



FIRST CLASS REALTY & PROPERTY MANAGEMENT

Property Improvement ROI Worksheet

Should you renovate?

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DOWNLOADABLE OWNER RESOURCE

Prepared by First Class Realty & Property Management

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Before You Approve Improvements

Not every improvement is a good investment. Some repairs protect the asset. Some upgrades increase rent. Some only make the owner feel better.

Renovation standard: separate required repairs, market-driven improvements, and low-return cosmetic spending before approving work.

This resource is a planning aid for rental owners and investors. It does not replace legal, tax, insurance, code, or licensed contractor guidance for a specific property.

1. Required repair

- Needed for safety, habitability, code, insurance, access, water intrusion, or basic function. ROI is risk reduction.

2. Rent-driving upgrade

- Likely to improve rent, days on market, tenant quality, renewal strength, or long-term asset value.

3. Cosmetic preference

- May look better but does not clearly change rent, speed, resident demand, or future maintenance cost.

4. Capital planning

- Large items should be planned around lease timing, reserves, tax treatment, and useful life - not panic decisions.

Before Spending Money, Ask

- Will this raise rent, reduce vacancy, prevent damage, or lower future maintenance?
- Is this expected by the market or just preferred by the owner?
- Should this be done now, at renewal, at turnover, or as part of a larger scope?
- Will the finished property support the target rent with current competition?

Renovation Math That Matters

Use simple math first. A beautiful improvement is still a bad investment if the market will not pay for it.

Quick ROI Formula

Monthly rent increase x 12 = annual income increase

Annual income increase / improvement cost = simple annual return

Example: a \$150 monthly rent increase equals \$1,800 per year. If the work costs \$6,000, the simple annual return is 30% before other variables.

Variables That Change the Decision

- Expected rent increase and whether active competition supports it.
- Expected reduction in vacancy time or days on market.
- Useful life of the improvement and likely future maintenance savings.
- Whether the property is occupied, vacant, renewing, or turning over.
- Owner reserve position and whether the work creates a payout problem.
- Tax treatment should be discussed with a CPA. Repairs and capital improvements may be handled differently.

Good Renovation Decisions Usually Do One of These

- Protect the structure or prevent a known failure.
- Make the rental competitive at the target rent range.
- Reduce turnover friction, complaints, or repeated service calls.
- Improve long-term asset durability without over-improving for the neighborhood.

Common Rental Improvements

Use this as a screening tool. The right answer depends on property class, neighborhood, resident profile, competition, and current condition.

Improvement	Likely ROI Signal	Decision Notes
Paint	High if walls are worn	Freshens photos and showings; avoid odd colors.
Flooring	High when stained/damaged	Durable LVP can reduce future turnover issues.
Lighting	Medium/high	Modern fixtures can improve photos at lower cost.
Hardware/faucets	Medium	Good low-cost refresh when cabinets/vanities are usable.
Appliances	Medium	Replace for function, consistency, or strong market expectation.
Landscaping	Medium	Helps first impression; avoid high-maintenance upgrades.
Full kitchen remodel	Case-by-case	Can be overkill unless rent lift and asset value support it.
Full bath remodel	Case-by-case	Worth it if condition is dated, damaged, or market-limiting.
Roof/HVAC/water heater	Required/planning	Often risk reduction more than rent increase.
Luxury finishes	Usually low for rentals	May not pay back unless market class demands it.

Improvement ROI Worksheet

Print one page per proposed improvement or use one page to compare multiple scopes.

Property + Scope

Property address: _____

Improvement being considered: _____

Reason for work: _____

Financial Estimate

Input	Amount	Notes
Estimated work cost	\$	
Estimated rent before work	\$ / month	
Estimated rent after work	\$ / month	
Monthly rent increase	\$ / month	
Annual income increase	\$ / year	
Estimated vacancy days saved	days	
Estimated useful life	years	
Simple annual return	%	

Decision

- Approve now
- Get another estimate
- Defer until turnover
- Do required repair only
- Do not renovate
- Review with CPA/insurance/contractor before deciding

Occupied vs Turnover Decision

Timing matters. Some work is best handled while occupied, but most disruptive improvements belong in a planned turnover scope.

Better While Occupied

- Urgent repairs affecting safety, security, habitability, leaks, heat, cooling, or electrical concerns.
- Small exterior repairs that do not disturb the resident significantly.
- Preventive HVAC, plumbing, pest, gutter, drainage, or roof work that protects the asset.
- Appliance replacements when failure has occurred or is imminent.
- Lease compliance repairs when resident-caused damage must be documented and addressed.

Better at Turnover

- Paint, flooring, deep cleaning, cabinet refresh, fixture packages, and broad cosmetic work.
- Multiple trade projects requiring access, dust, noise, or several days of disruption.
- Kitchen or bath upgrades that affect water access or daily use.
- Work that changes rent positioning and should be completed before new photos.
- Projects that require vacant possession to scope accurately and complete efficiently.

Timing Rule

- Do urgent repairs now. Plan cosmetic and rent-positioning work around turnover whenever possible.
- Do not promise a rent increase based on work that is not approved, scheduled, or likely to be finished before marketing.
- If work delays listing, compare the rent gain against vacancy cost.

Renovation Decision

Use this page to make the final approve, revise, defer, or decline decision.

Final Review Checklist

- The work is required for safety, habitability, function, or asset protection - or it has a clear rent/market reason.
- The estimated rent increase is supported by active competition and property condition.
- The owner understands the cost, timing, disruption, and expected useful life.
- The work is timed correctly for occupied status, renewal, turnover, or marketing.
- The decision is documented with estimate, approval, photos, and expected outcome.
- Any tax treatment questions will be reviewed with a CPA.

Notes / Owner Decisions

First Class Realty & Property Management

Owner-focused rental management for investors who want cleaner operations, clearer reporting, and fewer preventable surprises.
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