

Real Estate

## Ten Recession-Proof Home Improvements

[Matt Woolsey](#), 04.04.08, 6:00 PM ET

Just a few years ago, a real estate flipper could parlay a several-thousand-dollar upgrade into a substantial profit. A \$30,000 investment in new kitchen tiles, countertops and appliances, for example, might reap \$60,000 upon resale.

Those days are over. Contractors' phones are no longer ringing off the hook, and as housing prices continue to drop, cash-strapped homeowners are remodeling in different ways.

One clear favorite? Going green. "Sustainable" and "renewable" materials and appliances are in high demand based on present trends, according to the American Institute of Architects (AIA).

In Depth: 10 Recession-Proof Home Improvements

A large part of that has to do with how people now view their homes. As flipping has stalled, and many would-be sellers are sitting out the market, they're turning to green changes as a way to reduce their energy bills and improve their quality of life. Based on AIA research in February that polled 500 architects in the residential sector, buyers are willing to pay \$5,000 extra for an energy-efficient home.

Top Upgrades

Kitchens have always been home-design hot spots, and that is unlikely to change. But instead of shelling out for a stainless steel Sub-Zero refrigerator or marble countertops, homeowners are opting for renewable materials.

"There is a growing interest in eco-friendly features for kitchens, such as bamboo and cork flooring, and concrete and bamboo countertops," says Kermit Baker, the AIA's chief economist. He says that this trend continues to the bathroom, where water-saving toilets and LED lighting have displaced demand for luxury installations like towel-warming drawers, double-sink vanities and whirlpool baths.

Radiant heating, though, is a luxury buy that for some is also economical. While outfitting an 800-square-foot space with such a system, which entails installing heatable coils below the floor surface, can run between \$5,000 and \$7,000, the U.S. Department of Energy estimates that radiant heating saves 20% a year in energy costs.

While energy-efficient features like these will undoubtedly require an outlay, many come with large tax rebates. In heating costs alone, the Environmental Protection Agency estimates as much as \$465 in savings when EnergyStar windows are used to replace single-pane ones. What's more, you'll get a tax rebate of 10% of costs, up to \$200.

But before you hit up your local Home Depot (nyse: HD - news - people ), take heed. Appraisers stress that simple cosmetic touch-ups often have the highest rates of return.

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"It can be as simple as making sure landscaping looks good, or that the exterior paint is fresh," says Alan Hummel, chief appraiser of Minneapolis-based Forsythe Appraisals. "Especially with median to luxury homes, curb appeal is very important."

That means additions like carriage-style garage doors or a well-manicured flower bed. Garages, in particular, can take up one-third to one-half of a home's exterior, and a sharp door and drive might impress online house-hunters and create a favorable impression once they get there.

One final note: Given the current state of the market, you might have to settle for these improvements merely helping to sell your home faster, as opposed to netting more cash at the bargaining table.