CONSUMER GUIDE: HIRING A REMODELING CONTRACTOR

Do you have a home-improvement project on the horizon? Whether you're looking to renovate a home you've just purchased, improve the value of your home before you sell it, or just bring more joy to your life, a remodeling contractor will make the process easier, mitigate potential costly errors and ensure that your projects are up to code.

Americans are expected to spend $608 billion on U.S. residential remodeling in 2025, according to the Improving America's Housing 2025 report by the Joint Center for Housing Studies at Harvard University. The payoff can be high for homeowners' enjoyment as well as a good return on investment. For its 2025 Remodeling Impact Report, the National Association of REALTORS® asked its members to estimate what homeowners could expect to recover at resale on the cost of various home-improvement projects. The projects with the highest cost recovery were small upgrades: a new steel front door (100%), a closet renovation (83%) and a new fiberglass front door (80%). The report also asked homeowners to rate their happiness with recent renovations. Projects that brought owners the most joy: primary bedroom suite addition, kitchen upgrade and a new roof.

How do I find a remodeling contractor?

To find a reputable remodeler, seek referrals from friends and professionals. Real estate practitioners who are REALTORS® often have a strong network of trusted contractors. Other resources can also be found through online research and remodeling trade organizations. Interview at least three contractors, gather bids and research the companies.

What should I look for in a remodeling contractor?

Look for someone who has extensive experience with your type of project; is licensed and insured; can provide a contract that details the scope and cost of the work; and is professional and easy to communicate with.

What questions should I ask a remodeler before signing a contract?

- How long have you been in the business?
- Who will work on the project? Are they employees or subcontractors?
- Will you secure all necessary permits and approvals?
- Will you provide me with a contract that spells out the scope of the work, the timeline for completion and total cost?
- What allowances are in your contract bid? (Allowances are line items in the contract where the cost is yet to be determined; these variable costs can drive up the total cost of the project, so try to minimize any surprises by asking for a breakdown of all materials and products needed for the project, when possible.)
- Are you licensed for the work to be performed, bonded and insured? (Bonding protects you if your home is damaged; insurance protects the contractor and workers.) How much insurance do you carry and what does it cover? (Always verify that the policy is active.)
- How will you communicate with me during the project?
- Can you provide a list of references of similar projects you have done?

Possible red flags to avoid

Avoid signing a vague contract that contains too many allowances or a contract that asks for a large down payment or full payment before the project is complete. The lowest estimates are not always the best option, so review bids carefully to make sure all materials and costs are spelled out. Before signing a contract, consider consulting an attorney to ensure understanding.

A little bit of due diligence will ensure a smooth remodeling project that will increase not only the enjoyment of your home but also its future resale value.

Your real estate agent will help you navigate the purchase or sale of a home. An attorney can provide guidance on the laws in the state where you're purchasing. Only real estate professionals who are members of the National Association of REALTORS® may use the term REALTOR®. Under the NAR's Code of Ethics, REALTORS® must work in their client's best interest and treat all parties fairly. Please visit facts.realtor for more information and resources.