

## FORMULA FOR SUCCESSFUL HOME IMPROVEMENT

A leading professor from Manchester Metropolitan University working with Magnet has discovered the secret to successful home improvement.

The formula, devised by Dr David Holmes on behalf of leading kitchen manufacturer Magnet, can calculate the value that a home improvement scheme, from redecorating a room through to installing a new kitchen, will add to a property.

*Phil Spencer, TV property expert, said: As the value of any work you do to a property will ultimately be determined by what someone else is prepared to pay for it, when embarking on home improvements it is vital to consider things through the eyes of a potential buyer.*

*To truly add value, an improvement must not only increase the net value of the property, but also increase its desirability when you decide its time to move.*

*Some improvements, such as a new kitchen, can increase both value as well as saleability at modest cost. It's very important to choose fixtures and fittings that suit the price bracket of the property but a well-fitted kitchen that matches the style and feel of the home could increase the value of a property by as much as 10%.*

*It is imperative to ensure that work is carried out to the highest standard possible. Sloppy, inferior workmanship can have a negative effect on value so I would always advise using a reputable company or contractor.*

### WHAT IS THE FORMULA?

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$$VA\% = \frac{(ED+Q+P+S-AI)}{2}$$

## WHAT DOES IT ALL MEAN??

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**Value Added (VA%)** - Value added to home as a percentage of property net value

**Enhancing Design (ED)** – How well and appropriate the design is for your home

**Quality of workmanship (Q)** – As the label states quality means quality not simply cost.

**Amount Invested (AI)** – (Negatively scored) Is the cost of your improvement in keeping with your overall home value and the limit for the area.

**Practicality (P)** – Is this a practical and useful improvement

**Saleability (S)** – Will this impress buyers and speed up a sale

## HOW DO I SCORE EACH FACTOR?

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<b>Enhancing design</b>	<b>ED Score</b>
Fits seamlessly into the home but transforms its feel and focus	5
Well designed into the home	4
Standard but appropriate design	3
More afterthought than designed	2
Was this planned for a different house?	1

<b>Quality of Workmanship</b>	<b>Q Score</b>
This scheme shines with craftsmanship and precision engineering	5
A good standard of fitting throughout	4
The odd door does not close	3
This was not fitted by a specialist	2
There is more than a hint of DIY disaster here!	1

<b>Practicality</b>	<b>P Score</b>
A beautiful fusion of stylish function and durability	5
It has multiple functions and a professional look	4
This scheme has most expected features and functions	3
It is ok but pretty standard	2
This offers little beyond mere function	1

<b><u>Amount Invested</u></b>	<b>AI Score</b>
5% of the value of your home or less should show a clear profit on sale	0
8% of home value makes this scheme is a little expensive, though may show a small profit at sale	1
10% of home value will show no profit at sale	2
15% of home value – you had better enjoy this before you move as you will lose some of your investment on sale.	3
20% of home value makes this improvement too expensive for the house and possibly the area – half the value will be lost on sale	4

<b><u>Saleability</u></b>	<b>S Score</b>
Buyers do not want to leave this room . . or need to see the rest of the house and nor do you	5
Buyers return to this room as you do again and again	4
This room does not detract from a sale	3
It's a standard room. . .	2
Its new but its not selling the house	1

### **WILL THE IMPROVEMENT SCHEME ADD VALUE TO YOUR HOME?**

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<b><u>How the percentage value added to your home stacks up</u></b>	<b>%</b>
A beautiful choice, which may even add more than this, but will definitely sell your home before you consider a drop in the price	10%
A good investment	8%
Your improvement has paid for itself anything else is a bonus	6%
If you gain some pleasure from this then it may compensate	4%
Not a well thought out investment	2%
This probably cost you much more than it will ever add to your home.	0-1%

A result (VA%) between 0 and 5% indicates that the improvement will cost more than it will ever add to the home, while a result of 6% is a sound investment that will pay for itself. A result of 7% upwards is a good investment that will definitely increase the value of the home well beyond the amount invested in the improvement.