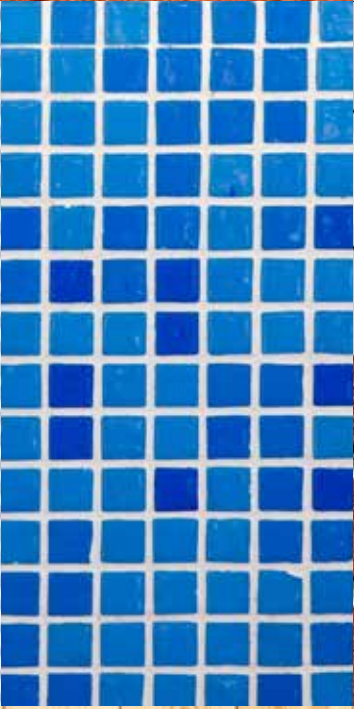


FOR WHAT IT'S WORTH

HOME RENOVATION VALUE GUIDE 2017

HARRISON BOWKER
REAL ESTATE APPRAISERS





ABOUT US

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

We are a full-service appraisal company based in the Edmonton CMA, and we serve all of Alberta.

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
- Property measurement
- 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

WE CAN ALSO HELP YOU WITH:

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

TO LEARN MORE ABOUT ALL OUR SERVICES, VISIT [HARRISONBOWKER.COM/OURSERVICES](https://www.harrisonbowker.com/ourservices)

RESIDENTIAL REAL ESTATE MARKET REVIEW AND PROJECTION 2016–2017

Here's what happened with residential real estate prices last year and what that means for 2017.

LOOKING BACK ON 2016

Where there are jobs there are people. But what does that have to do with residential real estate and home values? Well, when there's high demand for skilled workers, there's typically high interprovincial and international migration. That drives the retail and construction sectors, and ultimately drives up real estate values.

In 2016, Edmonton was an economic bright spot compared to much of Alberta. That's thanks to a diversified economy that includes government, health care and education, and ongoing private and public sector spending on infrastructure projects that take years to complete. However, because some of those large construction projects like the Anthony Henday and Rogers Place Arena are wrapping up in 2017, there's concern that even with renewed spending in the oil and gas economy, there won't be enough new employment opportunities to soak up excess jobs lost in the large-scale construction sector.

EDMONTON CMA RESIDENTIAL REAL ESTATE STATISTICS (PER REALTORS® ASSOCIATION OF EDMONTON)					
	2016	2015	2014	2013	2012
Sales to Listings Ratio	52%	54%	70%	68%	60%
Sales Volume (number)	16,170	17,325	19,028	17,080	15,815
Change (%)	-6.67%	-8.95%	11.41%	8.00%	-
Sales Volume (billions of \$\$)	\$6.027	\$6.448	\$6.984	\$5.965	\$5.365
Average Sale Price	\$372,772	\$372,188	\$367,038	\$349,256	\$339,266
Change (%)	0.16%	1.40%	5.09%	2.94%	-
Median Sale Price	\$352,000	\$355,000	\$348,050	\$331,000	\$323,000
Change (%)	-0.85%	2.00%	5.15%	2.48%	-

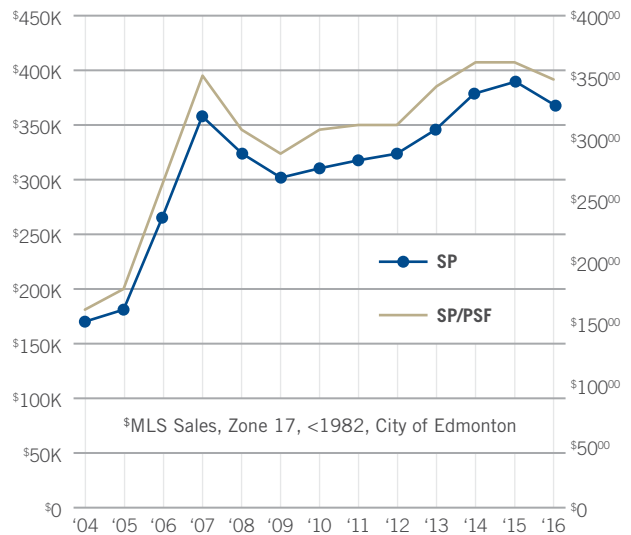
The chart above shows a few notable trends and things to watch for in 2017

2016: Fewer properties were sold in Edmonton. 15% fewer properties sold in 2016 as compared to the peak in 2014.

2017: Typically, fewer sales precede lowering values. So far, the average and median losses in value in the CMA have been minimal, and CMA-wide statistics show little value depreciation. According to the data, things are looking stable, but that can be misleading. Why? See the chart on the next page.

Trends snapshot – MLS Zone 17: This chart shows that average selling prices in the southeast Edmonton MLS Zone 17 (which includes Avonmore, Argyll, Mill Creek, Hazeldean, Ritchie and King Edward Park) peaked in 2015 and slightly depreciated through 2016 at a rate of approximately 3.61% (value per square foot) to 5.85% (value per property). This trend can probably be extended through most areas of the Edmonton CMA, and is expected to continue into 2017.

Note: We at HarrisonBowker often use established areas in southeast Edmonton to discern trends. The chart above focuses on single-detached homes constructed before 1981. This isolates older properties from newer, higher-value in-fills.



LOOKING AHEAD TO 2017

Our on-the-ground appraisers are constantly analysing the market. Our observations so far in 2017 are as follows:

- Values are stable for single family dwellings below \$500K in most areas of Edmonton.
- For properties above \$500K, values have eroded year-over-year from the start of 2015 onwards, with appraisers “adjusting down” to reflect varying levels of depreciation. Strongest depreciation rates have been seen for higher-end acreages and suburban properties. The highest value adjustments we’ve seen are 10–20% decreases for properties above \$1.0M in these areas.
- Realistic and accurate pricing is key to selling a home in today’s market. We’re seeing overpriced/over-listed homes not selling, while those priced for today’s market conditions are selling quickly.

In the past, we’ve observed that trends in the real estate market tend to lag other economic trends. We are now seeing the results of the slower provincial economy on housing starts and real estate values. And while we want to stress that the sky is not falling, given some economic uncertainties that will continue to affect Edmonton, we don’t expect to see “boom” conditions in 2017 or 2018.

LONG-TERM ADVICE:

No matter the current trends in the residential real estate market, your home should always be viewed as an investment in your future, a place to live and call your own.

Paying off your home in the long-term means securing a place to live in the future that you don’t have to pay for. Besides, values may fluctuate in the short-term, but long-term trends typically favour the homeowner.

For more information about these trends or questions about how we got to our conclusions, feel free to contact us at

info@harrisonbowker.com

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/2.5-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.

KITCHEN RENOVATION	Best return on investment when considering functionality
PAINT	Least expensive renovation with the biggest bang for your buck Best return – Home interior
ASPHALT ROOF	Best return – Home exterior
ELECTRICAL SERVICE UPDATE (60–100 amps)	Best return – Electrical, mechanical, plumbing
FENCE (pressure treated)	Best return – Landscaping
DOUBLE-DETACHED GARAGE (heated, insulated, slab)	Best return – Garages, sunrooms, additions

HOME INTERIORS

RENOVATION	COST RANGE	% RETURN
INTERIOR PAINTING	\$3,000–5,000	80–110%
NEW FLOORING		
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	
REMODEL BATHROOM - 4pc (New fixtures, vanity, tub, shower and flooring)	\$10,000–20,000 and up	50–75%
REMODEL KITCHEN (Cabinets, flooring, countertop, appliances, lighting)		
Average quality	\$15,000–30,000	75–95%
High quality	\$40,000–70,000+	40–60%
BASEMENT REDEVELOPMENT (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%
GAS FIREPLACE		
Average quality	\$2,500–5,000	45–70%
High quality	\$5,000–10,000+	25–50%
SENIORS WALK-IN TUB	\$7,500+	0–25%

HOME EXTERIORS

RENOVATION	COST RANGE	% RETURN
SIDING		
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	50–75%
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%
ROOF		
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%
STANDARD DOORS (SINGLE)		
Exterior (basic: insulated, metal clad, embossed panels, half moon window)	\$1,500–2,000	50–75%
Interior (hollow core)	\$300–600	50–75%
DELUXE DOORS (SINGLE)		
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%
WINDOWS		
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%
SKYLIGHT (BASIC)		
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
CENTRAL VACUUM	\$1,300–1,500	30–60%
ALARM SYSTEM Monthly monitoring	\$25 and up	0–10%
HOT WATER TANK		
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%
WATER TREATMENT		
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%
AIR CONDITIONING Ranges by efficiency and sound	\$3,000–6,000	40–60%
ELECTRICAL SERVICE UPGRADE 60–100 Amps	\$5,000–6,000	40–60%
PLUMBING LINES (COPPER TO PEX)	\$3,000–6,000	25–50%

LANDSCAPING

RENOVATION	COST RANGE	% RETURN
PONDS, FOUNTAINS & ROCKS (WIDE VARIANCE)	Varies widely	10–30%
DRIVEWAYS and HARD SURFACES		
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%
RAISED DECK 12'x20' (SCREW PILE FOUNDATION)		
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%
UNDERGROUND SPRINKLER SYSTEM (FRONT AND BACK)	\$4,000–5,000	20–50%
FENCING & CURBING		
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%
TREE REMOVAL (EG, 35' SPRUCE TREE)	\$700–800	0–10%
SOD REPLACEMENT	\$2–3/sq. ft	25–50%
OUTDOOR HOT TUB JACUZZI	\$7,000–10,000 and up	5–40%

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	30–40%
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%



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