



[Home](#) > [Advice Tailored for You](#) > [Building/Remodeling](#) > [Content](#)

# Recession Remodeling

## Building/Remodeling Industry Trends

By:

Matt Alderton

Issue Date:

September 2009



While the economic downturn has caused an undeniable housing slump, its silver lining is that it has also caused a relative remodeling surge, according to some construction industry experts. These experts suggest that because more people are staying in their homes longer, they are more inclined to remodel.

“Whenever building goes down—even in times like these—remodeling goes up,” says Suzie Williford, president of the National Kitchen & Bath Association and vice president of sales, Texas for Kiva Kitchen and Bath in Houston. “People are aware of the fact that it’s going to be hard to move, so they’re staying put and remodeling their current homes instead of buying new ones.”

But builder Fernando Pagés, author of *Building an Affordable House* and *The Affordable Remodel* and owner of Lincoln, Neb.-based Brighton Construction, has a different take. Like Williford, he says people are staying in their homes, but they aren’t spending as much as they would have.

“People aren’t spending big bucks on remodeling because they can’t sell their house and they have no equity,” Pagés says.

Whether remodeling is booming or busting depends largely on your local market. But across the board, Williford and Pagés agree that some remodeling projects are more viable right now than others. Consider, for instance, the following five types of recession-proof remodels, which are likely to benefit both the remodeler and the homeowner—one with much-needed work, the other with much-deserved pleasure (and, if they’re lucky, a little bit of long-term equity, too).

### **1. Insurance-related remodels**

Because money is there and materials are cheap, the best-performing sector of the remodeling industry, according to Pagés, is insurance-related remodeling, which includes

repairs and reconstruction financed by insurance claims in the aftermath of storms, fires and other natural disasters. “If you have a hail-damaged roof,” Pagés says, “now is a great time to replace it.”

## 2. Maintenance remodels

Even when insurance companies aren't paying for them, basic home repairs are big business during downturns, according to Seattle-based remodeler John Bratton, owner of J.W. Bratton Design/Build LLC. That's because consumers typically know their homes need work in order to make them livable today and sellable tomorrow. Because they're holding their cash so tightly, homeowners are unwilling to invest in major projects. They compromise, therefore, by pursuing minor ones. “I've been seeing a lot on the low-end scale of remodeling,” Bratton says. “Smaller fix-up projects—mini projects—are going on all the time.”

Pagés agrees and suggests many homeowners are turning to basic improvements like painting to protect the value left in their homes. “People are making repairs and keeping up on maintenance,” he says, “so there are lots of small jobs—the kind of stuff handyman services handle—available.”

## 3. Green remodels

Because money is at the center of most homeowners' remodeling decisions, a growing number seem willing to spend with the promise of saving, according to Bratton. Green remodels are doing well—despite the large initial investment that's often required—because of the long-term energy savings they promise and the short-term tax credits they offer.

“Because of energy savings and energy tax credits,” Bratton says, “people who've been putting off replacing windows and front doors, upgrading appliances and improving their insulation are moving those projects to the top of their lists.”

## 4. Lifestyle remodels

Of course, some homeowners are willing and able to spend money. Those that are, however, are no longer motivated by home equity, according to Pagés. They're motivated by lifestyle and convenience. “Housing has nothing to do with investment anymore,” Pagés says. “It's all about enjoyment.”

Homeowners aren't necessarily remodeling their homes to make them more attractive to homebuyers. Instead, they're remodeling them to make them more functional for their families—which probably means going out less and staying home more. They're focusing less on luxury and more on practicality, welcoming remodels to oft-used spaces like mudrooms and home offices in addition to usual suspects like kitchens and baths.

“People aren't remodeling because it's going to add value to their house,” Bratton says. “They're remodeling because it's going to add value to their life.”

## 5. Investment Remodels

Whether or not adding long-term value is the goal, there is always value to be added in kitchen and bath remodels; and that's money that will be realized when the time comes to sell.

“You get up to 102 percent of the money you put into bathrooms back on the sale of your

house and 91 to 95 percent on kitchens (national average),” Williford says, adding that the most popular projects right now are master bath upgrades and kitchens in to great room conversions. “There’s no other investment in your house that you get that kind of return on.”