

# The Very Hungry Contractor

A Weak Economy Sends Renovation Prices Lower

Are home renovation prices coming down? Is now a good time to start a renovation project? Should you buy, sell or hold?

Every down market presents an opportunity to buy low, and the home renovation market is no different. Due to the recent economic uncertainty, many renovation construction starts have been delayed, which in turn has caused an abrupt shortage of new projects for local contractors. Within the last few months, we've had several general contractors visit or call our studio inquiring about upcoming projects - they're running out of work and want to be included on our future bid lists. General contractors are getting hungry.

Spending on residential remodeling has decreased and is expected to continue to do so into next year. Harvard's Joint Center for Housing Studies' Leading Indicator of Remodeling Activity (LIRA) predicts that spending for residential remodeling will continue to decline by an annual rate of 11.1%, until the first quarter of 2009.

That's bad news for contractors, but good news for you. Start the design process today and you could be ready to build in less than six months. If the LIRA is correct, you could time your bid with the bottom of the



residential construction slowdown.

What about the cost of building materials? With a substantial decline in national construction starts, the prices of building materials will soon

follow, pushing renovation construction costs to their lowest level in years.

But wait, there's more...

In order to stimulate the economy, the Federal Reserve

recently cut rates, which will result in still lower interest rates for construction loans and mortgages.

Hungry contractors. Lower material costs. Cheaper loans. Does it get better than that?

### **A Lay-Away Plan**

Still concerned about proceeding with your project? Here is a way for you to benefit from the tight renovation market without committing to the cost of a full construction project. Think of it as a lay-away plan.

Every renovation project has two main parts; design and construction. The cost for design contributes a small percentage to the overall cost of a renovation project. Fees for design phases performed by local residential architects typically cost less than 10% of the total cost of construction.



The architectural design process will provide you with a complete set of construction documents ready for bidding and municipal review. A copy of these documents may be held on file in your architect's office. When you are ready to move forward with your project, these documents can be immediately distributed to your bidders without delay, thus allowing you to take full advantage of the tight renovation market before prices again begin to rise.

### **Build with Confidence**

You're ready to get started, but you want to be sure you spend your dollars wisely. Whether we're experiencing good times or bad, every renovation project should be designed to suit and enhance your family's lifestyle, as well as maximize the value of your residence. Don't look to pay the lowest price though. You'll only get what you pay for.



Find a qualified residential architecture firm and they'll help you invest smartly in your home renovation project. The following are a few ways an architect can help you approach your renovation project with confidence.

### **Build "Not So Big"**

Renovation projects with the most value often reconfigure existing rooms without adding new space, by instead maximizing efficiency and providing spaces that are more appropriate to your modern way of living. Don't just add square feet to a floor plan; why pay tax on space you won't use every day? To keep costs low, additions should be proposed only after you exhaust the possibilities of efficiently using the space within your existing house.

The "Not-So-Big House" approach to building is a school of thought that focuses on quality of space over quantity. Residential architecture can be designed to have the beauty of bigger, more expensive homes, with

the character and efficiency of small ones. Design a home around the way you actually live your life. Spend your budget on the details and think about how each space might be used for multiple functions. How often do you entertain in the dining room? Can formal dining and family dining use the same table, in the same space? Do you have a living room, but want a family room? Can the living room be modified to function more appropriately for today's family?

Add lots of storage. Build in closets, cabinets, cubbies and shelves. Take a full inventory and design a place for everything, so when you are done, everything has its place.

Building "Not So Big" will give you much more for your money and will help you make a house your home. You can learn more about the "Not So Big House" approach to building at [www.notsobighouse.com](http://www.notsobighouse.com).

## Build Green

Everyone is buzzing about building green. It seems like newspapers and magazines are featuring high efficiency, sustainable homes almost every day. Whether you're renovating your kitchen or building a new house, the ideas and concepts of building green should benefit every residential project.

Building green can be pricey though. Projects that meet LEED® (Leadership in

Energy and Environmental Design) standards could cost 15 to 30% more than building with traditional methods, but you don't need to be LEED® certified to go green. Some green strategies cost no more than traditional building strategies. When designed and specified properly, your project can be built to the highest standards of workmanship with systems that maximize your budget's potential. A little bit of focus and care will go a long way toward saving energy and protecting the environment.

such as solar hot water, photovoltaic electric or geothermal heating and cooling options. These solutions may have a steep price tag up front, but over time they will decrease the cost of operating and maintaining your house.

Building green just makes sense. You can learn more about building green at the Westchester Green blog ([www.westchestergreen.org](http://www.westchestergreen.org)) or at the US Green Building Council's website ([www.usgbc.org](http://www.usgbc.org)).



Photo by Philip Jensen Carter

Select durable materials that will endure throughout the years and can be easily maintained. Specify windows that maximize daylight, but minimize heat loss. Install energy efficient heating and ventilation systems, and be sure to use appropriate insulation materials to keep the conditioned air in its proper place.

Think too about installing alternative energy systems

## Build in Phases

What's on your wish list?

Most of us don't have budgets to build everything wished for in one project. In order to achieve your dream home over time, ask your architect to develop a Master Plan.

At a schematic level, approach your project as if it would be built simultaneously. Have fun and include all the hopes,



dreams, needs and desires found on your wish list. Once complete, your Master Plan can be reduced into smaller, less expensive phases, which may be developed and built as your budget permits.

Take one step at a time and develop each phase when you are financially ready. Don't spend your money on construction drawings that will never get built. A Master Plan will prepare you well for the

future, but as your family grows and your needs change, your plan will evolve. With each step, you will want to update your Master Plan to reflect your current budget and lifestyle.

It was only a few months ago when general contractors had a full slate. They had plenty of work and little incentive to bid tightly. That has changed. While the stock market continues its historic moves

and the economy takes a breather, don't miss this rare opportunity. Contractors are hungry. Home renovations prices are dropping. If you're thinking about renovating, now is a very good time to build.

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