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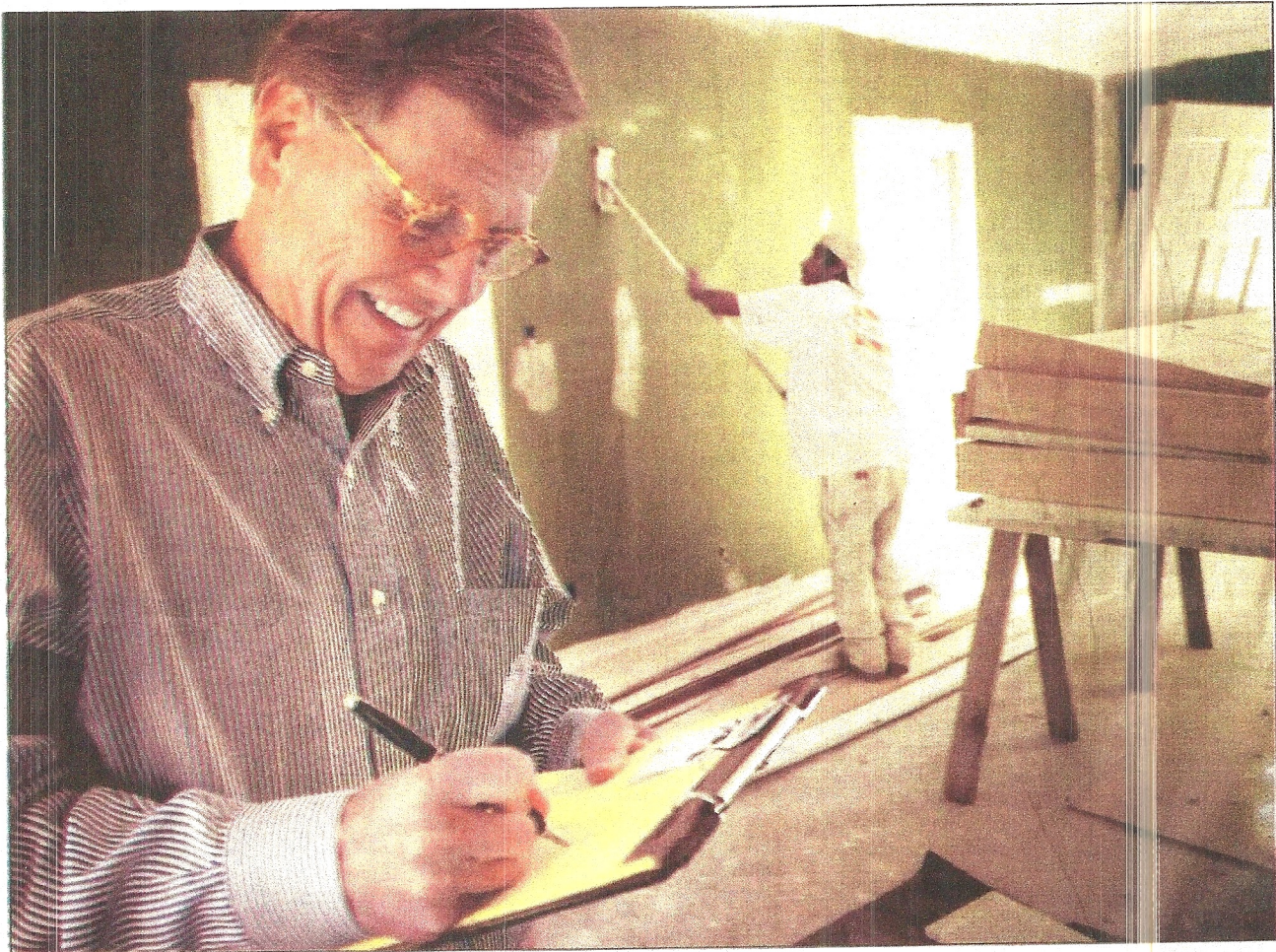
# BUSINESS

SECTION **C**

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**ECONOMY** | HOME IMPROVEMENT

## FIXER-UPPERS



Brandon Dil/Special to The Commercial Appeal

Remodeling Consultants Inc. owner Pat Mahoney has seen brisk business recently as more homeowners choose to renovate rather than move to a new house. Contractors such as Heriberto Cervantes Gutierrez (background) have also benefited from the trend.

By LISA KELLY EASON  
Special to The Commercial Appeal

The birth of their third child last year left the Rose family cramped inside their East Memphis home.

Shelley and Justin Rose considered buying a larger house, but realized that new homes were "too pricey" and decided to remodel instead.

"It was more feasible and economical at the time," Shelley Rose said. "After we looked around, we just decided it was better to add on."

The \$75,000-\$80,000 project began in June and is nearing completion. Shelley Rose said the family plans to stay another five or six years in their current home, hoping they'll recoup their remodeling expenses and more when they eventually sell.

The Rose family represents a growing trend in the Memphis area, where remodeling permits have seen a large

## Remodeling is option of choice as homeowners hunker down economically

upswing in the last two months. From September 2007 to August 2008, remodeling permits averaged 146 a month with a high of 192 in May 2008 and a low of 61 in December 2007, according to data from the Memphis Area Home Builders Association.

In September 2008, permits soared to 546, a nearly fourfold increase from the average over the previous 12 months. Through Oct. 15, permits for the month were at 422, a record pace since MAHBA

began tracking remodeling permits in September 2007.

The sluggish housing market has increased the appeal of home improvements to people looking to protect their biggest investment, said Pat Mahoney, past president of MAHBA and 2009 chairman of the association's Remodelers Council.

Homeowners decide to remodel for a variety of reasons,

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## HOMES

Mahoney said, including increasing living space; upgrading to fit their lifestyle; improving energy efficiency; or increasing the value of their homes for eventual sale. Popular projects that can increase both livability and salability include bathrooms and kitchen improvements as well as knocking down walls to combine kitchens with living areas and increase open space, he said.

Mahoney, owner of Remodeling Consultants Inc. in Germantown, predicts many local homeowners will choose remodeling over selling until the housing market rebounds, allowing them to enjoy their updated homes now, then recoup their

remodeling expenses later if they decide to sell.

Robert Denk, an economist with the National Association of Home Builders, said he's not surprised that residential remodeling permits are increasing in Memphis and elsewhere in the country. The slump in housing "makes remodeling expenditures less volatile than the housing market," he said.

In addition to people who remodel or maintain and repair a house in which they plan to remain, home improvement has increased in importance for those who are currently trying to sell, Denk said.

"As long as the housing market remains weak, there's the need to make your house the nicest one on the block," he said. The NAHB forecasts that the U.S. housing market will remain

soft through 2009 but begin to rebound in the first quarter of 2010, Denk said.

Faye Cook, president and owner of Memphis Home Improvement, said business has been "phenomenal" recently.

"People are staying in their homes; they're not moving," said Cook, past president of the National Association of the Remodeling Industry and host of the Memphis Home Improvement radio show. The threat of losing 10 percent of home equity in

today's housing market is helping drive the trend, she said.

Local seniors are investing in both the value and security of their homes, Cook said, for example, by enclosing carports into garages and installing outdoor lighting systems. She said many people are looking for "top-of-the-line" improvements, especially in kitchens and bathrooms.

"It's amazing the amount of money people are putting into improving their homes," Cook said.