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## A Good Investment

The rate of return is less than 100 percent, but for most homeowners, kitchen renovations aren't about the bottom line.

By KIMBERLY BLANTON

**K**itchens matter. Condo developers often say that the more money they spend on kitchen appliances and design, the bigger their profits. For some homeowners, however, the daily pleasures of a new kitchen are just as important as any monetary payback.

But in a market spilling over with costly stainless-steel stoves, high-tech gadgetry, and cabinets and countertops that can send renovations into six figures, the trickiest part of redoing a kitchen may be knowing how much to spend.

According to *Remodeling* magazine, the return on an average kitchen investment in recent years has been 79 to 87 percent of the remodeling costs. However, on a minor renovation, which *Remodeling* pegs at \$15,273, homeowners can expect a return of nearly 93 percent when they sell their house. The magazine's data indicate it is more difficult to get a high payback on an expensive renovation: A \$75,206 job is likely to return just 80 percent of the cost in a median-priced home.

Bruce Johnson, who with his brother, Gregg, owns the Boston kitchen design firm Lee Kimball, says an industry rule of thumb is that a homeowner can safely spend 10 to 15 percent of the value of a house on a kitchen redo. So, for example, a \$1 million house can absorb up to a \$150,000 renovation.

Real estate agents, developers, and kitchen-design professionals warn, however, that figuring the rate of return is not as one dimensional as a simple mathematical formula. Homeowners need to consider whether they plan to live in the house or condo for the long term or if they are remodeling as part of a sales strategy.

Homeowners should only indulge in an expensive kitchen makeover if they're going to stay in the house for at least three years, says Charlotte Scuderi, senior marketing agent for ERA Andrew Realty in Medford. An avid cook, Scuderi recently spent "over \$100,000" renovating her kitchen in a 250-year-old home on a half acre. "You will get your money back in that time frame in appreciation," she says, "along with enjoying it."

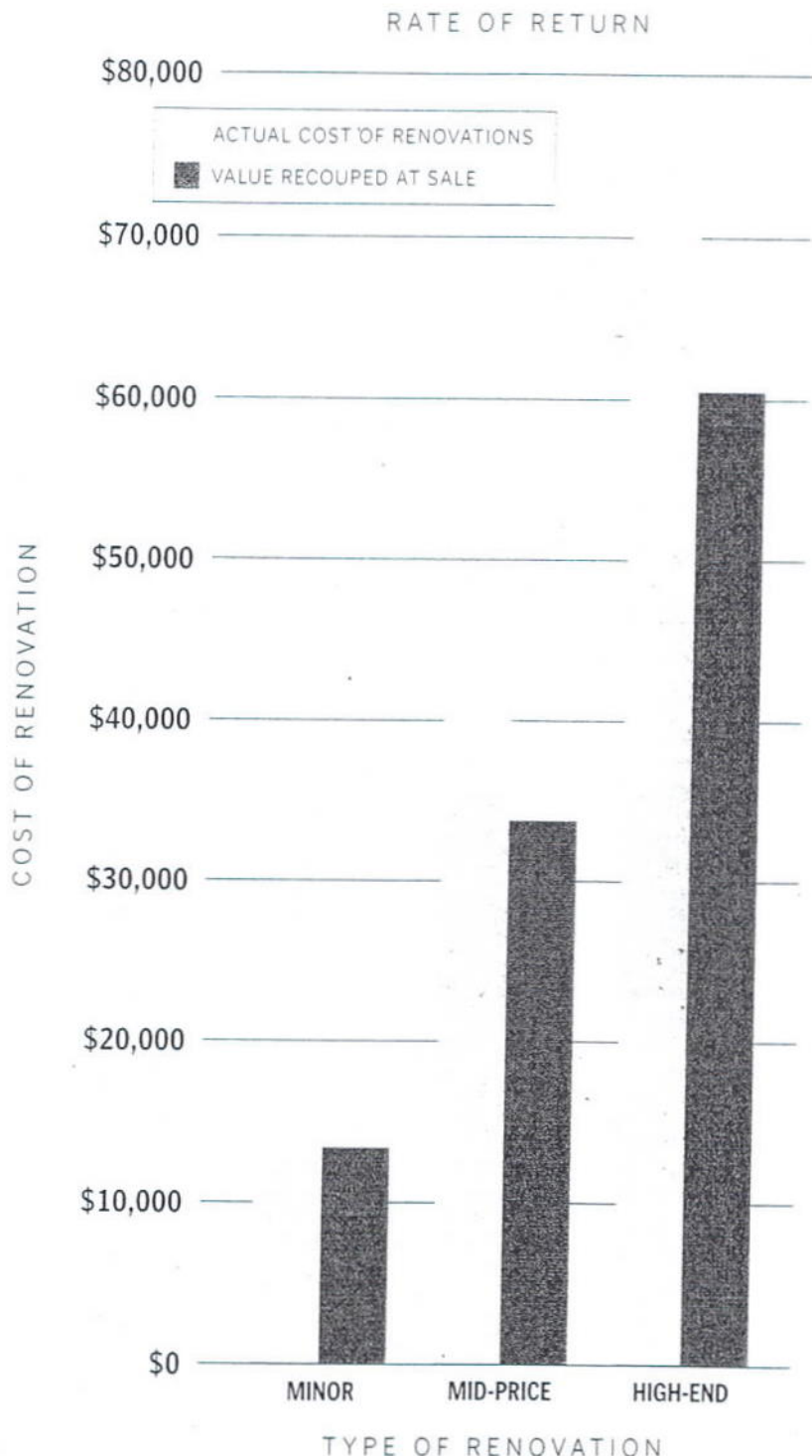
If the plan is to sell the house, she suggests a modest remodeling, so that the kitchen looks up-to-date. It's important to remember that the buyer might not like your taste and would want to do his own renovation, anyway. Another mistake sellers make, says Scuderi, is redoing the kitchen in a run-down house. "They won't get the money back," she warns, if the rest of the house is a handyman special.

"Quality cabinets are the largest expense in your kitchen," says Sean Ruck of the National Kitchen & Bath Association, a trade organization based in Hackettstown, New Jersey. But "everything's getting more expensive."

Americans spent nearly \$47.3 billion in 2004 to renovate their kitchens, a \$12 billion increase from 1999.

# Kitchen Equity

Based on national figures, in 2004, the resale value of a minor kitchen renovation (\$15,273) was nearly 93 percent of the cost of the work. However, for mid-price (\$42,660) and high-end (\$75,206) renovations, the return rate dropped to about 80 percent.



FIGURES ARE 2004 NATIONAL AVERAGES AS COMPILED BY REMODELING MAGAZINE

according to estimates by the association. A further breakdown shows that spending on high-end jobs rose at a faster rate than spending on modest renovations.

Sleek and functional are the new trends in kitchens. Highly engineered products made of quartz and polymers are replacing the more porous granite or marble as the countertops of choice. Even kitchens where little cooking is done are outfitted with state-of-the-art equipment. Warming drawers installed next to the stove coddle baked dishes. And that stove is probably a professional-style number, with

## Cost Factors

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six burners, a convection oven, and price tag to match. Technology means that dishwashers are whisper-quiet and energy-efficient. Add in the cost of computer-programmed lighting and audio and video accouterments, and it's easy to spend tens of thousands of dollars on a new kitchen.

At Lee Kimball, projects start at \$75,000 and can go as high as \$200,000, says Johnson, a certified kitchen designer.

At The Home Depot, which targets budget-conscious renovators, customers usually spend between \$8,000 and \$15,000, including cabinets, on a kitchen redo, says Kate Bemis, a Home Depot designer in the Watertown store. Home Depot sells popular stainless appliances by Maytag and Jenn-Air, brands that are generally less expensive than the Sub-Zero or Viking models that more upscale buyers favor. But consumers in this market are also influenced by the popularity of contemporary design. For example, they are buying kitchen cabinets with flat doors, rather than the old raised and grooved styles. "People want to simplify their lives," says Bemis. "They don't want all this detail."

Sleek Euro-tech is the hallmark of Arclinea Boston, a Back Bay showroom for the Italian line of cabinetry and for high-end appliances, where a homeowner can easily spend \$100,000 for the latest in European contemporary kitchens. Customers are known to spend twice that, though senior project manager Mercedes

Farrando says a galley kitchen can be done for \$20,000.

Arclinea kitchens are a big selling point at 360 Newbury Street, a new 54-unit condominium project in the Virgin Records building redesigned by noted California architect Frank Gehry in the 1980s, says Curtis Kemeny, president of Boston Residential Group, which is developing the project.

"The kitchen is a very important feature for buyers of high-end condos," he says, "particularly a high-end loft condo like this, which has a funky style to it." When funky can cost as much as \$3.5 million, outfitting units with Arclinea's kitchens, says Kemeny, means "you sell them for more, and you sell them faster."

In Cambridge, developers at the two-tower condo project Regatta Riverview Residences take a different approach. Regatta sales associate Tony Zarbano says his firm is leaving the old apartment kitchens as is so buyers can customize their spaces.

"Kitchens are very important," Zarbano says, even to people who don't cook. "They still enjoy a beautiful kitchen and a nice lifestyle that goes with it." Buyers can pick their own appliances, faucets, and cabinets — and decide how much they want to spend. **BG**

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