

THE REAL DEAL ON & DESIGN & RENOVATION COSTS IN SOUTH FLORIDA



The Real Deal on Home Renovations

INTRODUCTION:

Thinking of renovating or expanding your home? You're not alone. According to a recent study by Houzz more than half of homeowners plan to renovate this year. With home prices continuing to rise, many people are choosing to either stay in their current homes or to buy a fixer-upper to design, renovate and expand to make their ideal home.

If you're wondering where to start, how much it might cost, or concerned with the horror stories you've heard of construction projects gone bad – reading this eBook is your first step in setting yourself up for success.

While the demand for professional design and build services has increased so has misinformation about real-world costs, project complexity and realistic timelines. Accurate information for owners has become harder to find in spite of the limitless research potential of the internet.

The average owner has little experience with major renovations and the associated costs. At best you may have been through one or two renovations, or maybe built a custom home or two. That experience gives you a better appreciation of the processes, and maybe even the mistakes you want to avoid this time around. But it still leaves you at a significant disadvantage when accurately budgeting and efficiently planning for your project.

Without an intimate knowledge of the master design, plan development, construction and project management necessary for success it's difficult to even take the first step. And without an understanding of current design and build costs it's impossible for owners to evaluate whether bids are accurate or fair.

The good news is — you're in the right place

In this eBook, we'll raise your awareness and understanding about budgeting for design and renovation. In particular, we'll help you understand what you may really need to invest in to get your dream space, how some costs are unavoidable, what you can control and what you can't. Most importantly you'll learn why the master design, plan development and project management by an experienced single point of contact saves you time, money and headaches.

So let's get started!

Why it's easy to be confused about design and renovation costs – facts vs. fantasy

“How much will my renovation cost?” is a question we get asked multiple times every week. Since you’re reading this guide right now, it’s likely a question you have as well. There are countless sources where people can get information about renovation costs. The problem is the majority of these sources will create misconceptions or unrealistic expectations. Here are the top three culprits:



- 1 Television shows and magazines get people excited about home improvement. Content is created for a broad audience and project details are at best generic in scope. This content is created primarily to draw eyeballs to increase revenues for the producers.



- 2 Homeowners often find and participate in online discussion communities. These crowd-based sources of information encompass people of all ages, from all areas of the country, with widely varying levels of income, and even wider variance in knowledge of actual costs.



- 3 Last but not least, many homeowners may collect information from a variety of word-of-mouth sources, including friends, neighbors, and co-workers.

All of this is a recipe for confusion with a guarantee of conflicting information.

How Reality Tv Is Lying To You About Interior Design And Home Renovation

Thanks to home improvement shows on cable networks, more people are interested in interior design and designing a beautiful home than ever before. A quick search on Google for “home improvement shows” yields over 50 recognizable shows covering interior design, renovations, flipping and every other conceivable angle of home improvement.

But all this media exposure is a double-edged sword. The average person's concept of the time, cost and number of moving parts involved in even a simple bath renovation has been distorted.

If you have watched a clearly entertainment-based reality show like Big Brother or the Kardashians you know they are far from reality. They're scripted and produced to entertain, draw eyeballs and generate marketing revenues. But people seem forget that home improvement shows like Fixer-Upper, Flip or Flop, Property Brothers, etc. are reality shows as well. They're produced the same way and for the same purpose.

I saw this scripting firsthand on-set with friends who were the stars of the first popular house-flipping show on A&E. 'Flip This House' kicked-off the current era of home improvement shows and it was filmed and edited primarily for entertainment.

The most popular predecessor on TV prior to this was 'This Old House'. Originally with Bob Vila This Old House was more documentary in nature as each show covered home improvement work in detail. But the new genre of home improvement shows are far from accurate depictions of reality.

The primary focus of all these shows is entertainment. The material just happens to be design, renovation and home improvement. The transformations are stunning. The interactions and activities around the projects are exciting. Supposed budgets are designed to fit a narrative. Even "flops" are either pre-planned or the actual impact on the budget is down-played.

The amount of actual work that goes into these projects is pushed to the side in order to not bog down the storyline. Depending on the scope of a renovation project, hundreds and often thousands of man-hours of work required to complete a project end up ignored or on the cutting room floors. This is necessary to trim the show down to 30 or 60-minutes.

While this is completely understandable from a production standpoint, it misleads the viewers and creates false expectations for the average homeowner looking to do similar work.

The Real World

All this is perfectly fine for entertainment. The problem is, this provides the basis on which many homeowners decide to tackle a design and renovation project. Many people end up disappointed with their project because they started with an unrealistic view of their budget, timelines and complexity involved in even the most basic design and renovation project.

It may sound as if we're down on home improvement shows. Far from it! We enjoy shows like Fixer-Upper and Flipping Out. These shows are popular for a reason. They not only entertain, they inspire everyone who watches with the level of transformation possible when they start with a great design. The difference is, can you tell the wheat from the chaff?



For the Studio 818 team, nearly a decade of designing and developing our own Designer Spec Homes has given us unique insight into the costs and best practices for successfully completing dramatic whole-property transformations. Nowhere is this knowledge more critical than in the unique building environment of South Florida.

John-Paul has invested in and developed real estate since 1995 across the country. Starting with commercial and residential development in New Jersey, he then moved to Hawaii for residential re-development on Oahu for 8 years, then on to large multi-family properties in Texas and flipping homes in Southern California at the bottom of the market created by the "Great Recession." Now after developing dozens of homes in South Florida, we can say with confidence that South Florida has some of the highest costs and most unique building code requirements in the U.S.

We'll get to more specifics on interior design and home renovation in South Florida later in this eBook, but for now, let's take a look at some of the key factors that impact budget numbers.

Six key factors that impact your budget

Let me start by saying that no one can tell you exactly what budget is required to achieve your specific design goals without seeing the site-conditions, understanding your specific requirements and having a thoroughly detailed master design documented for your project.

Each project is different and involves dozens of factors that impact the budget. Just as every person and property is unique, so is every project and its required budget. But we can help you develop a more realistic preliminary budget before you meet with your design team.

The purpose of this eBook is to share a insight into general costs so you can form a more realistic expectation for your project budget. Whether your project is a new expanded kitchen, a whole-house renovation or a complete gut-rehab with additions, success begins with setting realistic expectations for the budget, complexities and timelines.

Like your actual final budget, an estimated/preliminary budget is driven by six primary factors. Three are in your control and three are set by your home or property.

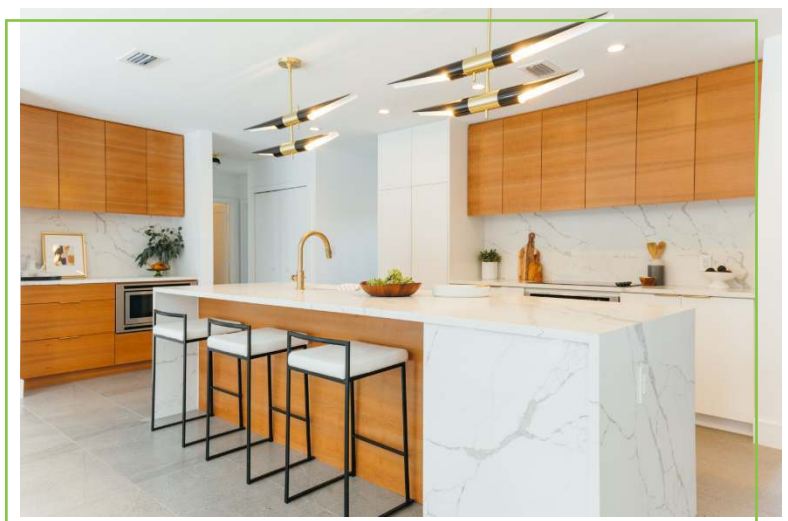
THE THREE FACTORS IN YOUR CONTROL:

- ❶ **Your requirements and wish list.** This includes such things as the level of customization and amount of major upgrades you'd like in your dream home.
- ❷ **The total square footage you want.** Sometimes this will require expanding rooms or adding on a completely new wing to the home.
- ❸ **Material selection** is the third big cost differentiator under your control. Tile for the kitchen backsplash, flooring materials, plumbing and electrical fixtures, cabinetry and millwork – there are different grades of quality for each. And they all need to be carefully combined and sourced in order to meet budget expectations.

THE THREE BUDGET FACTORS DETERMINED BY YOUR HOME OR PROPERTY:

- 4. AGE AND CONDITION OF THE HOME.** How deep of a renovation is actually required? For example, if the home you're re-designing and renovating was built prior to the late 1970's then the improvements you need to make to structural components and systems are requirements – they are not a choice. These improvements can be required due to current building codes, practical functionality and reliability.
- 5. ACTUAL SQUARE FOOTAGE OF YOUR EXISTING HOME.** It's as simple as it sounds. Your existing home is a specific size. Either the size works for you and or it doesn't. (The good news is that in many cases, an experienced interior architect and designer can take a small funky floor plan and re-design the space to create incredible flow and function within the same footprint.)
- 6. THE EXISTING STRUCTURE OF YOUR HOME VS. YOUR REQUIRED FLOOR PLAN.** This is different than actual size. Sometimes the structure of the existing home will not allow floor plan reconfiguration no matter how good the designer is. For example, the goal of having an open-concept living area becomes more complex when the existing floor plan is chopped up by structural walls peppered throughout the interior of the house. This leads to changing interior walls, adding additional square footage, and reconfiguring exterior window and door openings.

All these factors contribute to project costs and must be taken into consideration, which can seem overwhelming when analyzing this on your own. In order to avoid disappointment down the road, it's critical to have as accurate idea of what the design and renovation of your home is going to cost.



What should my budget be?

Costs in context

When determining your projected budget for home design and renovation, it should be viewed as an investment. To maximize your ROI, decisions need to be based on a thorough understanding of real estate values in your neighborhood.

Just like property values can vary substantially from one neighborhood to the next, renovation costs can and should as well. Complete a renovation with a subpar floor plan or the wrong quality of materials relative to the neighborhood and you end up with a bad investment. Here are the two ways this usually happens.

UNDERSPENDING

The most common budgeting mistake, regardless of the neighborhood, is to budget too little for professional design and for the actual construction work. At first glance, spending less money may seem like a good idea when talking about ROI. But taking the cheap route is often counter-intuitive. Homeowners who cut corners by attempting to cobble together a design from Pinterest images, or by going with the cheapest material options available actually end up losing money from an investment viewpoint.

Homeowners who take this route still spend (invest) a significant amount of money to “renovate.” However the increase in the resale or appraisal value of the home (the return on investment) is minimized. When it comes time to sell potential buyers, the buyer’s appraiser (or both) see the improvements made as a hodge-podge design with sub-par finishes they’ll need to spend money on fixing.

In many cases, not upgrading enough relative to the neighborhood means buyers see little difference between your home and a completely outdated home that was renovated 25-years ago. That’s because they figure they’re going to need to budget for at least a cosmetic renovation on both homes. And when the blatantly outdated home is thousands of dollars cheaper than yours, guess which one they’re going to choose?

When we consult with homebuyers looking for a fixer-upper using Studio 818’s [Buy-It-Right Program](#), John-Paul will always steer our clients to an obviously outdated or

neglected home, because we can see exactly what we're dealing with. Cheap cosmetic renovations will always yield more surprises, which means you're more likely to blow your budget . . . AND you'll have no choice but to shell out the extra dough because you've already started the work.

OVERSPENDING

The opposite extreme of budgeting too little for design and construction is spending too much. Most commonly, this is the case when a homeowner says, "This is my forever home, so I want it exactly as I've always dreamed."

If that's true then that's a justifiable personal decision since the impact on the property value is not a primary consideration. But in general, the end result of a whole-house design and renovation should be to get a return on investment when you sell. That means keeping the budget in line with the neighborhood home values is key.

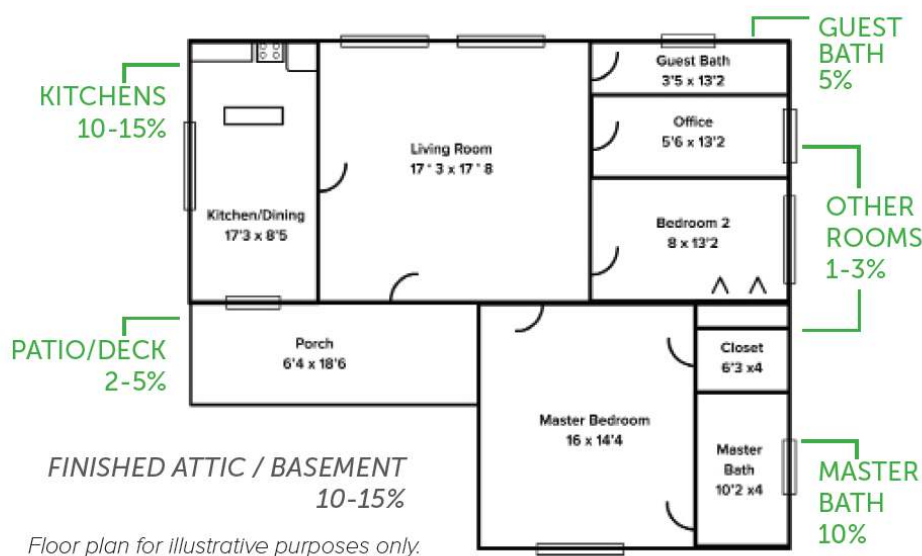
When it comes to keeping the budget in check while still ending up with that "wow-factor," a professional designer experienced in whole-house design and construction is the answer. When professionally designed, the improvements you make to your property will generate an increase in value of the property that will match or exceed your investment.

Even better is working with a team that has substantial real estate investment and development experience. There are very few design firms in the US with this unique blending of expertise. Studio 818 is one of them. That experience and expertise equips us to accurately project your ROI for improvements through the increase in the post-improvement value of your property.

DETERMINING THE “RIGHT” BUDGET BASED ON PROPERTY VALUES


The following general guideline will help provide some perspective on what your budget should be for particular rooms based on property valuations. The graphic below is from an interview *Money Magazine* did with appraiser John Bredemeyer, a spokesman for the Appraisal Institute. Mr. Bredemeyer suggests renovations be budgeted based on the approximate value of each room as a percentage of the overall value of the home.

If you have an idea of what your budget is, this guideline will help make sure the budget you're planning is realistic. Because it puts your particular home into context with neighborhood market values, it also helps you stay in a reasonable budget range without overspending or underspending.



What's critical to understand when looking at property values is to do your analysis based on after upgrade value. That means looking at the sales prices of recently sold fully improved comparable properties. For the most accurate numbers your budget projections cannot be based on your property's current value alone.

For example; if your home was built in 1960 and has the original or out-of-date kitchen and baths along with other areas of deferred maintenance such as roof, cast-iron sewers, hurricane strapping, etc. -- your property could be currently valued as much as \$300,000-\$400,000 less than a fully rebuilt home of the same square footage in your neighborhood.



What's needed is a real estate investment professional who can research to find out what the range of market values for homes sold in the last year that are similar to the size and configuration of your home. From there, you would have a more accurate idea of the actual value of your home after renovations.

The percentages Mr. Bredemeyer shared should be based on the after-improvement value of the home, not its current appraised value. So, for example, based on the recommendations from the previous page's graphic let's say a property valued at \$500,000. You could reasonably expect to budget \$50,000 for a master bathroom renovation for that home.

In a \$1,000,000 home, perhaps a more realistic budget is closer to \$100,000. It doesn't necessarily mean you have to invest that much, but these numbers can serve as a benchmark when budgeting and help you avoid underspending or overspending.

Keep in mind that the advice shared by Bredemeyer is focused on a room by room breakdown of the home and primarily is addressing cosmetic renovations. This does not include rebuilding the "guts" of the home with things like all-new; sewers, electrical wiring, complete HVAC systems, etc.

For those added complexities PLUS budgeting for the unique building requirements in South Florida -- let's dive deeper.

Budgeting for whole-house renovations in South Florida

Projecting a budget for whole-house transformations are trickier than the room-by-room guidelines provided in the previous section. When you add the unique challenges of home construction in South Florida, you definitely need a better understanding of what you could be facing.

In South Florida many homes in coastal areas East of I-95 were built more than 50 years ago. They are outdated with regards to function, flow and design. Even homes built 10-20 years ago in the western suburbs of South Florida are significantly outdated and need at least an updated design and cosmetic renovation.

When tackling the design of an existing home, your project will fall into one of two categories: whole-house renovation or gut-rehab & expansion.

WHOLE-HOUSE RENOVATIONS

A whole-house renovation is defined as a surface-level or cosmetic design project. A whole-house renovation generally includes minor floor plan reconfiguration, little or no structural modifications, and a new design with cosmetic renovation of all rooms in the home.

This level project would be applicable for many homes built after 1980, and almost all homes built after 1995. A whole-house renovation is primarily focused on the function and flow, finishes and overall design aesthetic.



GUT-REHABS & EXPANSIONS

If you're considering a whole-house project, particularly if it is located East of I-95 in South Florida you have a high probability of falling into this category. Not by choice. But because of the age of the home and the structural components and operating systems hidden under the slab, behind the walls and in the attic. Many homes in these areas were built in the 1950s, 60s and 70s,

Gut-rehabs are defined as structural-level whole-house design projects with a major floor plan reconfiguration, including structural modifications and/or additions. It also includes the re-orientation and/or replacement of core systems like electric, underground plumbing, HVAC and insulation.

This level project is normally completed on structures where the family plans to live in the home long-term and wants to be free of major unexpected expenditures. Gut-rehabs are also completed when the owner wants to maximize resale value in the short term.



NOTE: It's important to understand that this level of design and construction is in all practical terms giving you a new home. This level of project should give you 10+ years without major expenses arising for the maintenance and care of your property.

Everything is relative, but when you consider that a project investment of this level will give you most of the benefits of a new brand-new home for 10% to 20% less than a new build, this approach on the right home can be a wise investment.

THE SOUTH FLORIDA DESIGN & RENOVATION BUDGET MATRIX

When you're considering a whole-house renovation or gut-rehab our simple Design & Renovation Budget Matrix developed specifically for South Florida will help you calculate a rough budget for your preliminary planning. This custom cost matrix is based on John-Paul's experience with hundreds of design and development projects across the U.S. and dozens of our own designer-rebuilt homes in South Florida.



HOW TO USE THE MATRIX

The project scope identified across the top rows of the matrix match the definitions of whole-house renovations and gut-rebuilds provided above.

To determine a realistic preliminary-budget for your project, simply multiply the square footage of the living area of your home by the cost/Sf. you choose from the matrix below. The costs provided in the matrix are for estimating your preliminary budget ONLY.

Since we do not yet know the scope of your project, we cannot determine the exact cost for either interior design or architectural services. However, we have included in the cost/Sf. an allowance for basic interior design, architectural and engineering costs. Also, please note that renovation costs for condominiums will be less due to exterior and systems-related items being under common ownership.

STUDIO 818			
DESIGN & RENOVATION BUDGET MATRIX			
This matrix is based on 2018 residential construction codes in South Florida. The costs/Sf. for condominiums will be less than single-family homes due to the plumbing and exterior items being under common ownership.			
Level of Finishes	Gut-Rehab	Renovation	Kitchen ONLY
Basic	\$125/Sf.	\$75/Sf.	\$325/Sf.
Mid-Market	\$175/Sf.	\$125/Sf.	\$450/Sf.
Luxury	\$250/Sf.+	\$200/Sf.+	\$600/Sf.+

** NOTE: The base budgets provided above are for general guidelines only in determining a rough overall budget or budget-range. The final budget can vary up or down significantly based on actual square footage, quality of finishes, site conditions, etc. The cost per Sf. figures above include the investment for design, materials, construction and designer-led project management. Furniture, furnishings or design costs related to those items are not included. These cost guidelines are provided as general information only so be sure to schedule a free discovery call to review the actual scope of your project.*

Maximizing your budget

Studio 818's design + build management processes are a big benefit when budgeting. Before a shovel goes in the ground or a hammer swings on your project you can rest assured that you'll know exactly what investment is required. This level of detail requires a true partnership between you and our design team.

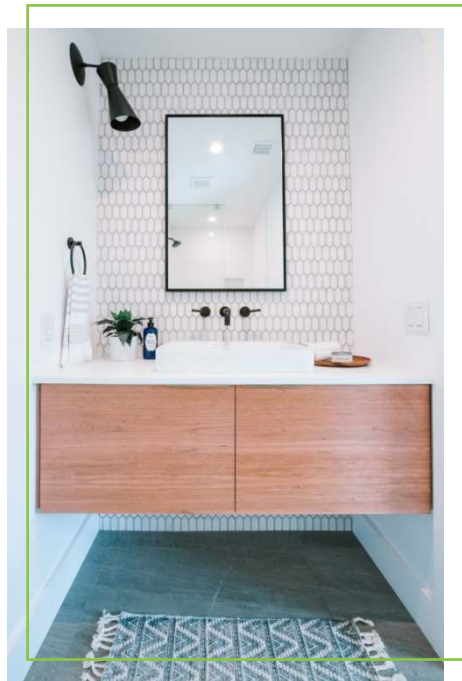
We take great pride in our client focus. We dig deep to draw out, clarify and define your goals, and our clients trust us to deliver exceptional results. Our systems are fine-tuned to streamline the entire design and build process thereby protecting the time of our clients.

Our Design + Build Management process simplifies your life by providing you a single point of contact and one single source of responsibility for your entire project. We handle the master-design along with all the moving parts necessary to successfully build it as designed — from your first idea to the last pillow placed.

Our process is designer-led which is unique in the home renovation arena. In conventional home-building and renovation processes design and construction operate on two separate planes. This structure often leads to miscommunication, unnecessary change orders, delays and even adversarial relationships. The designer-led approach solves this problem.

Learn more about the advantages of the designer-led process [here](#) and [here](#).

Learn more about our full-service design services at [Studio818.design](https://studio818.design).



Getting started: the next step

Using this eBook on our own to do a preliminary budget analysis is only the first step. Your next step is to schedule your free discovery call where we can investigate your project more thoroughly. We'd love to hear about your project and see if the Studio 818 team is the right fit to bring your dream design to reality.

You can schedule a date and time right now as well as introduce yourself and give us a basic overview of your project in preparation for your discovery call. To schedule your free discovery call, simply visit www.Studio818.design and go to the contact page to schedule or click the link below to get the ball rolling.

