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Only Certain Home Improvements Pay Off, Appraisal Institute Says

CHICAGO (June 5, 2014) – The Appraisal Institute, the nation’s largest professional association of real estate appraisers, today encouraged homeowners to exercise good judgment when deciding which home improvement projects to take on, saying that not all renovations enhance property values.

“It’s very important that renovations stay within, but not exceed, community norms,” said Appraisal Institute President Ken P. Wilson, MAI, SRA. “If they don’t match what’s standard in a community, owners could have difficulty recouping their investment when selling the property.”

According to Remodeling magazine’s most recent [Cost vs. Value report](#), some of the projects with the highest expected return on investment are entry door replacement (steel), deck addition (wood), garage door replacement, attic bedroom and minor kitchen remodel. Other renovations with high expected pay-offs include window replacement (wood and vinyl), siding replacement (vinyl) and basement remodel.

Wilson advised homeowners that it may be best to hold off on major renovations if a homeowner isn’t sure how long they will be in the home. The longer a homeowner stays in a property, the greater the opportunity for a return on investment, he said.

“Consumers should be aware that cost does not necessarily equal value,” he added.

For an unbiased analysis of what their home would be worth both before and after an improvement project, a homeowner can work with a professional real estate appraiser – such as a Designated member of the Appraisal Institute – to conduct a feasibility study.

During a feasibility study, the appraiser will analyze the homeowner’s property, weigh the cost of rehabilitation and provide an estimate of the property’s value before and after the improvement.

Some green and energy-efficient renovations, such as adding Energy Star appliances and extra insulation, are likely to pay the homeowner back in lowered utility bills relatively quickly. Lower utility costs also are a draw for potential homebuyers. When appraising a home, the appraiser evaluates local supply and demand for green and energy-efficient properties and features.

The Appraisal Institute offers a free, informative brochure titled “[Remodeling & Rehabbing](#),” which provides consumers with valuable advice on home remodeling.

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The Appraisal Institute is a global professional association of real estate appraisers, with nearly 22,000 professionals in almost 60 countries throughout the world. Its mission is to advance professionalism and ethics, global standards, methodologies, and practices through the professional development of property economics worldwide. Organized in 1932, the Appraisal Institute advocates equal opportunity and nondiscrimination in the appraisal profession and conducts its activities in accordance with applicable federal, state and local laws. Individuals of the Appraisal Institute benefit from an array of professional education and advocacy programs, and may hold the prestigious MAI, SRPA, SRA, AI-GRS and AI-RRS designations. Learn more at www.appraisalinstitute.org.

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