

**The Best Time to Remodel?**

Whether it's saving two cents on a gallon of gas or investing in a major room addition, everybody wants a bargain.

Everyone loves a deal. No one likes paying retail.

If you are considering a remodeling project, now or over the next year or two, you face a number of difficult questions...

* Can I do better if I wait to remodel my home?
* Will interest rates go lower?
* Are the costs of raw materials likely to go up or down?

You might expect a professional remodeling company to argue that now is the best time, financially and otherwise, to improve your home. While it is true that a remodeler's business depends on people making that investment, there are some logical and compelling reasons to ignore the naysayers and move forward with your plans.

**Interest Rates:** We've already seen mortgage and construction loan interest rates inch up in 2011. They are likely to maintain that trend as the overall economy and demand for new homes continues to improve.

If you determine that interest rates are likely to go up, acting now can save money. Every quarter-point change in interest rates is equivalent to approximately $6,000 for each $100,000 borrowed over the course of a 30-year fixed-rate mortgage.

**Materials and Labor Costs:** We are in the middle of a commodity boom. The global demand for raw materials from countries like China and other emerging markets continue to put upward pressure on commodity prices. As the price of raw materials goes up, so do the costs of your remodeling project.

In addition, those manufacturers, suppliers, and trade contractors who are still standing after the housing bust did so by streamlining their operations and honing their costs of doing business. They are running very lean. In all likelihood, these companies will raise prices if there is an increase in demand for their services.

**Streamlined Operations:** In order for our company to prosper during this difficult business cycle, we've had to sharpen our operations and systems, cut the fat out of our ledgers and operate on thin margins. As a result we are poised to meet our current demand with better processes, improved technology and lower overhead. Those efficiencies translate into lower costs for those willing to invest in a new-home project today.

**Beyond the Pocketbook:** Remodeling also affords you the opportunity to get more of what you want in the design and finish of your home, making it more valuable to your personal enjoyment and lifestyle needs. In any economy, that logic makes sense.

If you can look past the headlines and scare tactics, you may realize that in these times, the best time to move forward on a major remodeling project may be about to slip away.