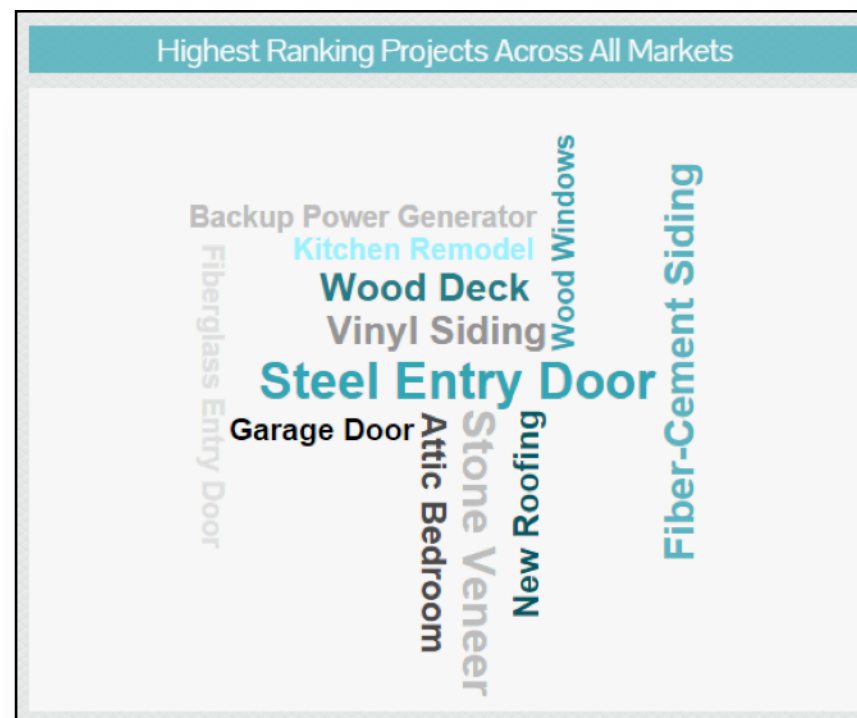
Conversely, big-ticket projects and upscale additions were increasingly less profitable in 2014. The least profitable project in most markets – sunroom additions – recouped only between 29.3 percent and 51.8 percent of the total project cost, 10 percent less on average than in 2013.

Marketwide

Trends

Curb appeal is king. Both nationally and in Texas, the top home remodeling projects in 2014 were those that boost a home's curb appeal. Practical remodels that directly improve a home's functionality or sustainability were still among the most profitable projects, but less so than in 2013.

- Remodeling projects that improved a home's outward appearance (and thus its sell factor) were increasingly profitable in 2014.
- **Entry door** and **garage door replacements** ranked in the top five most profitable projects nationwide, regionally and in Austin, Dallas, El Paso and Houston. Entry door replacements recouped up to 113.2 percent of the total project cost, whereas garage door replacements recouped up to 107.6 percent of the total project cost.
- **Siding replacement** ranked in the top five most profitable projects nationwide and in Dallas, El Paso, Houston, San Antonio and Midland, recouping up to 108.2 percent of the total project cost.
- **Stone veneer accents**, a new project category, ranked as the most profitable project in the West South-Central U.S., Austin, Houston and McAllen, recouping up to 123.7 percent of the total project cost.

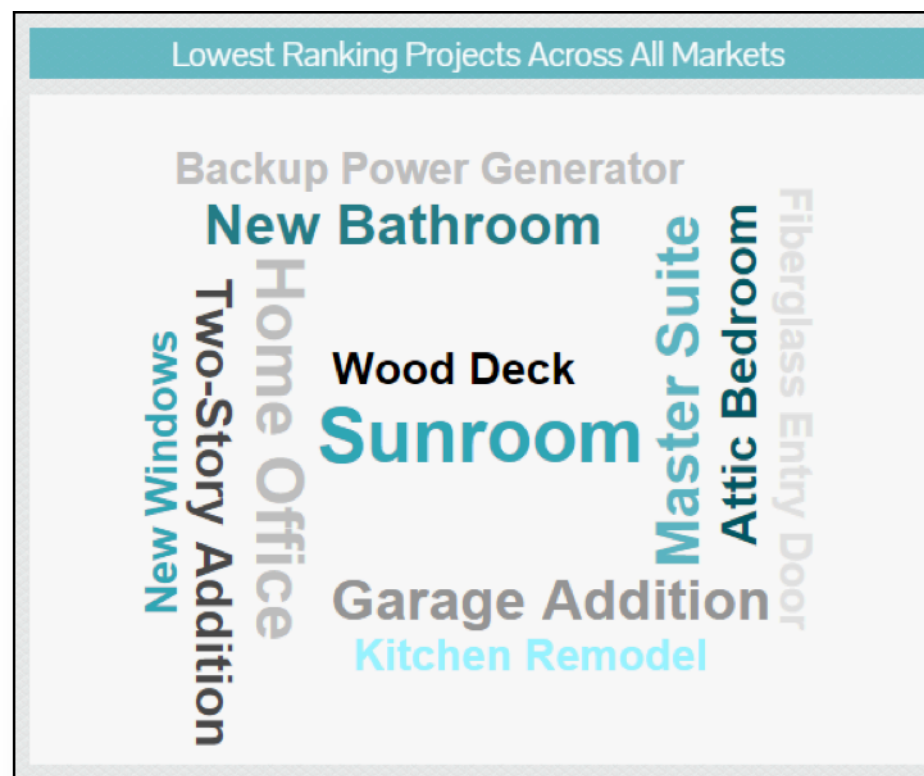


Marketwide Trends (cont.)

- **Window replacements** ranked in the top five most profitable projects in Austin, Dallas and McAllen, recouping up to 116.5 percent of the total project cost.
- **Roofing replacements** ranked in the top five most profitable projects in the West-South Central U.S. and in Dallas and was among the top five highest annual increases in recoup costs in four markets, recouping up to 114.5 percent of the total project cost.
- **Profitable projects also continued to be those that added livable square footage to a home using existing spaces or increased a home's sustainability:**
 - **Basement remodels** ranked in the top five for total recoup cost in the West-South Central U.S., Dallas and Houston, recouping up to 98 percent of the total project cost.
 - **Wooden deck additions** were still among the five most profitable projects in Austin and El Paso, recouping up to 116 percent of the total project cost.
 - **Backup power generators**, last year the most profitable project nationwide and in multiple Texas markets, remained in the top spot in San Antonio and among the top five most profitable projects in McAllen, recouping up to 129.2 percent of the total project cost.
- **Less practical projects and upscale renovations continued to be among the least profitable projects in all markets.**

Marketwide Trends (cont.)

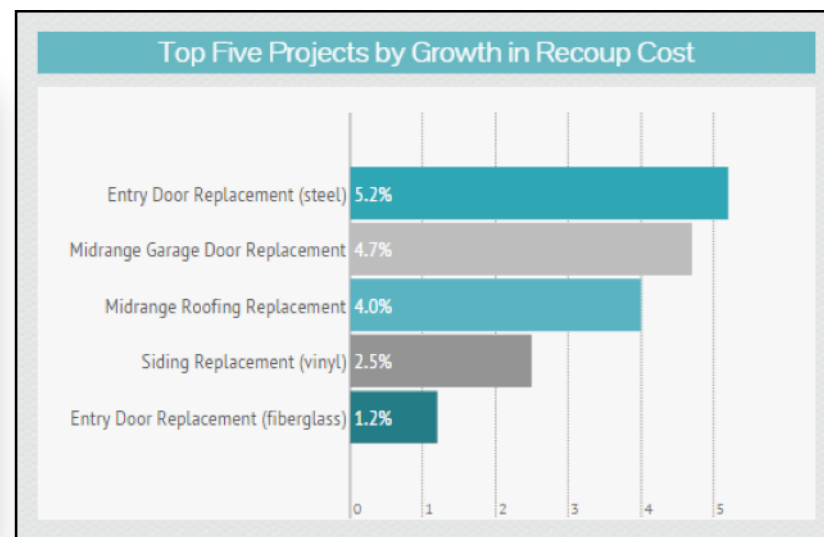
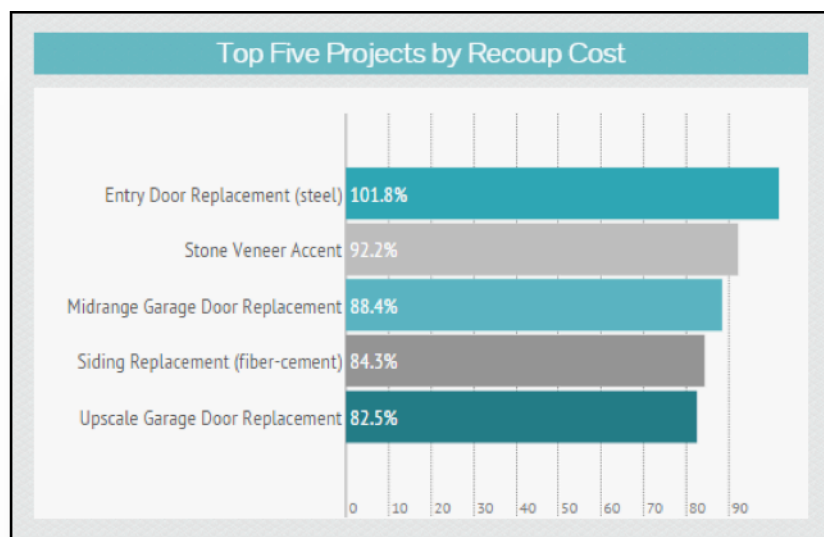
- Upscale projects** ranked among the least profitable projects and in the bottom five for recoup cost growth in all markets except Houston, with many of those projects being additions that did not utilize the home's existing square footage.
- Sunroom additions** were the least profitable project nationally, in the West South-Central U.S., and in Austin, Dallas, El Paso, and in San Antonio, recouping a maximum 51.8 percent and as little as 29.3 percent of the total project cost.
- Home office remodels** closely followed sunroom additions as one of the least profitable remodeling projects, ranking in the top five least profitable projects in Austin, Dallas, San Antonio and McAllen as well as in the West South-Central U.S. and nationally. Home office remodels recouped a maximum of 62.2 percent and as little as 47.2 of the total project cost.
- Master suite additions**, both typical and upscale, also continued to be unprofitable. These projects ranked among the five least profitable projects in Austin, El Paso, Houston, San Antonio, McAllen, in the West South-Central U.S. and nationally.



Nationwide

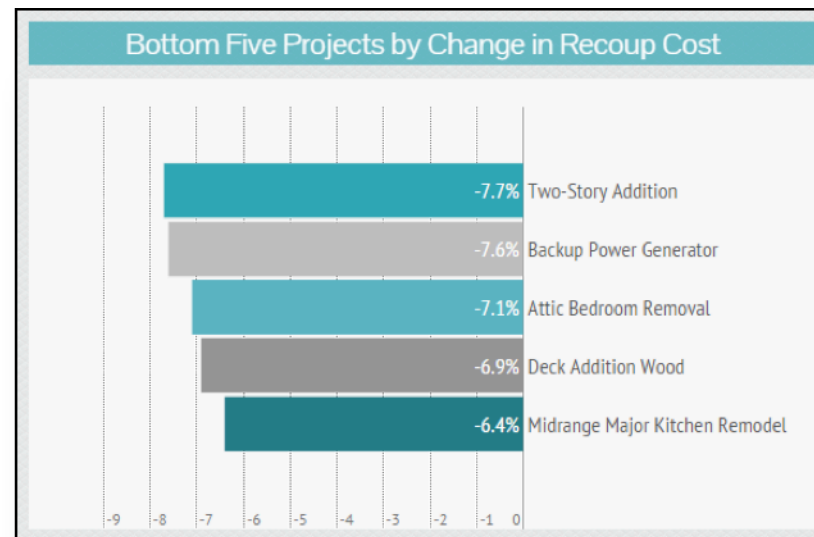
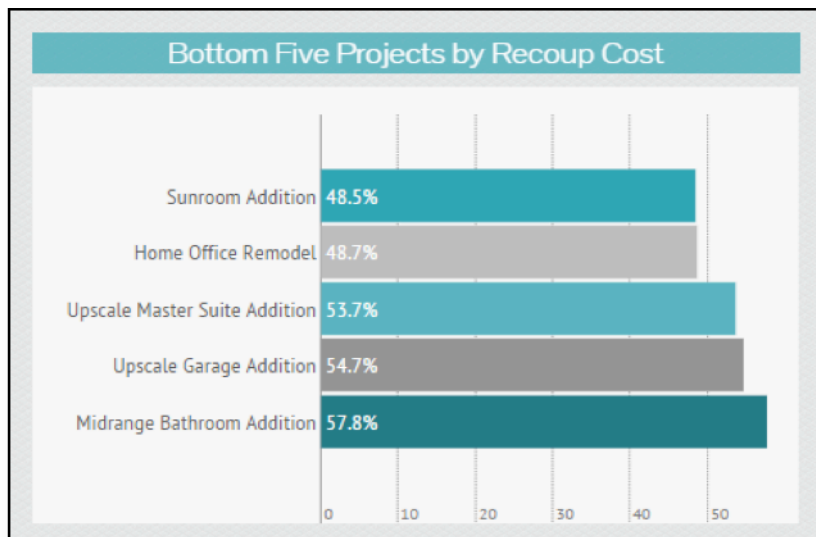
Home remodeling projects became less profitable nationwide, with a majority of projects showing losses in recoup cost in 2014.

- Steel entry door replacements were the most profitable project for the second year in a row, recouping 101.8 percent (\$1,252) of the total project cost. This project also had the largest year-over-year gains in recoup costs, increasing 5.2 percent from 2013 to 2014.
- The five most profitable projects recouped an average 90.56 percent of the total project cost – 2.76 percent more than 2013 – whereas the five projects with fastest-growing recoup costs only increased an average 3.52 percent, 7.54 percent less than 2013.
- Sunroom additions were the least profitable project, recouping 48.5 percent (\$36,704) of the total project cost, a 3.2 percent loss from 2013 to 2014.



Nationwide (cont.)

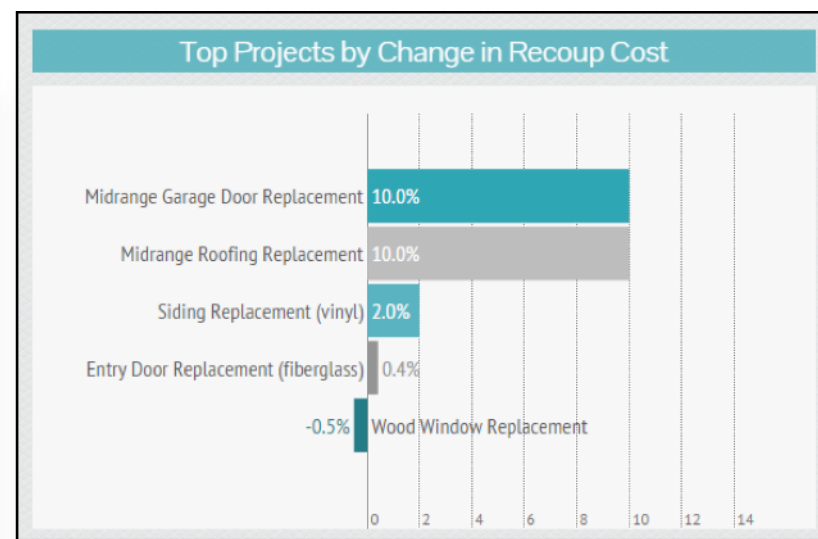
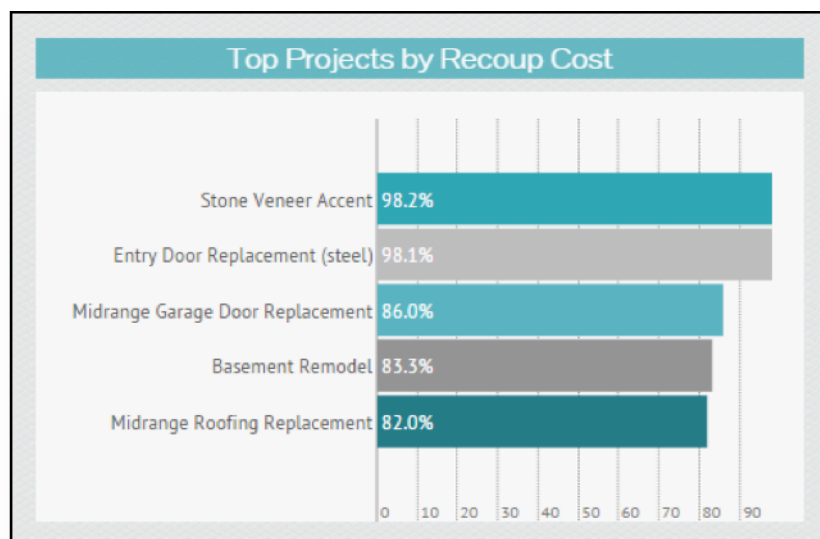
- Two-story additions had the greatest loss in recoup cost from 2013 to 2014, with recoup cost falling 7.7 percent year-over-year to 64.1 percent (\$103,848) of the total project cost.
- The five least most profitable projects recouped an average 52.68 percent of the total project cost – 37.88 percent less than 2013 – whereas the five projects with largest decreases in recoup costs decreased an average 7.14 percent, 3.62 percent more than 2013.



West South Central U.S.

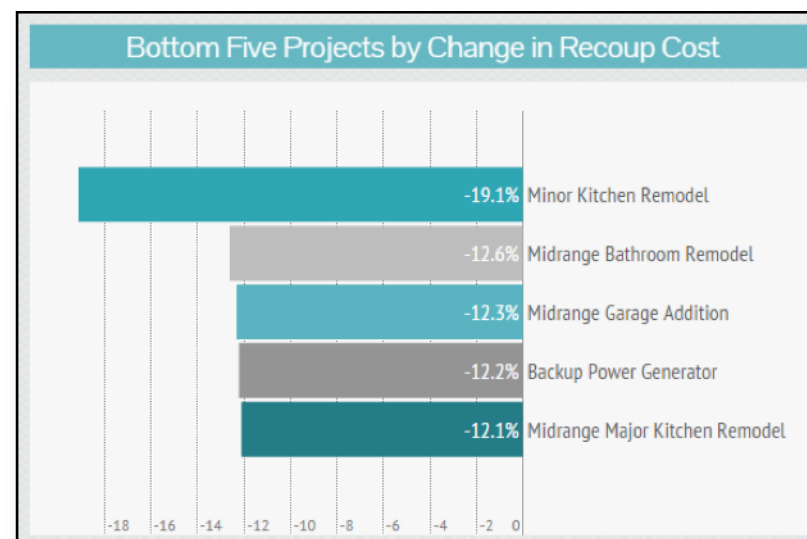
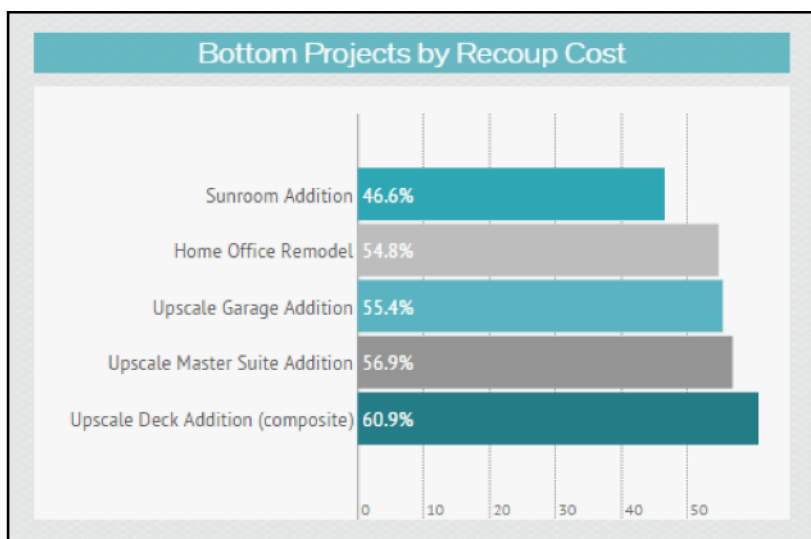
Like the rest of the U.S., home remodeling projects in the West South Central U.S. were less profitable in 2014 than 2013, with recoup costs ranging between 46.6 percent and 98.2 percent.

- Stone veneer accents were the most profitable project, recouping 98.2 percent (\$6,913) of the total project cost. Because this project category was added in 2014, historical comparisons are not available.
- Midrange garage door replacements – last year the project with the highest year-over-year decrease in recoup costs – showed the highest annual gain in recoup cost in 2014. The recoup cost increased 10 percent year-over-year to recoup 86 percent (\$1,281) of the total project cost.
- The five most profitable projects recouped an average 89.52 percent of the total project cost – 3.48 percent more than 2013 – whereas the five projects with fastest-growing recoup costs only increased an average 4.58 percent, 11.76 percent less than 2013.



West South Central U.S. (cont.)

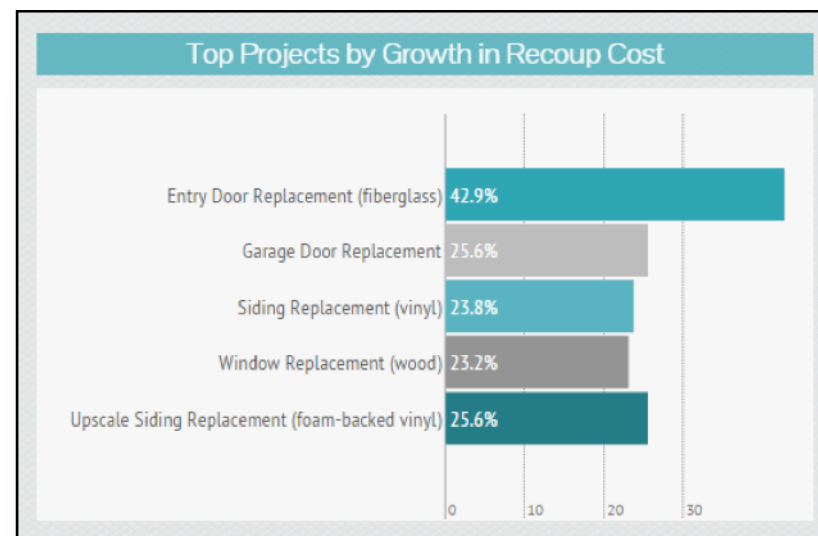
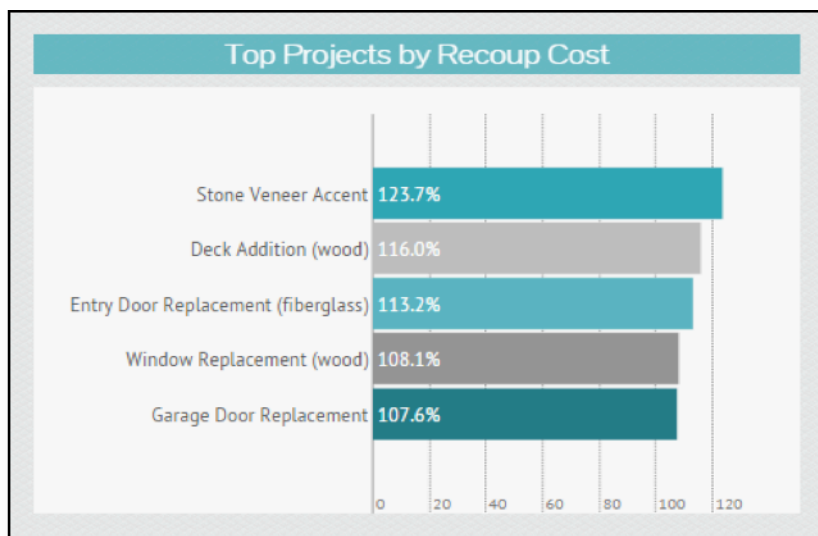
- Like nationally, sunroom additions were the least profitable project, recouping 46.6 percent (\$32,806) of the total project cost, an 11.4 percent gain from 2013.
- Minor kitchen remodeling projects had the greatest loss in recoup cost from 2013 to 2014, with recoup cost falling 19.1 percent year-over-year to 75.9 percent (\$13,431) of the total project cost.
- The five least most profitable projects recouped an average 54.92 percent of the total project cost – 0.1 percent less than 2013 – whereas the five projects with largest decreases in recoup costs decreased an average 13.66 percent, 9.24 percent more than 2013.



Austin

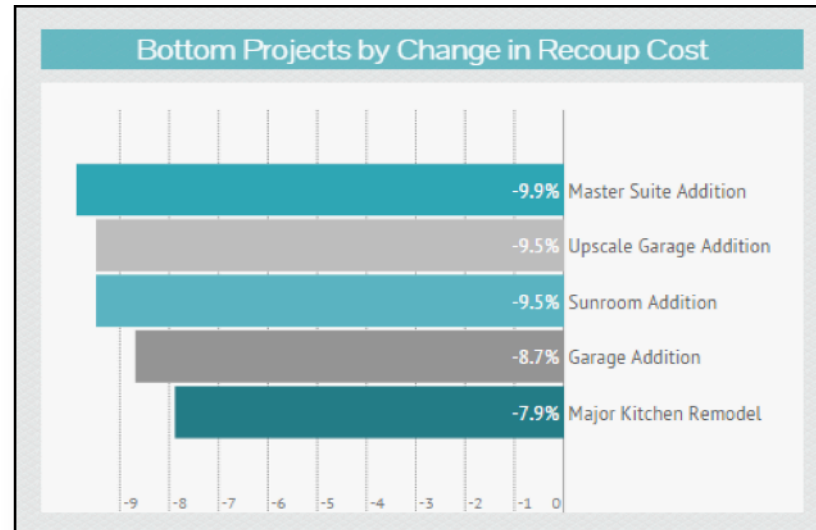
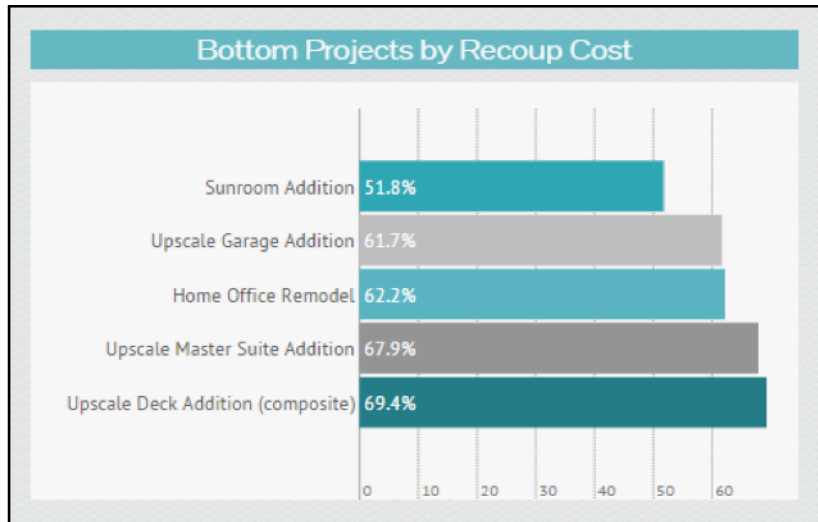
Once again, home remodeling projects in Austin had the greatest overall recoup costs among Texas’s five major cities, with recoup costs ranging between 123.7 percent and 51.8 percent.

- Stone veneer accents were the most profitable project, recouping 123.7 percent (\$8,690) of the total project cost. Because this project category was added in 2014, historical comparisons are not available.
- Steel entry door replacements showed the highest annual gain in recoup cost in 2014, increasing 42.9 percent year-over-year to recoup 113.2 percent (\$3,170) of the total project cost.
- The five most profitable projects recouped an average 113.72 percent of the total project cost – 13.3 percent more than 2013 – whereas the five projects with fastest-growing recoup costs increased an average 26.6 percent, 6.1 percent more than 2013.



Austin (cont.)

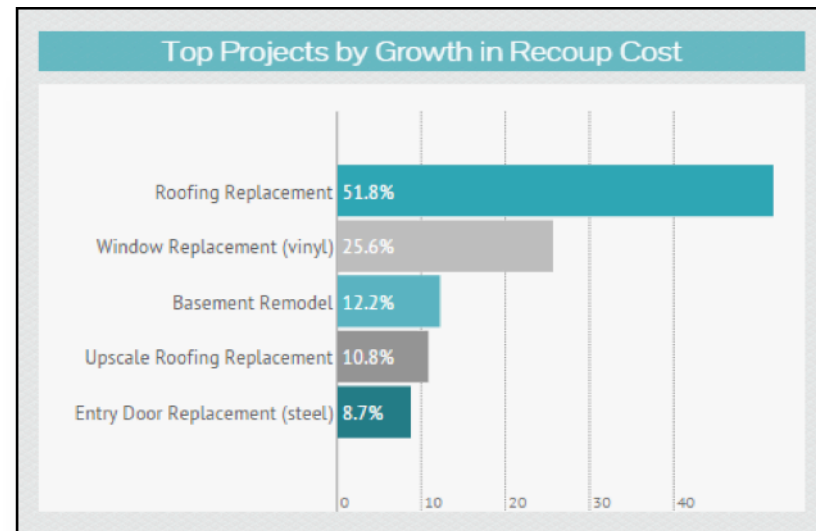
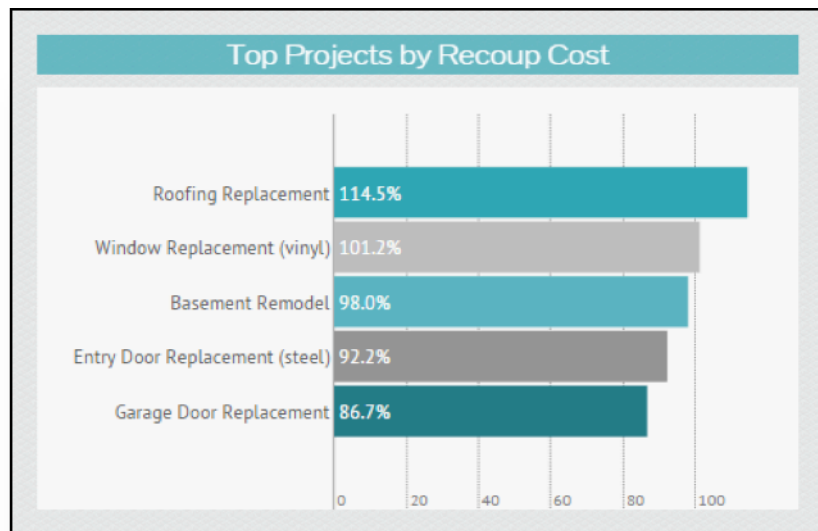
- Once again, sunroom additions were the least profitable project, recouping 51.8 percent (\$36,352) of the total project cost, a 9.5 percent decrease from 2013.
- Master suite additions had the greatest loss in recoup cost from 2013 to 2014, with recoup cost dropping 9.9 percent year-over-year to recoup 77.1 percent (\$79,538) of the total project cost.
- The five least most profitable projects recouped an average 62.6 percent of the total project cost – 3.9 percent less than 2013 – whereas the five projects with largest annual decreases in recoup costs decreased an average 9.1 percent, 2.82 percent more than 2013.



Dallas

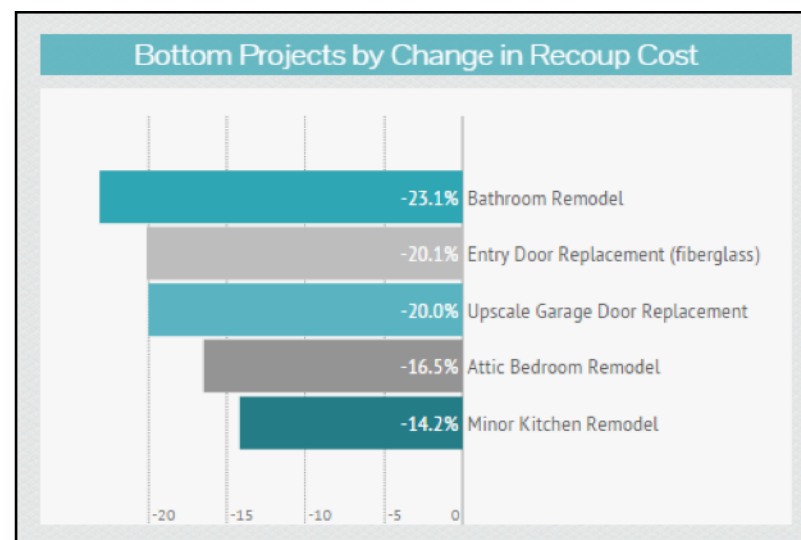
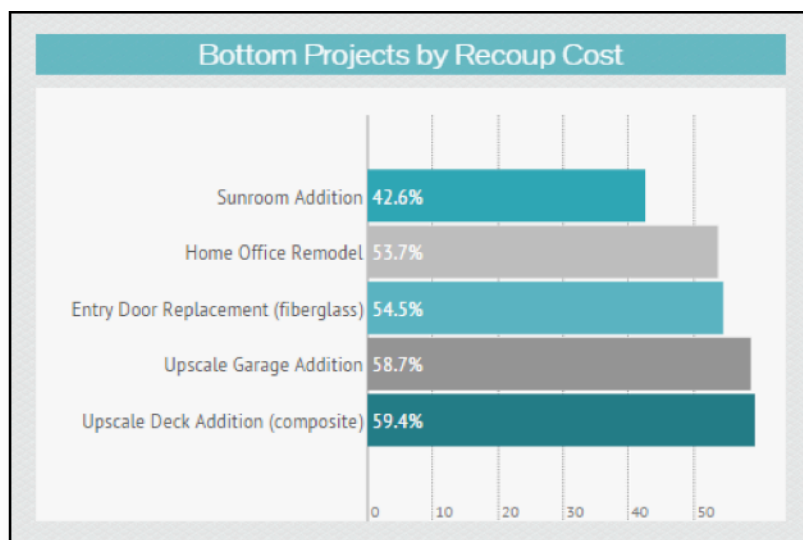
The profitability of home remodeling projects remained largely the same in Dallas in 2014, with recoup costs ranging between 42.6 percent and 114.5 percent.

- Roofing replacements were the most profitable project, recouping 114.5 percent (\$20,909) of the total project cost. This project also had the largest year-over-year gains in recoup costs, increasing 51.8 percent from 2013 to 2014.
- The five most profitable projects recouped an average 98.52 percent of the total project cost – 8.68 percent more than 2013 – whereas the five projects with fastest-growing recoup costs increased an average 22.28 percent, 8.92 percent more than 2013.



Dallas (cont.)

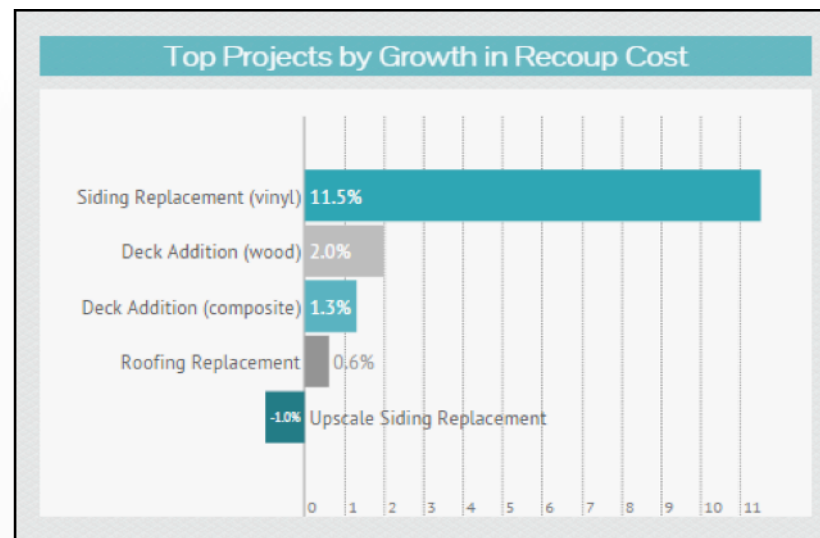
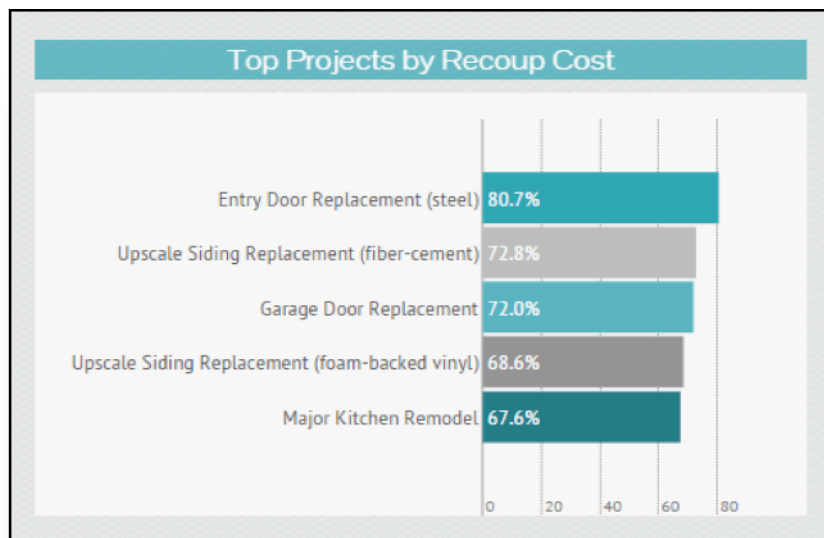
- Bathroom remodeling projects had the greatest loss in recoup cost from 2013 to 2014, with recoup cost dropping 23.1 percent year-over-year to recoup 75 percent (\$11,791) of the total project cost.
- The five least most profitable projects recouped an average 53.78 percent of the total project cost – 5.44 percent less than 2013 – whereas the five projects with largest annual decreases in recoup costs decreased an average 18.78 percent, 14.4 percent more than 2013.
- Once again, sunroom additions were the least profitable project, recouping 42.6 percent (\$30,677) of the total project cost, a 13.7 percent decrease from 2013.



El Paso

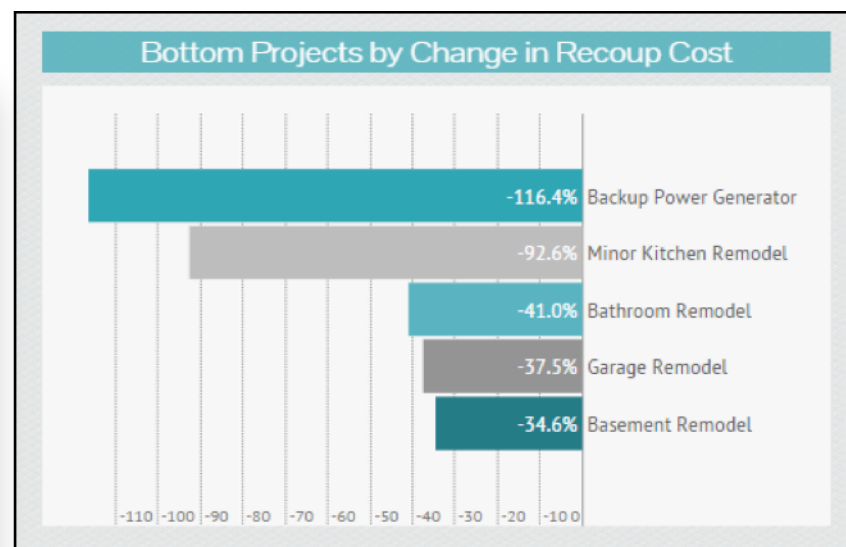
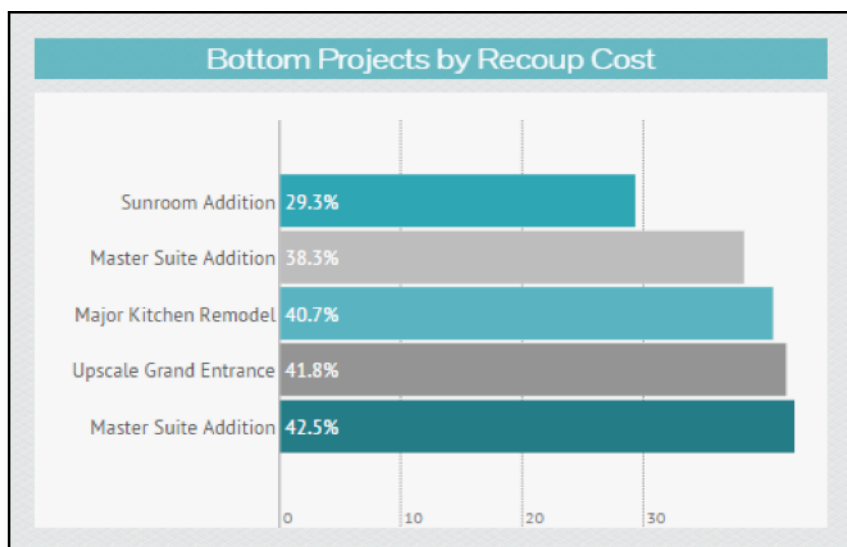
Home remodeling projects were the least profitable in El Paso in 2014, with recoup costs ranging between 29.3 percent and 80.7 percent.

- Steel entry door replacements were the most profitable project, recouping 80.7 percent (\$888) of the total project cost. This is a decrease of 4.4 percent in recoup costs from 2013.
- Vinyl siding replacements showed the highest annual gain in recoup cost in 2014, increasing 11.5 percent year-over-year to recoup 66.9 percent (\$6,700) of the total project cost.
- The five most profitable projects recouped an average 72.34 percent of the total project cost – 45.12 percent less than 2013 – whereas the five projects with fastest-growing recoup costs increased an average 2.88 percent, 45.08 percent less than 2013.



El Paso (cont.)

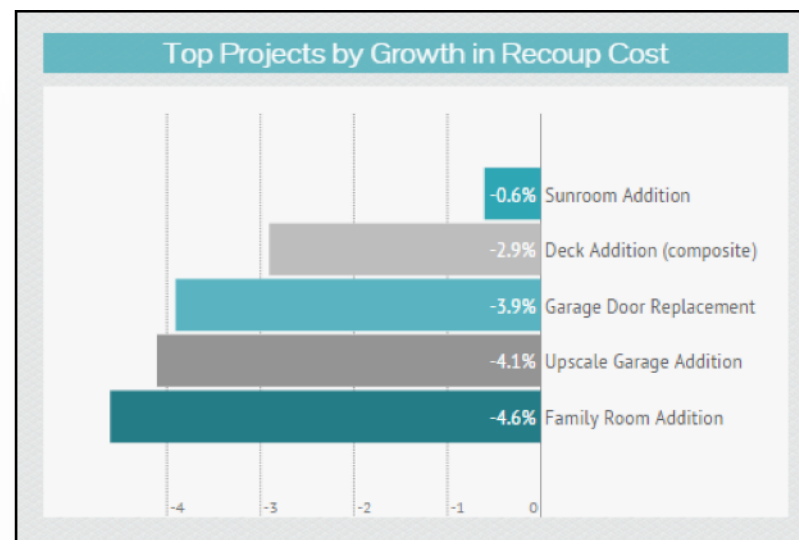
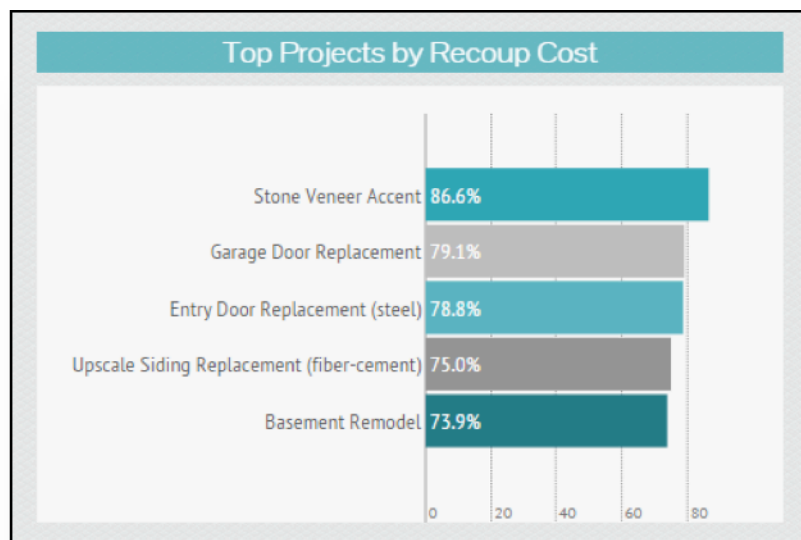
- Sunroom additions were the least profitable project, recouping 29.3 percent (\$19,917) of the total project cost, an 8.7percent decrease from 2013.
- Backup power generators – a top remodeling project in the 2014 report – had the greatest loss in recoup cost from 2013 to 2014, with recoup cost dropping 116.4 percent year-over-year to recoup 50.8 percent (\$5,682) of the total project cost.
- The five least most profitable projects recouped an average 38.52 percent of the total project cost – 12.28 percent less than 2013 – whereas the five projects with largest annual decreases in recoup costs decreased an average 64.42 percent, 49.72 percent more than 2013.



Houston

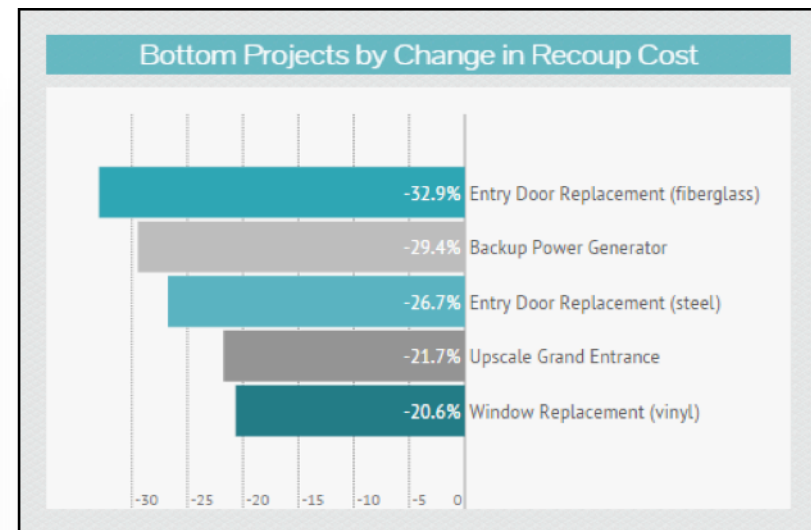
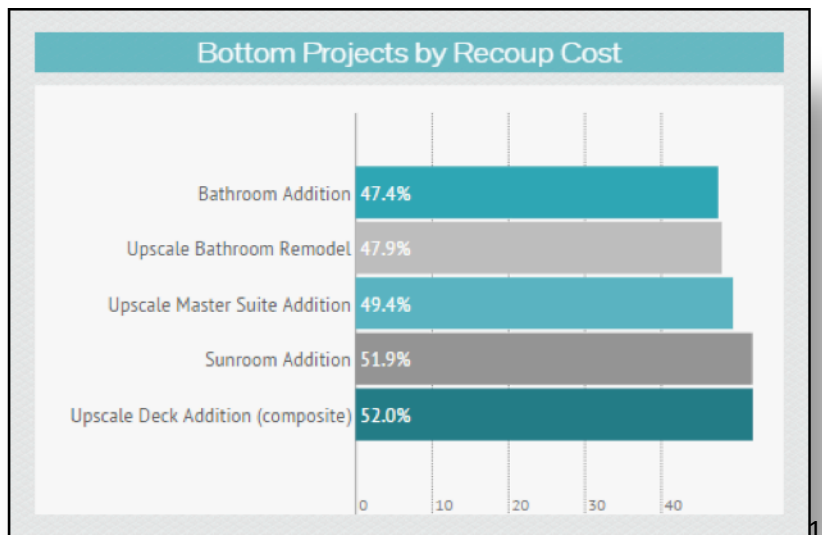
Home remodeling projects in Houston were less profitable across the board in 2014, with all projects losing recoup cost value from the year prior. Recoup costs ranged from 86.6 percent and 47.4 percent.

- Stone veneer accents were the most profitable project, recouping 86.6 percent (\$6,106) of the total project cost. Because this project category was added in 2014, historical comparisons are not available.
- Sunroom additions in Houston had the smallest lost in recoup cost in 2014, decreasing 0.6 percent to 51.9 percent (\$36,802) of the total project cost despite also being the No. 4 least profitable remodeling project in the Houston market. Unlike other markets, upscale projects such as deck, garage and family room additions had some of the smallest declines in recoup costs in 2014.



Houston (cont.)

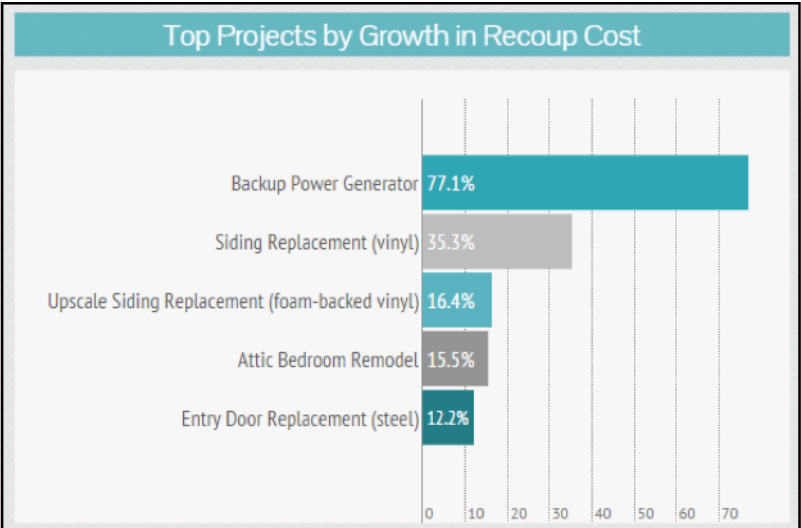
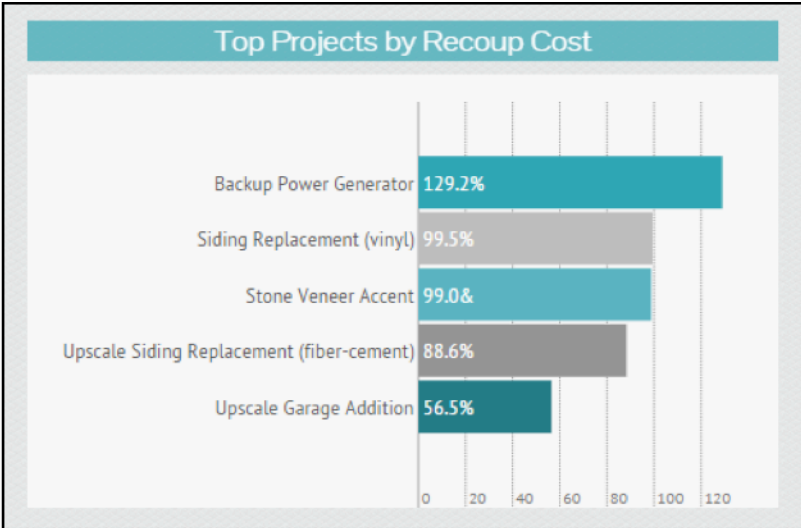
- The five most profitable projects recouped an average 78.68 percent of the total project cost – 16.04 percent less than 2013 – whereas the five projects with the smallest declines in recoup costs fell an average 3.22 percent in 2014, compared to an average gain of 12.54 percent in 2013.
- Bathroom additions were the least profitable project, recouping 47.4 percent (\$17,147) of the total project cost, a 9.8 percent decrease from 2013.
- A top project in other markets, fiberglass entry door replacements had the greatest loss in recoup cost from 2013 to 2014, with recoup cost dropping 32.9 percent year-over-year to recoup 58.3 percent (\$1,642) of the total project cost. Steel entry door replacements were also in the bottom five, with recoup costs falling 26.7 percent year-over-year.
- The five least profitable projects recouped an average 49.78 percent of the total project cost – 5.38 percent more than 2013 – whereas the five projects with largest annual decreases in recoup costs decreased an average 26.26 percent, 10.88 percent more than 2013.



San Antonio

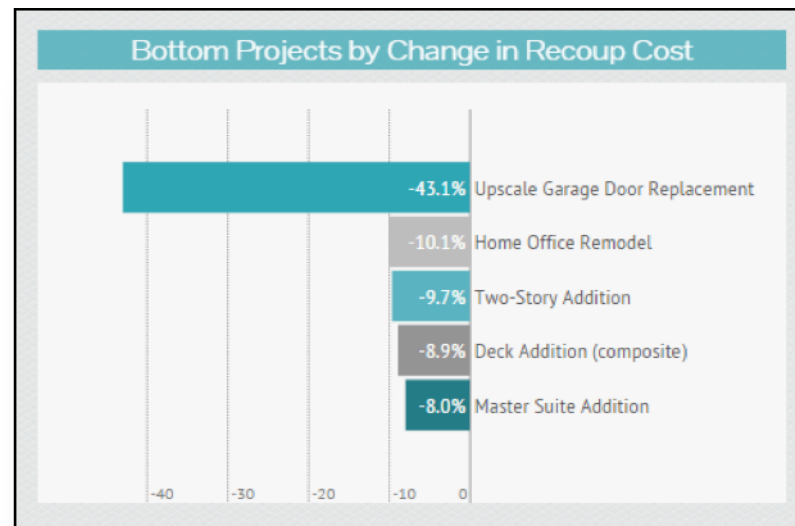
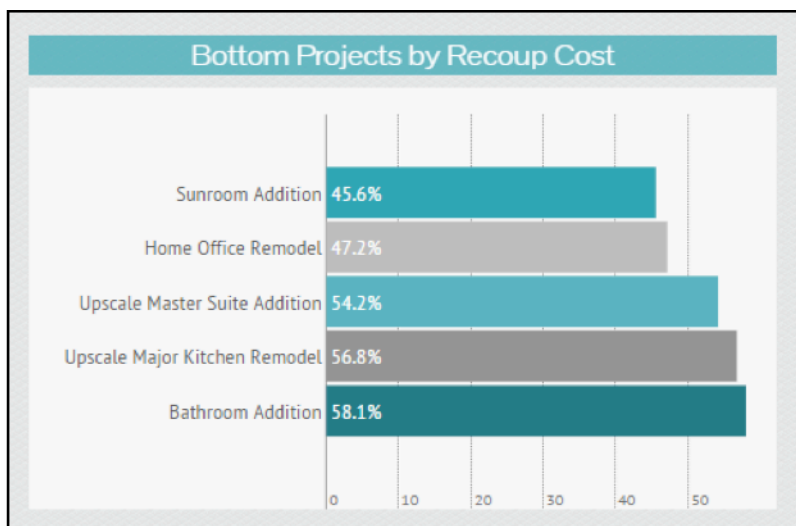
Remodeling projects rebounded in San Antonio in 2014, showing the second-highest marketwide gains in recoup costs. Recoup costs ranged from 45.6 percent and 129.2 percent.

- San Antonio was the only market in which one of the top remodeling projects of 2013 – backup power generator installation – remained on top. Backup power generators were the most profitable project in 2014, recouping 129.2 percent (\$14,667) of the total project cost. This project also had the largest year-over-year gains in recoup costs, increasing 77.1 percent from 2013 to 2014.
- The five most profitable projects recouped an average 94.56 percent of the total project cost – 8.76 percent more than 2013 – whereas the five projects with the fastest-growing recoup costs increased an average 31.3 percent, 33.72 percent more than 2013.



San Antonio (cont.)

- Once again, sunroom additions were the least profitable project in 2014, recouping 45.6 percent (\$31,696) of the total project cost, a 4.1 percent decrease from 2013.
- A top project in other markets, upscale garage door replacements had the greatest loss in recoup cost from 2013 to 2014, with recoup cost dropping 43.1 percent year-over-year to recoup 66.2 percent (\$1,873) of the total project cost.
- The five least profitable projects recouped an average 52.38 percent of the total project cost – 2.2 percent less than 2013 – whereas the five projects with largest annual decreases in recoup costs decreased an average 15.96 percent, 16.78 percent less than 2013.



McAllen

Midland is a new market to the Texas Remodel Valuation Report. For this reason, historical remodeling project data is available. Recoup costs ranged from 53.9 percent to 119.4 percent.

- Remodeling projects were popular and profitable in McAllen, Texas in 2014. The five most profitable projects recouped an average 108.2 percent of the total project cost.
- Stone veneer accents were the most profitable project in 2014, recouping 119.4 percent (\$8,333) of the total project cost.
- Upscale garage additions were the least profitable project in 2014, recouping 53.9 percent (\$39,500) of the total project cost.
- The five least profitable projects recouped an average 57.86 percent of the total project cost.

