THE ADVANTAGES OF BUILDING AN ADU

What is an Accessory Dwelling Unit?

An Accessory Dwelling Unit, or ADU, is an additional living space on your property, most commonly in your backyard. ADUs are popular home additions because they can be optimized to fit your specific needs and their often-detached nature means you can expand your living space without the hassle of home construction or remodeling. Whether you call it a granny flat, cottage, casita, or in-law suite, an ADU comes in many sizes and styles. Deciding to Invest in an ADU can be intimidating at first, so we're here to break down just how much value an ADU can actually provide you and share some inspiration for how you can use your newly constructed dwelling!

How to Capitalize on ADU ROI

You may have noticed ADUs featured in the media lately, discussed by local governments regarding new rules and regulations, and even mentioned in conversation with your friends and co-workers. These detached dwellings have been all the rave lately, and not just in the real-estate industry. ADUs are becoming a fashionable addition to homes and are increasingly desirable when it comes to listing your home on the market. People are also starting to realize that there are real financial gains to be made by building an ADU on your property.

ADU's are a great solution to generate rental income from your primary residence – think Airbnb but in your backyard! Whether long or short term, renters benefit too by having access to new housing options in desirable areas. ADU's are an excellent option to increase housing density with lower neighborhood impact when compared to multi-family infill development. Deciding to purchase an ADU is no small feat, but there are many new financing options available for this type of project. Notably, monthly rental income can also exceed the costs of financing, providing you with substantial return on investment (ROI) immediately.

As you can see the homeowner benefits, potential renters benefit, and the country benefits all stemming from the construction of an ADU! But these aren't the only financial perks of investing in an ADU. Having a detached dwelling on your property raises your home value significantly. ADUs generally contribute about 25% to 34% of your property's assessed value, according to a study published in The Appraisal Journal. In the study, Understanding and Appraising Properties with Accessory Dwelling Units, researchers surveyed 14 properties with ADUs in Portland, Oregon testing two separate appraisal methods since ADUs are relatively new and there's no exact formula for estimating their value yet. The study concluded that adding an ADU to a single-unit property could reasonably boost your home's resale value by 51%!

Flexibility at Every Phase of Life

With so much time spent at home these days, it's no wonder that people are looking for extra space wherever they can. In addition to the financial benefits discussed above, there are also countless lifestyle advantages that ADUs provide. Here are a few ways people at all stages of life are taking advantage of ADUs:

Parents with Young Children:

An ADU is the perfect place for homeschooling or online school activities – call it a learning pod! They can also be used as a game room or flex space where kids can blow off steam during the day without disrupting the rest of the household. Additionally, ADUs can serve as detached apartments for live-in nannies or babysitters!

Parents with Adult Children:

Now more than ever, young adults are moving back home to live with their parents. The pandemic has caused a sudden explosion of 'boomerang kids' who have willingly or unwillingly moved back home due to furloughed or lost jobs, college campus closures and the transition to online classes. Whatever the reason, many are turning to ADUs to create a separate space for their adult children while they figure out their next move. This provides an additional level of privacy for both the parents and their adult kids.

Those with Aging Parents:

ADUs have become an increasingly popular alternative to nursing homes, especially since the onset of the pandemic – people are wary of placing their relatives in group homes. Luckily ADUs provide a sensible solution. These appropriately named 'Granny Flats' are the perfect option for those who want to care for their older family members in the comfort of their own homes, without invasive remodels or pricey home editions.

Working Professionals:

We all know that home isn't always the most optimal place to get work done. With distractions in every corner and plenty of chores/projects to take your attention away from your job, having a detached home office allows you to feel like you're at work despite being steps away from your house. Home offices aren't just for corporate employees – we've seen people turn their ADUs into art studios, music recording studios, and even meditation and yoga retreats! In the long run, owning a ADU is much more affordable than renting out professional space.

The Flex Space:

Some people decide to build an ADU without having a specific purpose in mind. Instead, they're used as a flex space providing differently uses depending on the day. For example, ADUs can be used as in-law suites over the holidays or to host guests throughout the year. While they're not being occupied by friends or family, homeowners can use the space as a man-cave, she-shed, or just a place to get away and unwind. The possibilities are truly endless.

Want an ADU but don't know where to start?

There's more than meets the eyes when it comes to ADUs. Between the financial advantages, more desirable real estate, and lifestyle benefits – an ADU can virtually pay for itself. So what are you waiting for? At Studio Shed, we provide end-to-end design, manufacturing and installation of ADUs with our Summit Series. Whether you need a fully customized solution or are looking for a prefab, turnkey option, we're here to help. With Studio Shed there's no need to hire an architect or designer, simply visit our design center and create a 3D configuration of your dream ADU. Once you've completed your design, you can proceed through the remaining steps to find pricing and installation costs, all in one location. Still not convinced? Download our interior guide for a detailed look at all the ways you can customize the interior of you Studio Shed!