

MAKING REPAIRS PRIOR TO THE SALE



New. Just replaced. Upgraded.

Such sweet music to any buyers ears.

Before your REALTOR® puts the “For Sale” on your lawn, it is likely that you will need to make some repairs and improvements. But what kinds of repairs should you make? Do you repair larger items? Do you totally upgrade the basement? Do you hope nobody will notice?

When considering repairs on your home, consider the market and your neighbourhood. In a hot market, perhaps you will not need to do anything. Perhaps, in a buyer’s market your repairs and upgrades should be completed in order to achieve the best possible price.

Home inspections are popular

Many buyers will request a home inspection. This could work for or against a seller. Depending upon how it is written into the contract, a buyer could terminate the contract upon unsatisfactory findings or if specified repairs are not completed. He or she could also re-open negotiations. An unhappy buyer could also request a substantial discount for the cost of the repairs. The seller pays for it now or later.

Do not get carried away

Dollar-for-dollar, not all home improvements raise the value of your home. It depends on the cost and type of improvement. You could spend \$30,000 on a backyard paradise, complete with mature trees, waterfalls, rock gardens and sprinkler system. Will this mean your property is instantly worth an additional \$30,000? Unlikely.

Select renovations that will not stretch your budget. Be mindful not to over improve your home in regard to the neighbourhood. When it comes to buying a home, buyers seek the least expensive home in the most expensive neighbourhood they can afford. If your home has too many improvements, it may be priced at the high end of the local market. From a selling position, you may not get the best price. It may also take longer to sell your home. And, the longer your home stays on the market; you are more inclined to reduce the price to ensure a sale.

Perhaps you are planning to move in a few years and hoping to recover the costs. Canada Mortgage and Housing Corporation suggests the following as a payback range of typical renovations:

Kitchen	68-74%	Upgraded heating system	48-50%
Bathroom	64-71%	Landscaping	45-49%
Interior painting	62-66%	In-law or rental suite	40-42%
Exterior painting	62%	Central air-conditioning	38-43%
Main floor family room	49-56%	Energy-efficient upgrades	33-39%
Finished basement	50-52%		

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