



# How to Maximize Property Value

A 5- Steps Process

&

# Appraisal Preparation Tips

3 Suggestions from an Appraiser

“

# Hello My Name is Adam

CRA: ~5,300 appraisals, \$3.5 Billion, MBREA

CSL: WIT, Design-Build Remodel, NARI, 3x CoTY Winner

I am here to help you.



# How to Maximize Property Value

# The problem with choosing what projects to do

- Homeowners considering which updates or renovations have the biggest payoff are facing an overwhelming amount of conflicting and inaccurate information.



# There is a simple solution

- In 5 simple steps you can guide them to choose the right improvement projects for their home.



# A Success

- You can help increase their home's value, so they have a successful home selling experience.



# Marketing A Home

1. Market Conditions
2. The Neighborhood
3. The Seller
4. The Property



What to think  
about when  
maximizing  
value



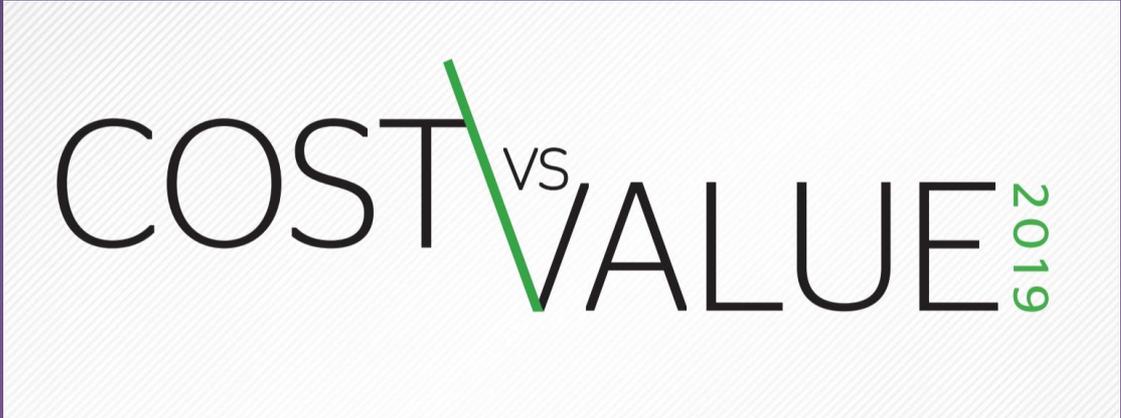
“

1. What projects generate the best return on investment?

2. Any other suggestions that maximize property value?

# Answer to Question 1

- The most reliable source for what home improvement projects will generate the best return for your clients is free ...
- ... and updated every year.



COST vs VALUE 2019

A graphic with a white background and a light gray diagonal hatched pattern. The text 'COST vs VALUE 2019' is displayed in a black, sans-serif font. A green diagonal line starts above the 'V' in 'VALUE' and extends upwards and to the left, crossing over the 'S' in 'vs'.

# Cost vs. Value 2019

COST vs. VALUE 2019

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Boston, MA

Hanley Wood

PROJECT TYPE	BOSTON			NEW ENGLAND			2019 NATIONAL AVERAGES		
	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped	Job Cost	Resale Value	Cost Recouped
Bathroom Addition   Midrange	\$ 63,227	\$ 39,006	61.7%	\$ 51,395	\$ 29,671	57.7%	\$ 47,427	\$ 28,726	60.6%
Bathroom Addition   Upscale	112,519	67,522	60.0%	93,801	52,222	55.7%	87,704	51,000	58.1%
Bath Remodel   Midrange	26,786	19,329	72.2%	21,891	15,777	72.1%	20,420	13,717	67.2%
Bath Remodel   Upscale	80,938	54,300	67.1%	68,243	41,577	60.9%	64,743	38,952	60.2%
Bath Remodel   Universal Design	41,485	29,080	70.1%	35,045	23,999	68.5%	33,374	20,868	62.5%
Minor Kitchen Remodel   Midrange	27,541	23,982	87.1%	23,706	19,207	81.0%	22,507	18,123	80.5%
Major Kitchen Remodel   Midrange	78,694	49,821	63.3%	69,129	40,795	59.0%	66,196	41,133	62.1%
Major Kitchen Remodel   Upscale	155,464	114,660	73.8%	136,941	79,292	57.9%	131,510	78,524	59.7%
Master Suite Addition   Midrange	172,533	107,151	62.1%	141,705	87,591	61.8%	130,986	77,785	59.4%
Master Suite Addition   Upscale	352,698	189,993	53.9%	292,023	151,511	51.9%	271,470	136,820	50.4%
Deck Addition   Composite	23,565	16,781	71.2%	20,211	15,229	75.3%	19,150	13,232	69.1%
Deck Addition   Wood	17,256	13,931	80.7%	14,019	10,873	77.6%	13,333	10,083	75.6%
Backyard Patio	68,167	37,817	55.5%	59,447	33,575	56.5%	56,906	31,430	55.2%
Entry Door Replacement   Steel	2,148	1,946	90.6%	1,898	1,207	63.6%	1,826	1,368	74.9%
Grand Entrance   Fiberglass	9,945	7,590	76.3%	9,161	7,293	79.6%	8,994	6,469	71.9%
Garage Door Replacement	3,845	3,973	103.3%	3,629	3,896	107.3%	3,611	3,520	97.5%
Window Replacement   Vinyl	18,666	13,537	72.5%	17,205	13,943	81.0%	16,802	12,332	73.4%
Window Replacement   Wood	23,190	17,359	74.9%	20,934	16,719	79.9%	20,526	14,530	70.8%
Siding Replacement	19,343	15,442	79.8%	16,789	14,872	88.6%	16,036	12,119	75.6%
Manufactured Stone Veneer	9,800	8,697	88.7%	9,181	8,609	93.8%	8,907	8,449	94.9%
Roofing Replacement   Asphalt Shingles	31,972	20,595	64.4%	26,485	19,593	74.0%	22,636	15,427	68.2%
Roofing Replacement   Metal	48,018	28,689	59.7%	42,780	29,148	68.1%	38,600	23,526	60.9%

CONFIDENCE LEVEL: 95% +/-6.2

CONFIDENCE LEVEL: 95% +/-1.4

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**Cost  
vs.  
Value  
2019**

**Sample  
Scope  
of  
Work**

## MINOR KITCHEN REMODEL—MIDRANGE

In functional but dated 200-square-foot kitchen with 30 linear feet of cabinetry and countertops, leave cabinet boxes in place but replace fronts with new shaker-style wood panels and drawer fronts, including new hardware. Replace cooktop/oven range and slide-in refrigerator with new energy-efficient models. Replace laminate countertops; install midpriced sink and faucet. Add new resilient flooring. Finish with painted walls, trim, and ceiling

# Cost vs. Value 2019

## The Top 5

**Cost Vs. Value compares average costs for 22 remodeling projects with the value those projects retain at resale.**

	<b>Avg \$</b>	<b>Boston</b>	<b>NE</b>
● <b>Garage Door Replacement</b>	<b>\$3,845</b>	<b>103.3%</b>	<b>107.3%</b>
● <b>Entry Door Replacement</b>	<b>\$2,148</b>	<b>90.6%</b>	<b>63.6%</b>
● <b>Re-side exterior</b>	<b>\$19,343</b>	<b>79.8%</b>	<b>88.6%</b>
● <b>Manufactured stone Veneer</b>	<b>\$9,800</b>	<b>88.7%</b>	<b>93.8%</b>
● <b>Minor Kitchen Remodel</b>	<b>\$27,541</b>	<b>87.1%</b>	<b>81.0%</b>
● <b>Deck Addition</b>	<b>\$17,256</b>	<b>80.7%</b>	<b>77.6%</b>

***Remodeling 2019 Cost vs. Value Report***

***([www.costvsvalue.com](http://www.costvsvalue.com))***

# Answer to Question 2

## 5 steps to discuss

1. **Cosmetics:** Curb appeal matters.
2. **Budget Improvements:** Modernize
3. **Declutter and stage:** Experience
4. **Home inspection:** Pre-listing
5. **Real Improvements:** Investments





# Appraisal Preparation Tips

# What to think about when Preparing to meet the Appraiser



“

**You are legally barred from  
any communication  
intended to unduly influence  
the appraisal outcome.**

# You can challenge an inaccurate appraisal

Take formal steps with the buyer's lender

1. Submit additional comparable sales
2. Request factual errors be corrected
3. Request additional explanation

“

**I believe....**

**You have to sell each home  
at least five (5) times**

# Five Times?

1. **Yourself:** Not too high(goes stale)
2. **Your Sellers:** Put their trust in you
3. **Buyers:** And their broker
4. **Appraisers:** Experienced buyers
5. **Bank Underwriter:** Investments



“

**You prepare for the other  
“sales” so...**

**How should you prepare for  
the Appraiser?**

# Bring 3 Things

1. Property info; characteristics, upgrades, positive external influences.
2. The story of the open house
3. Comparables, not “sales” !

# 1. Property info

- UAD: Approximate year kitchen & baths updated.
- UW: Permits for additions, living areas and/or amenities not reflected on public record
- A list of renovations, updates & improvements
- Actual cost of upgrades
- Anything else about the home and neighborhood that buyers feel impact market value

## 2. Tell the story

- What happened at the open house
  - List competing offers
  - Why was the buyer selected?
- 
- A word about disclosing UAG prices ...

# 3 Bring Comps

- As detailed as your sale may be...



# What is a Comp?

- This is not a comp



# What is a Comp?



How often do we see this?

# Lender Comp guidelines

- Within ½ mile or 1 mile
- Closed past 3-6 months
  
- Within 15% of value (sale price)
- 20% of Gross Living Area(GLA)
  
- Similar key characteristics
- Sales above and below value

# Lender Comp guidelines

- Provide sale with the same unusual characteristic
  - Superadequacies
  - Functional obsolescence
- 
- JUST FYI:
    1. Bracketing
    2. No across the board adjustments

# Per FNMA

- “best and most appropriate”
- “account for all factors that affect value”
- “similar physical & legal characteristics”
- “competitive and appeal to the same market participants”
- “within the same neighborhood”
- <https://www.fanniemae.com/content/guide/selling/b4/1.3/08.html>

# Under the hood of an appraisal

Proximity to Subject		0.43 miles NE		0.38 miles SE	
Sale Price	\$ 2,300,000		\$ 2,445,000		\$ 1,995,000
Sale Price/Gross Liv. Area	\$ 695.28 sq. ft.	\$ 692.63 sq. ft.		\$ 780.82 sq. ft.	
Data Source(s)		MLSPIN #72345281;DOM 6		MLSPIN #72491921;DOM 7	
Verification Source(s)		Deed/Assessor/Broker		Deed/Assessor/Broker	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment
Sale or Financing Concessions		ArmLth Withheld;0		ArmLth Cash;0	
Date of Sale/Time		s07/18;c06/18	0	s06/19;c05/19	0
Location	N;Res;	N;Res;		N;LwrVal;	99,800
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple	
Site	15663 sf	9520 sf	0	9352 sf	0
View	N;Res;	N;Res;		N;Res;	
Design (Style)	DT3;Colonial	DT2.5;Colonial		DT2.5;Colonial	
Quality of Construction	Q3	Q3	-48,900	Q3	
Actual Age	83	84	0	91	0
Condition	C3	C3	-73,400	C3	
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths	
Room Count	9 5 3.1	8 4 4.0	-15,000	10 5 2.1	30,000
Gross Living Area 140	3,308 sq. ft.	3,530 sq. ft.	-31,100	2,555 sq. ft.	105,400
Basement & Finished Rooms Below Grade	1501sf1240sfwu 1rr0br1.0ba2o	1506sf900sfwu 1rr0br0.0ba0o	11,900 25,000	1432sf827sfwo 1rr0br1.0ba2o	14,500
Functional Utility	5 Bedroom	4 Bedroom	0	5 Bedroom	
Heating/Cooling	Central/CAC	Central/CAC		Central/CAC	
Energy Efficient Items	Windows	Windows		Windows	
Garage/Carport	2gbi4dw	1gd3dw	10,000	2gbi4dw	0
Porch/Patio/Deck	EnclPorch;Deck	Porch	10,000	Patio	10,000
Original List \$	\$1,899,000	\$2,350,000	0	\$1,795,000	0
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ 111,500	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 259,700
Adjusted Sale Price of Comparables		Net Adj. -4.6% Gross Adj. 9.2%	\$ 2,333,500	Net Adj. 13.0% Gross Adj. 13.0%	\$ 2,254,700

SALES COMPARISON APPROACH

# Twelve characteristics influencing value

- 1. Location
- 2. Lot size and utility
- 3. View
- 4. Style
- 5. Age
- 6. Condition

# Twelve characteristics influencing value

- 7. Quality
- 8. Size (square feet)
- 9. Floor plan & utility
- 10. Parking
- 11. Other amenities
- 12. Time - When the home sold



# Thanks!



## GOT QUESTIONS?

You can find me at

- [info@aladdinappraisal.com](mailto:info@aladdinappraisal.com)
- 617-448-9444
- **Private Facebook Group:** Appraisers helping Greater Boston Real Estate Agents

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## Tricky listing?

Not sure what a home will appraise for?

Our pre-appraisal process gives you an accurate value using lender guidelines, so when you sell that home you already know what it should appraise for.

When accuracy matters, get the right Appraiser