

Making the Right Move: When to Renovate vs. Relocate



BY CTW FEATURES

Q: “We’ve been thinking about getting a bigger house as our family grows, but between interest rates and rising prices, we’re not sure if we should move. How can we determine if it’s best to renovate or buy a new place?”

Growing families face this dilemma constantly, and there’s rarely a one-size-fits-all answer. The decision hinges on several financial and lifestyle factors that deserve careful consideration.

Start with the Numbers

Begin by calculating what you’d actually spend on each option. For renovating, get detailed quotes from contractors for the changes you need, then add 15-20% for unexpected costs that inevitably arise. For buying, factor in your new mortgage payment at current rates, closing costs, moving expenses, and any immediate repairs or updates the new place might need.

Here’s where your current mortgage rate becomes crucial. If you locked in a rate below 4% in recent years, moving to a new home at today’s higher rates could significantly increase your monthly payment, even if you’re not buying a substantially more expensive property. Run the numbers on a mortgage calculator to see the real impact on your budget.

Consider Your Home’s Potential

Walk through your current home with fresh eyes. Can the space you have actually accommodate your family’s needs with smart renovations? Sometimes what feels like a space shortage is really a layout problem. Knocking down a wall, finishing a basement, or adding a bathroom can transform how your home functions without the massive expense and disruption of moving.

However, some limitations can’t be renovated away. If you’re on a small lot with zoning restrictions, or your home’s foundation and structure can’t support an addition, renovation might not give you the space you truly need.

Think Beyond Square Footage

Don’t focus solely on size. Consider your neighborhood, schools, commute times, and community connections. These factors often have more impact on daily happiness than extra square footage. If you love where you live and your kids are thriving in their schools, renovating lets you keep those intangible benefits while gaining the space you need.

On the flip side, if your current location no longer serves your family’s needs, no amount of renovation

will fix that fundamental mismatch.

Evaluate Your Timeline

Renovations typically take longer than expected and can be disruptive to live through. Can your family manage the chaos for several months? Conversely, selling and buying in today’s competitive market brings its own stress and uncertainty.

Also consider how long you plan to stay. If you’re thinking you might move again in three to five years, extensive renovations might not make financial sense. But if you plan to stay for a decade or more, investing in your current home could be the smarter choice.

Look at Appreciation Potential

Research comparable homes in your neighborhood. If you renovate, will your improved home’s value still align with the area? Over-improving your neighborhood means you won’t recoup your investment if you eventually sell. Similarly, if you’re considering buying, look at the new neighborhood’s price trends and growth potential.

Get Professional Input

Before deciding, consult with three professionals: a contractor to reality-check renovation costs and feasibility, a real estate agent to assess your current home’s value and what you could buy in your desired price range, and a financial advisor or mortgage broker to model both scenarios’ long-term financial impact.

Remember, this isn’t purely a financial decision, though finances matter greatly. Your family’s happiness, stability, and quality of life should weigh heavily in the equation. Sometimes the “wrong” financial choice is the right life choice, and vice versa.

Take your time with this decision. The housing market will still be there in a few months, and rushing into either renovations or a purchase rarely leads to satisfaction. Gather your information, run your numbers, and trust yourself to make the choice that serves your family’s needs both now and in the years ahead.

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