



# For what it's worth

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Home Renovation  
Value Guide 2019



# About Us

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We specialize in residential, commercial, agricultural and land appraisals, insurance appraisals and reserve fund studies.

We are a full-service appraisal company with offices in Edmonton, Camrose and Calgary.

We were founded in 2004 on the notion that Albertans deserve a full-service real estate appraisal firm that has a passion for helping people make sound real estate decisions—no matter what’s happening in the market.

## **We love what we do.**

We focus on producing impartial and in-depth residential and commercial appraisals, consulting assignments and reserve fund studies. Of course, creating detailed, unbiased reports means we sometimes have to make tough calls. That’s never easy. But we believe our clients are better served if we always provide balanced, factual and concise appraisal reports.

## **Our services**

- Residential appraisals
- Commercial appraisals
- Farm appraisals
- Bare land appraisals
- Insurance appraisals
- Reserve fund studies
- Specialized consulting
- Expert witness services
- Tax appeals/assessment support

## **Why call an appraiser?**

An appraiser can help you make informed buying, selling and financing decisions, and with:

- Mortgage financing
- Corporate relocations
- Acquisitions
- Dispositions
- Accounting matters
- Estate settlements
- Land development
- Expropriation

## **We can also help you with:**

- Foreclosures
- Divorce settlements
- Arbitration
- Cases needing in-court expert witnesses
- Insurance coverage

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To learn more about all our services, visit [harrisonbowker.com/ourservices](http://harrisonbowker.com/ourservices)

# Year in Review:

## 2018 Residential Market Analysis

### Setting the scene

Generally speaking, real estate values tend to lag behind wider economic conditions. In Alberta, over the last few years, we've seen higher mortgage rates, increased stress testing for first-time homebuyers, higher inventories of spec homes on the market, difficulty getting oil to tidewater, and structural issues surrounding the province's oil and gas sector. So it's no surprise that in 2018, we saw consumer sentiment in the real estate sector dip.

Edmonton CMA Residential Real Estate Statistics (Per Realtors® Association of Edmonton, all residential)							
	2018	2017	2016	2015	2014	2013	2012
Sales to Listings Ratio	47%	51%	53%	55%	71%	68%	60%
Sales Volume (number)	15,519	16,453	16,198	17,338	19,020	17,080	15,815
Change (%)	-5.6%	1.5%	-6.6%	-8.8%	11.4%	8.0%	-
Sales Volume (billions of \$\$)	\$5.7	\$6.2	\$6.0	\$6.4	\$7.0	\$6.0	\$5.4
Average Sale Price	\$369,607	\$374,400	\$372,765	\$372,408	\$367,055	\$349,256	\$339,266
Change (%)	-1.3%	0.4%	0.1%	1.5%	5.1%	2.9%	-
Median Sale Price	\$347,306	\$350,000	\$352,000	\$355,000	\$348,000	\$331,000	\$323,000
Change (%)	-0.8%	-0.6%	-0.8%	2.0%	5.1%	2.5%	-

#### The chart shows the following trends:

- Fewer properties are selling. In fact, in 2018, 18% fewer properties sold compared to the peak in 2014.
- Since 2016, median residential property values have been slowly declining, with 2018 being the first year to show a decline in the average sale price.

### What's happening on the ground

We constantly analyze the market when completing appraisals, and in 2018 we observed that:

1. Above all else, appropriate pricing is key to selling a home in today's market.
2. People are seeking quality of living over quantity of square-footage. Values in the central and urban neighbourhoods continued to show relative strength compared to values in the suburbs, which were again under modest downward pressure throughout to 2018.
3. Higher-end acreages and suburban locations have had the highest depreciation rates, with accumulated depreciation rates as high as 20% for over \$1.0M since the value peak in 2015.

#### Prediction for 2019-2020:

Overall, the market outlook for 2019 remains bearish.

# Trend Snapshot

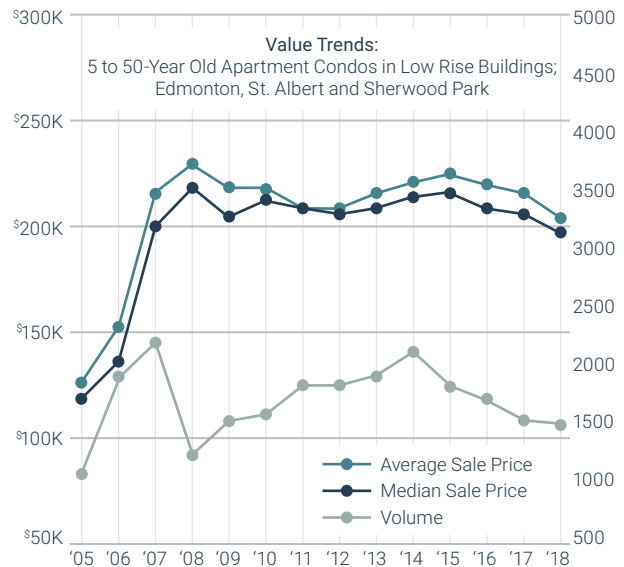
## The Lost Decade?

We've heard some people refer to the last 10 years of the housing market in Edmonton as "the lost decade", in reference to there being little to no growth. We took a look at the numbers for both condominiums and single-family detached home to test that hypothesis. Here's what we found.

### Apartment Condos

In the past two real estate cycles, 5–50-year-old apartment condo values have been hit hard. While in 2015 average values finally surpassed the 2007 peak (\$229K/unit compared to \$227K/unit), by 2018, average values had fallen 11% to \$204K/unit, the lowest value seen in Edmonton since 2006. Why? Supply, supply, supply. Decreases in both volume and value are strongly affected by supply, and in the condominium segment of the market, there have been numerous new developments popping up around the city that compete with the resale market.

(This chart is based on a floating age of 45 years, excluding new units and units above \$900K, both of which can skew values)

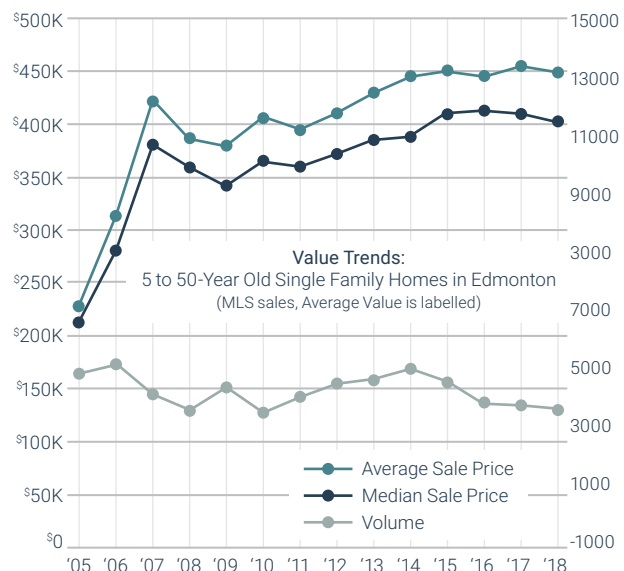


### Single-Family Homes

In the chart below, you can see that values for 5–50-year-old single-family homes have stagnated since 2014, meaning prices have stayed relatively flat, and haven't kept up with general inflation. However, single-family prices are still significantly ahead over the 10-year mega-cycle. Why? Mainly because of rising land values.

A condominium is located on shared land, where the proportion of the lot or land value is comparatively low. A single-family home is located on its own lot, where the proportion of land value is typically high. In fact, a 1950-1970s-built house only depreciates to land value, and there are many properties in Edmonton worth \$450K on land values of \$375K. This gives single-family properties greater potential for appreciation than apartment condominiums, and insulates them from depreciation.

So while apartment condo prices have depreciated over the last 10 years—making it a "lost decade" for condominium owners—it was not a "lost decade" for single-family property owners. And because land in the core neighbourhoods typically hold greater value than the periphery, single-family dwellings in mature central and central-peripheral neighbourhoods have the best potential for future appreciation.



# Home renovation value guide

Home is where the heart is. But it's also where you put your hard-earned dollars to work.

It's hard to put an emotional value on a home renovation. How do you accurately assess your feelings of joy, exhaustion, relief and excitement after you transform that dreaded 70s kitchen to a gourmet masterpiece? That being said, it is not difficult to put a monetary value on your home renovation; those granite countertops, upgraded flooring and new windows – they all add up.

This guide explains the return on investment that you can expect from different types of home renovations. Using this information, you can plan the most effective use of your renovation dollars, no matter what you're renovating.

## About the numbers

All prices and value contributions you see here are based on:

- 3-bedroom/1.5-bathroom home in average condition
- Fully finished basement
- 6,000 sq. ft lot
- Middle-income neighbourhood
- Home has front and rear doors and a rear patio door
- Approximately 11 windows (8 on main, 3 in basement)

**The costs assume professional installation** of average or better quality materials at fair market prices. The rates of return do not assume any sweat equity by the owner.

**Contractor pricing can easily vary by 50–150%**, depending on economic conditions, seasonal variances, material costs and contractor motivation. Therefore, individual rates of return will most likely vary from project to project and season to season as the real estate market changes.

**Except where noted, the guide assumes simple replacement AND NOT creating one where one did not exist originally.** For example, the cost to create an opening for a patio door or skylight will be significantly more expensive than simply replacing it.

### Top 5 renovation regrets:

- Not having a well-planned design and a reasonable time frame.
- Not budgeting for unforeseen costs or changes to the plan.
- Not getting a complete quote in writing or having a full understanding of the quote given.
- Not hiring a professional for jobs that require the expertise.
- Not planning renovations in terms of resale.

# Top Renovations

Here is a quick cheat sheet to maximize your return with your renovation investment.

<b>Kitchen renovation</b>	Best return on investment when considering functionality
<b>Paint</b>	Least expensive renovation with the biggest bang for your buck Best return – Home interior
<b>Asphalt roof</b>	Best return – Home exterior
<b>Tank-less on-demand water heater</b>	Best return – Electrical, mechanical, plumbing
<b>Fence</b> (pressure-treated)	Best return – Landscaping
<b>Double-detached garage</b> (heated, insulated, slab)	Best return – Garages, sunrooms, additions

## Home Interiors

RENOVATION	COST RANGE	% RETURN
<b>INTERIOR PAINTING</b>	\$3,000–5,000	80–110%
<b>NEW FLOORING</b>		
Hardwood	\$9–13/sq. ft	60–80%
Laminate	\$5–9/sq. ft	60–80%
Ceramic tile	\$7.50–8.75/sq. ft	60–80%
Porcelain tile	\$9–11/sq. ft	50–65%
Slate	\$13–14 /sq. ft	50–65%
Carpet & pad	\$2.75–4.50 /sq. ft	60–80%
Sheet vinyl	\$2.75–4.50 /sq. ft	60–80%
Luxury vinyl tile (LVT)	\$3.75–7.50/sq. ft	60–80%
Cork	\$7.50–10/sq. ft	25–45%
Removal and disposal	\$0.25–0.50/sq. ft	
<b>REMODEL BATHROOM - 4pc</b> (New fixtures, vanity, tub, shower and flooring)	\$10,000–20,000 and up	50–75%
<b>REMODEL KITCHEN</b> (Cabinets, flooring, countertop, appliances, lighting)		
Average quality	\$15,000–30,000	75–95%
High quality	\$40,000–70,000+	40–60%
<b>BASEMENT REDEVELOPMENT</b> (Drywall finish, paint, 3-piece bathroom, 2 bedrooms, family room, carpet, vinyl, drop ceiling tile)	\$35,000–50,000 \$30–45 /sq. ft	50–75%
<b>GAS FIREPLACE</b>		
Average quality	\$2,500–5,000	45–70%
High quality	\$5,000–10,000+	25–50%
<b>SENIORS WALK-IN TUB</b>	\$7,500+	0–25%



# Home Exteriors

RENOVATION	COST RANGE	% RETURN
<b>SIDING</b>		
New stucco application	\$17,000–21,000	25–45%
Premium vinyl siding	\$10,000–12,000	50–75%
Standard vinyl siding	\$8,000–10,000	50–75%
Hardiplank	\$11,000–13,000	50–75%
Artificial masonry/cultured stone	\$12–15/sq. ft	25–45%
Brick façade	\$35–45/sq. ft	20–35%
Soffits & fascia	\$4,000–6,000	25–45%
5" seamless eavestroughs	\$7–9/ft	25–45%
6" seamless eavestroughs	\$11–15/ft	25–45%
<b>ROOF</b>		
Asphalt (25–30 yrs / \$3–4/sq. ft)	\$4,000–5,000	75–95%
Rubber (50 years, \$6–8/sq. ft)	\$8,000–9,000	50–75%
Cedar shakes (30–40 yrs, \$5–10/sq. ft)	\$15,000–20,000	50–75%
Metal (50 yrs, \$9–13/sq. ft)	\$15,000–20,000	50–75%
Reinsulate attic	\$1,400–1,500	25–35%
<b>STANDARD DOORS (SINGLE)</b>		
Exterior (basic: insulated, metal clad, embossed panels, half moon window)	\$1,500–2,000	50–75%
Interior (hollow core)	\$300–600	50–75%
<b>DELUXE DOORS (SINGLE)</b>		
Exterior (including upgraded hardware and sidelights)	\$3,000–4,000+	50–75%
Interior	\$600–1,000	50–75%
Replace sliding patio door - PVC (72" x 80")	\$1,500–2,500	50–75%
<b>WINDOWS</b>		
Double pane, vinyl casement, 1 bay	\$10,000–13,000	75–90%
Low-E, triple pane, vinyl casement, 1 bay	\$11,000–14,000	75–90%
<b>SKYLIGHT (BASIC)</b>		
Triple glaze, standard roof	\$800–1,500	15–30%
Solar tubes (new install)	\$700–1,000	15–30%



# Electrical, Mechanical, Plumbing

RENOVATION	COST RANGE	% RETURN
<b>CENTRAL VACUUM</b>	\$1,300–1,500	30–60%
<b>ALARM SYSTEM</b> Monthly monitoring	\$25 and up	0–10%
<b>HOT WATER TANK</b>		
Mid-efficiency, natural draft (40–50 imperial gallons)	\$1,000–1,200	50–75%
High-efficiency, power direct vent (40–50 imperial gallons)	\$1,500–2,000	60–80%
Tankless on-demand	\$8,000–10,000	65–85%
<b>WATER TREATMENT</b>		
Water conditioner	\$2,300–4,000	25–50%
Reverse osmosis drinking system	\$1,500–2,000	25–50%
Soffits & fascia	\$4,000–6,000	25–45%
<b>HVAC</b>		
Air Conditioning	\$3,000–6,000	40–60%
New furnace (high efficiency)	\$5,000–8,000	80%
Geothermal retrofit (with furnace)	\$30,000+	25–40%
<b>ELECTRICAL SERVICE UPGRADE</b>		
60–100 Amps	\$5,000–6,000	40–60%
Solar panel retrofit (rooftop)	\$15,000–30,000	40–70%
<b>PLUMBING LINES (COPPER TO PEX)</b>	\$3,000–6,000	25–50%

# Garages, Sunrooms, Additions

RENOVATION	COST RANGE	% RETURN
New 24'x24' double detached garage (heated, insulated, slab)	\$25,000–35,000	60–80%
New 24'x24' garage with secondary suite	\$125,000–175,000	40–60%
Renovate older 24'x24' garage with new insulation, drywall, insulated garage door & heater	\$8,000–12,000	25–40%
New 3-season 10'x15' sunroom addition	\$15,000–25,000	50–75%
New 4-season 10'x15' sunroom addition	\$25,000–35,000	50–75%
300 sq. ft family room addition (No basement, vaulted ceilings, gas fireplace, hardwood flooring, exterior to match existing)	\$60,000–90,000	30–50%

# Landscaping

RENOVATION	COST RANGE	% RETURN
<b>PONDS, FOUNTAINS &amp; ROCKS (WIDE VARIANCE)</b>	Varies widely	10–30%
<b>DRIVEWAYS AND HARD SURFACES</b>		
Remove/repour concrete	\$12–14/sq. ft	25–45%
Replace concrete with paving stone or brick	\$18–20/sq. ft	10–50%
Add stamped or exposed aggregate finish	\$3–4/sq. ft	10–20%
<b>RAISED DECK 12'x20' (SCREW PILE FOUNDATION)</b>		
Pressure-treated wood	\$40/sq. ft	50–75%
Cedar	\$45/sq. ft	50–75%
Composite	\$75–85/sq. ft	50–75%
Vinyl	\$75–85/sq. ft	50–75%
Railing (aluminum)	\$45–50/foot	50–75%
Railing (PVC)	\$75/foot	50–75%
Pergola (cedar)	\$20–28/sq. ft	0–25%
Pergola (maintenance free)	\$75/sq. ft.	0–25%
<b>UNDERGROUND SPRINKLER SYSTEM (FRONT AND BACK)</b>	\$4,000–5,000	20–50%
<b>FENCING &amp; CURBING</b>		
Pressure-treated wood (6') (add gate: \$250+/-)	\$38–45/linear ft	60–75%
Ornamental aluminum (4')	\$35–45/linear ft	50–75%
Vinyl (6')	\$45–55/linear ft	50–75%
Chain link (galvanized or coated) (6')	\$15–25/linear ft	50–75%
Concrete curbing	\$5–8/sq. ft	10–25%
<b>TREE REMOVAL (EG, 35' SPRUCE TREE)</b>	\$700–800	0–10%
<b>SOD REPLACEMENT</b>	\$2–3/sq. ft	25–50%
<b>OUTDOOR HOT TUB JACUZZI</b>	\$7,000–10,000 and up	5–40%





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