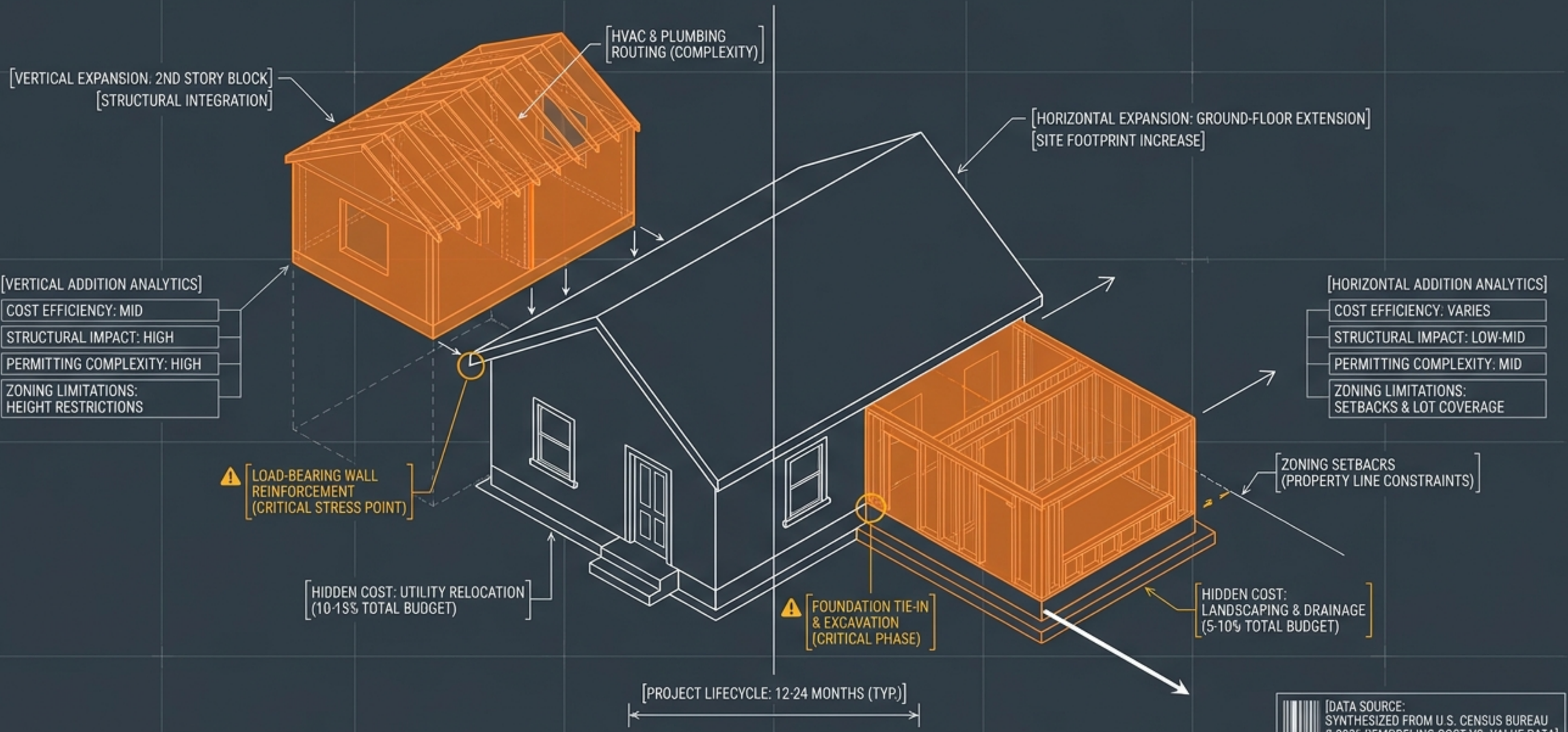
UP OR OUT? THE 2026 **HOME ADDITION GUIDE**

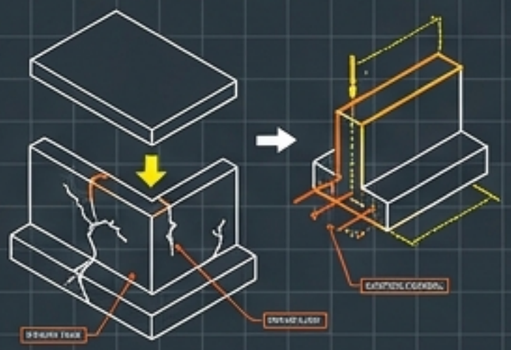
Moving beyond square-footage myths to the structural, financial, and zoning realities.



The Core Myth vs. The Engineering Reality

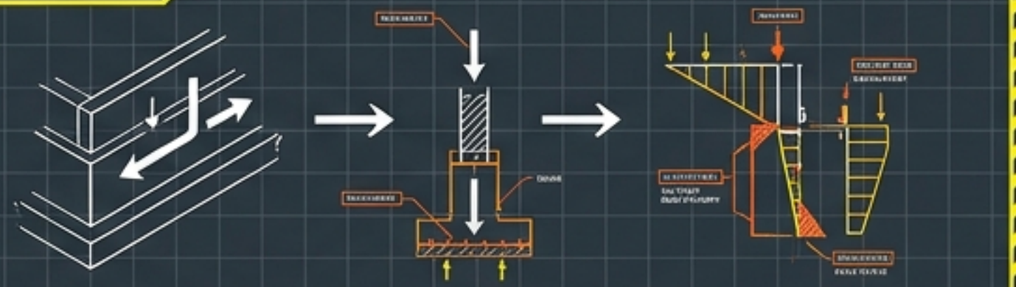
THE MYTH

~~I already own the footprint, so a second story is inherently cheaper.~~



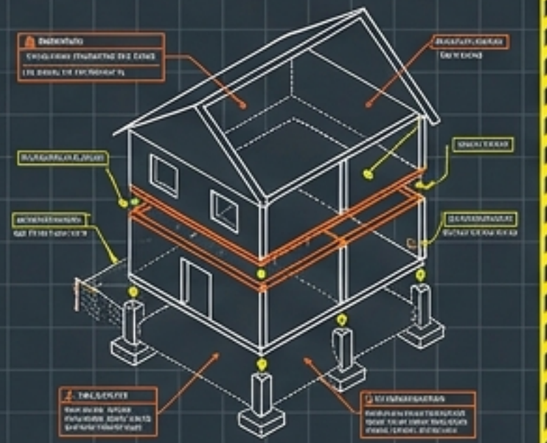
The Trap: Trading the predictable cost of a new concrete slab for the highly **variable cost** of retrofitting an existing foundation.

THE REALITY

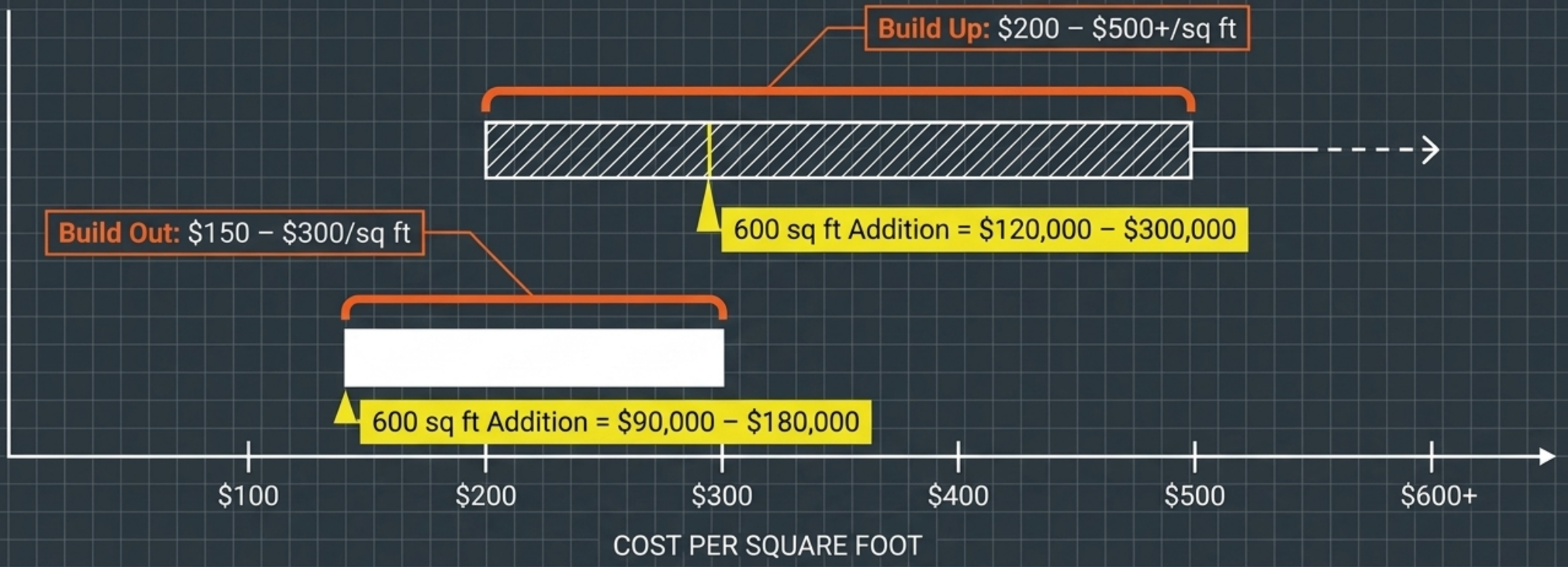


Second-Story Addition = Structural Engineering Project → Construction Project

The Reality: The original foundation was almost certainly **not designed** to carry the **load** of a second floor. You aren't avoiding foundation work; you are **complicating it**.



The 2026 National Cost Reality

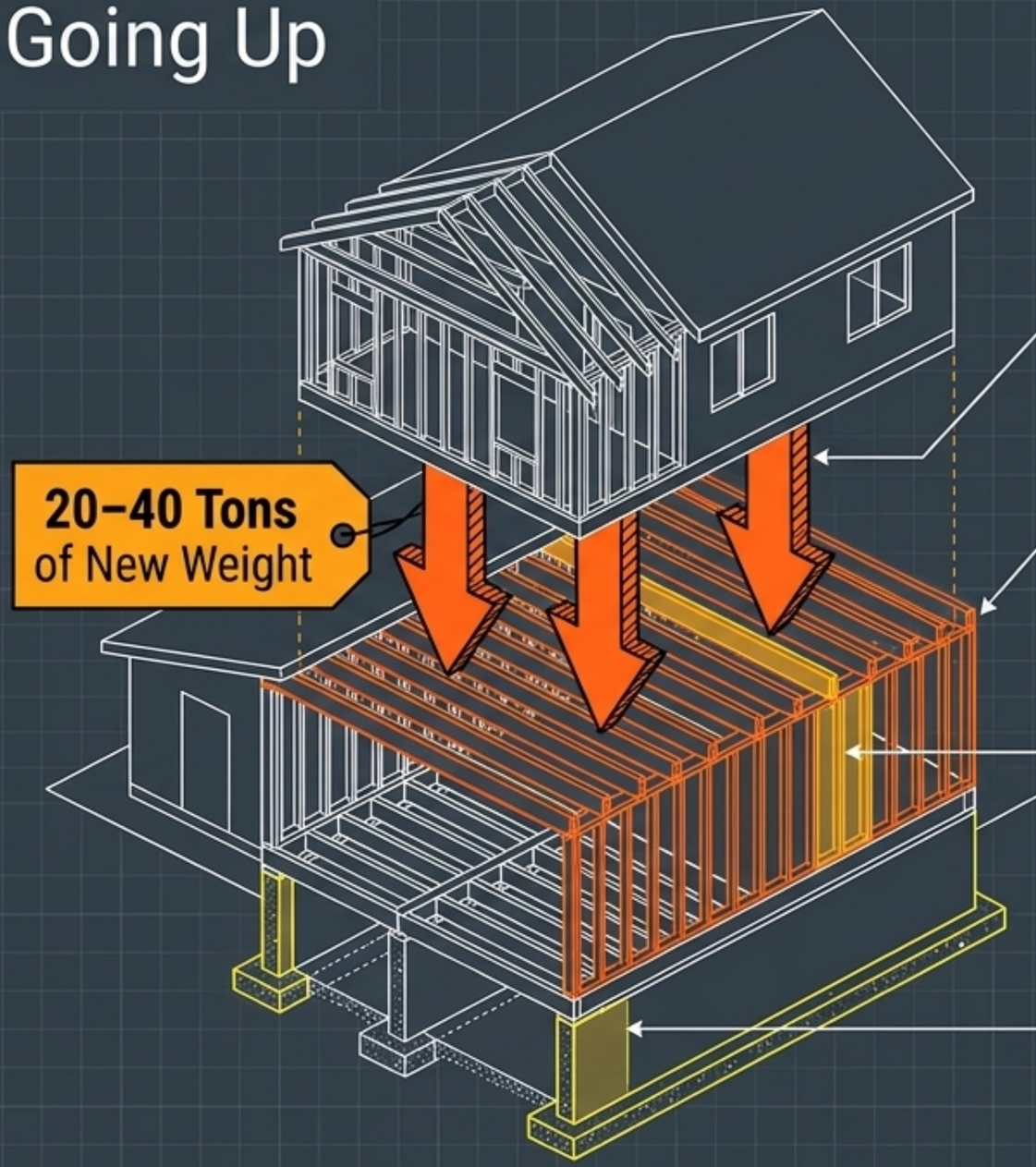


Insight: The lower end of the 'Up' range ($200-$250/sq ft) strictly applies to simple projects on modern, over-engineered structures—not complex renovations on older homes.

The Physics of Going Up

Load Definitions:

- **Dead Load:** The sheer weight of the physical structure itself.
- **Live Load:** The added weight of new occupants, furniture, and dynamic movement.



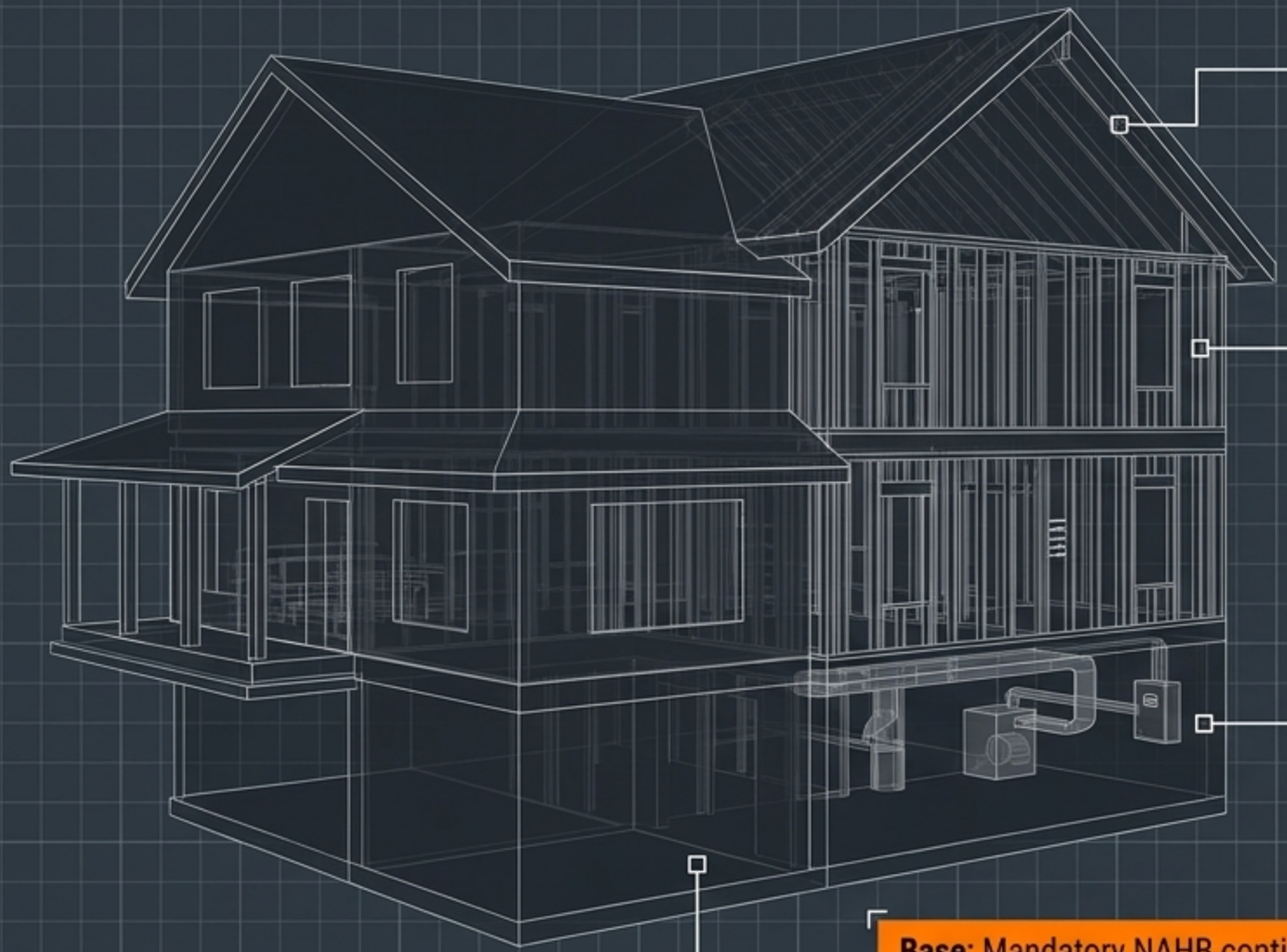
Sistering Joists:
Reinforcing existing ceiling joists to serve as floor joists.

LVL Beams:
Inserting Laminated Veneer Lumber to carry larger spans.

Shear Walls:
Adding lateral reinforcement for wind and seismic forces.

Underpinning:
Pouring new concrete to deepen and strengthen existing footings.

The All-In Cost Anatomy: Building Up



Roof/Exposed Elements: 3–6 months temporary rent ($10k–$25k).

Walls/Core: Structural Engineering & Architect fees ($8k–$20k).

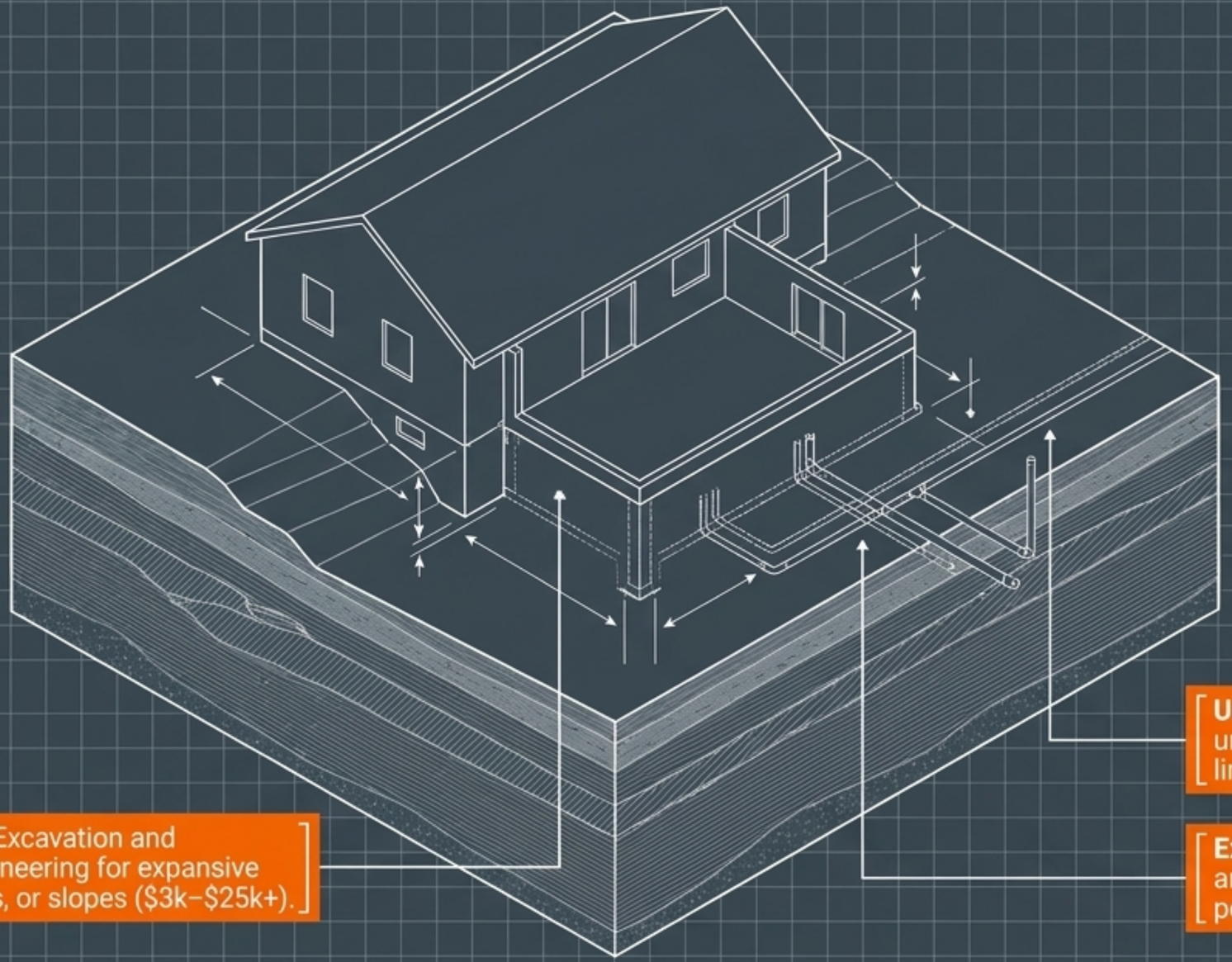
Systems: Zoned HVAC upgrade ($10k–$18k) & Electrical panel upgrade ($3k–$6k).

Base: Mandatory NAHB contingency for homes 30+ years old (10–15% minimum).

Cost Allocation:

- 25% Structural/Foundation
- 20% Framing/Roof
- 15% Exterior
- 15% Systems
- 15% Interior
- 10% Labor

The All-In Cost Anatomy: Building Out

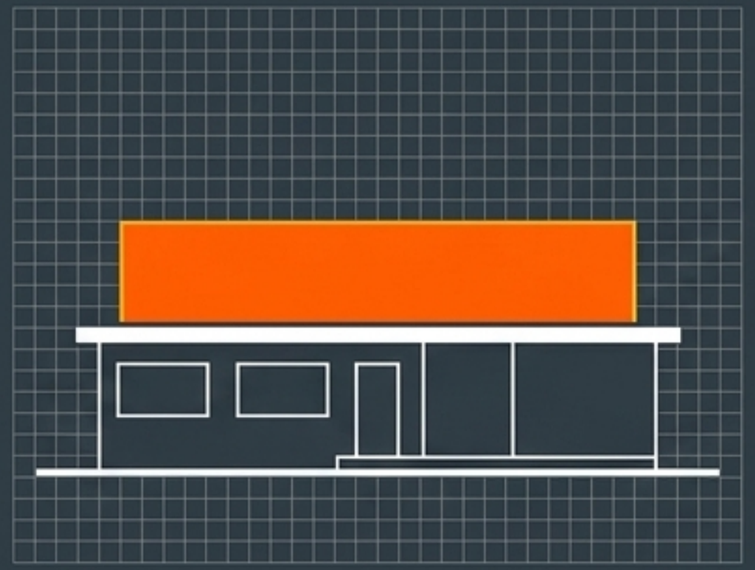


Soil/Site Prep: Excavation and specialized engineering for expansive clay, rock ledges, or slopes ($3k–$25k+).

Underground: Relocating unmapped utilities or sewer lines ($5k–$15k).

Exterior/Footprint: Landscape and hardscape restoration post-construction ($5k–$20k).

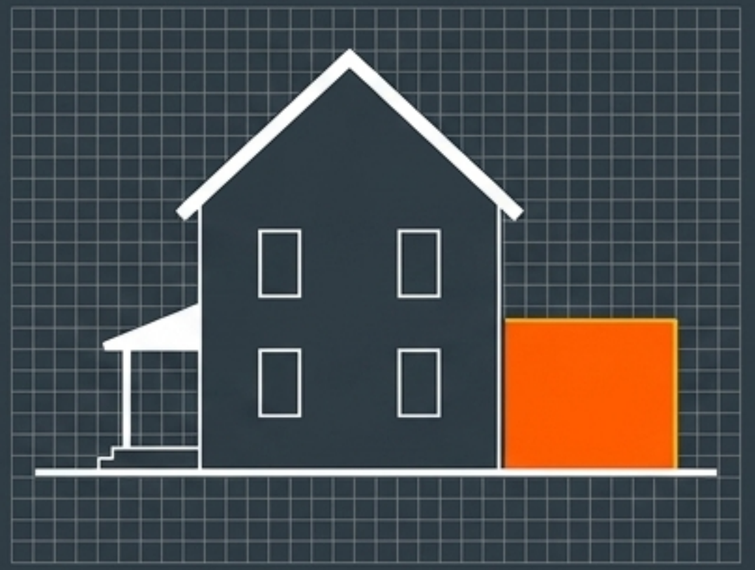
Architectural Fit: Working With Original Massing



Single-Story (Ranch / Mid-Century)

Optimal: **UP.**
Simple rooflines and rectangular footprints make for an ideal platform.

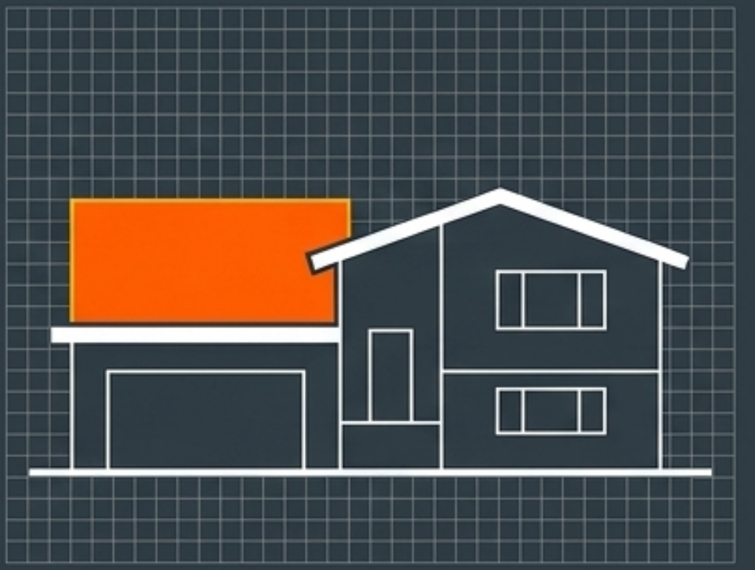
2026 Benchmark:
Suburban Ranch (700 sq ft up).
$295k total / $421 per sq ft.



Multi-Story (Colonial / Victorian)

Optimal: **OUT.**
Preserves historical proportions, avoids awkward third stories and strict height limits.

2026 Benchmark:
Historic Two-Story (500 sq ft out).
$140k total / $280 per sq ft.



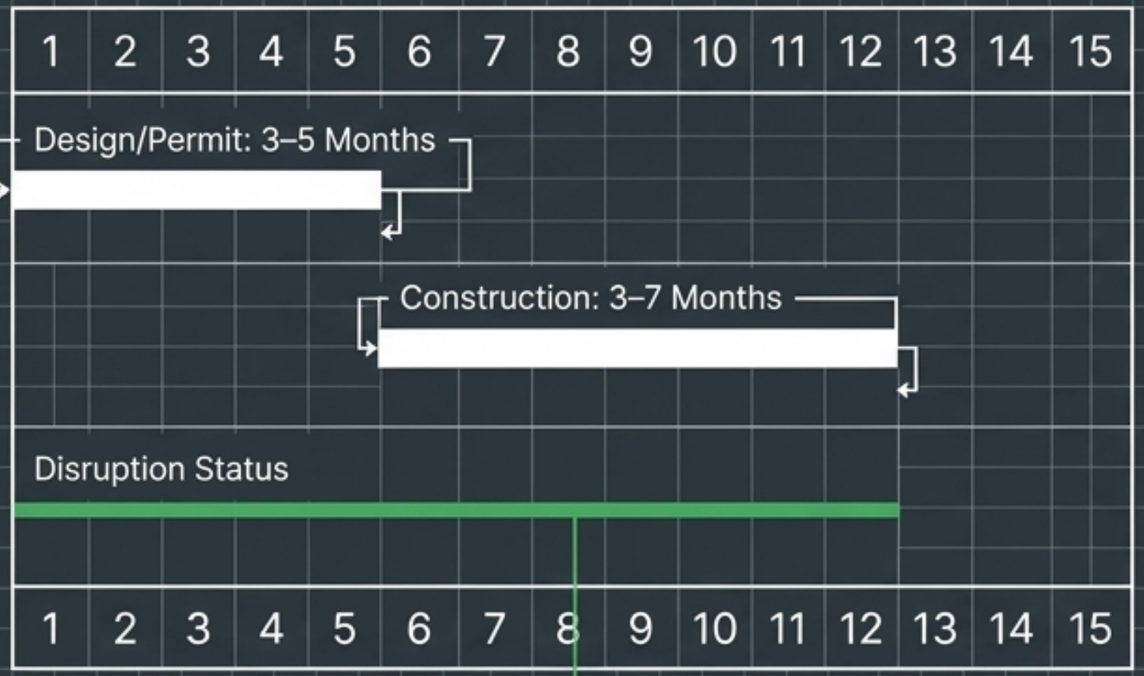
Split-Level

Optimal: **UP** (Over Garage).
Capitalizes on a pre-existing solid foundation with minimal disruption.

2026 Benchmark:
Split-Level (400 sq ft up).
$110k total / $275 per sq ft.

The Disruption Timeline

Build Out (6–12 Months Total)



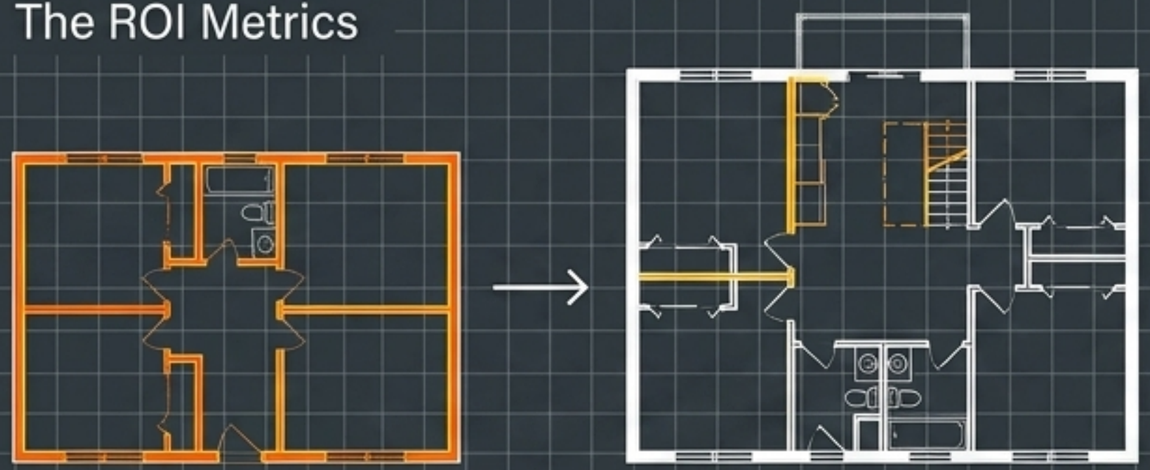
Live-in feasible. Work area remains sealed from the main house until final breakthrough.

Build Up (9–15 Months Total)

Mandatory 3–6 month vacancy. Removing the roof and reinforcing the first floor renders the home unlivable.

ROI & Property Taxes: The Functional Transformation

The ROI Metrics



Build Out ROI:
Ground-floor suites reliably recoup **55–65%** at resale.

Build Up ROI:
Highly variable, but can recoup **70–80%** only if it **fundamentally shifts the home's market tier** (e.g., transforming a 2-bed starter home into a family-sized 4-bed). Simply adding "bonus space" yields poor returns.

The Property Tax Reality:

The Property Tax Reality:
Taxes increase based on **added market value**, not project cost.
Because a second story often forces a **functional market-tier transformation**, it frequently triggers **much steeper property tax hikes** than a ground-floor expansion.

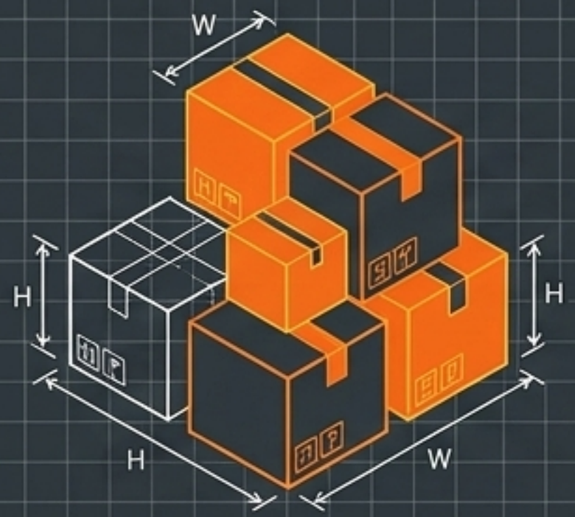
The Macro Landscape: What Changed in 2026

Stabilized Rates

HELOC and construction loans have settled into a predictable **5.5% – 6.5%** range.

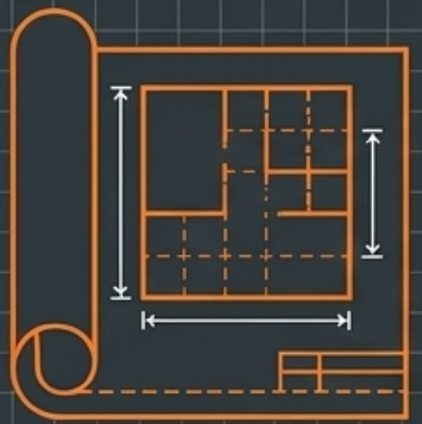
IRA Tax Credits

The **25C tax credit** under the Inflation Reduction Act offsets thousands for **high-efficiency HVAC** and electrical panel upgrades necessitated by additions.



Normalized Supply Chains

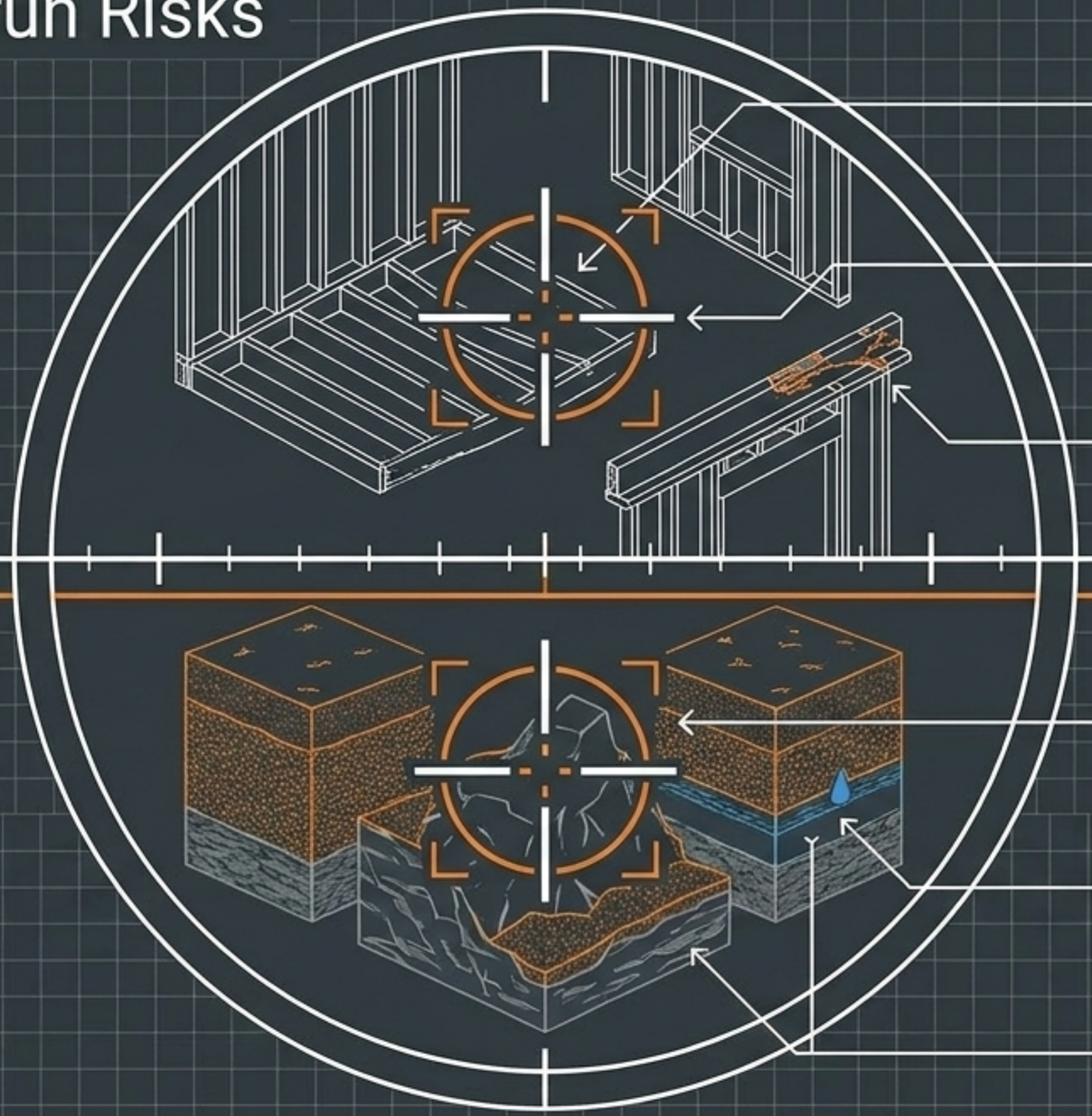
Widespread lumber/drywall shortages are over, though custom structural elements (like trusses) still require an **8–12 week** lead time. ⚠



Evolving Codes

Widespread adoption of the 2024 International Residential Code (IRC) adds **3–5%** to total project costs due to stricter energy and fire-resistance mandates.

Top Budget Overrun Risks



ABOVE GROUND RISKS
Build Up

- Undersized existing joists hidden behind drywall.
- Pre-existing termite damage to the structural core.
- Original framing that fails to meet modern load-bearing codes.

BELOW GROUND RISKS
Build Out

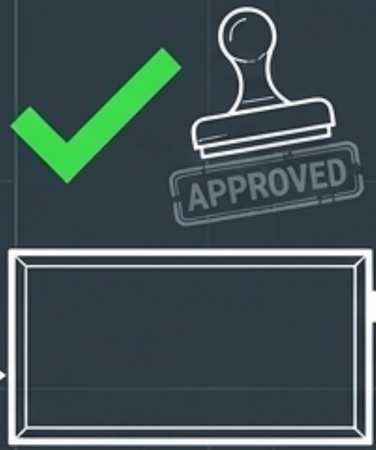
- Subterranean rock ledges requiring blasting.
- High water tables demanding complex drainage engineering.
- Unmapped legacy sewer lines or utility conduits.

The Diagnostic Matrix

	Build Up	Build Out
Cost/Sq Ft	$200–$500+ ✓	$150–$300 ✓
Hidden Costs	Rent, Engineering, HVAC	Excavation, Utilities, Landscape
Ideal Architecture	Ranch, Mid-Century, Split	Colonial, Victorian, Historic
Timeline	9–15 Months	6–12 Months ✓
Live-In Feasible?	No (3-6 mo. vacancy)	Yes (Sealed work area) ✓
Primary Risk	Existing framing/foundation	Subterranean soil/rock conditions

The Right First Step

Rule #1:
Do not start by asking a general contractor for a quote.

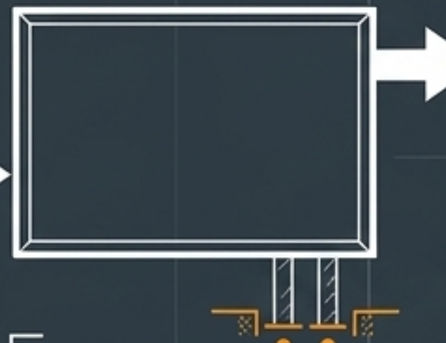


Step 1: The Feasibility Study ($1.5k–$5k).

Commission a licensed architect or structural engineer.

Step 2: Zoning Analysis

Determine strict limits on setbacks, height, and maximum lot coverage.



Step 3: Structural Assessment

Test **soil**, expose **footings**, and analyze existing **framing** to see if ‘Up’ is mathematically possible.

The Renology Take

A second-story addition is an engineering project that concludes with construction.

If the engineering answer is no, the ‘Up vs. Out’ decision has been made for you.