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## **Minor Home Improvements Offer Best Return, Appraisal Institute Says**

CHICAGO (March 10, 2015) – The Appraisal Institute, the nation’s largest professional association of real estate appraisers, today advised homeowners to choose upgrades instead of major remodeling projects to see the greatest potential return on investment.

“In general, simpler, less expensive projects have the best cost-to-value ratio,” said Appraisal Institute President M. Lance Coyle, MAI, SRA. “With the spring home buying season around the corner, homeowners should invest in projects that are most likely to preserve the value of their homes.”

According to Remodeling magazine’s most recent [Cost vs. Value report](#), only five projects saw their cost-to-value ratios rise in 2014: roofing replacement, garage door replacement, 20-gauge steel entry door replacement, vinyl siding replacement and fiberglass entry door replacement. Among projects with the biggest declines were two-story additions, composite deck additions, master suite and kitchen remodels.

Other minor projects with potential major payoffs, said the Cost vs. Value report, are mid-range and upscale garage door replacements, manufactured stone veneer, mid-range window replacements and minor kitchen remodels.

Coyle said that some homeowners might choose to fund home upgrades with tax refunds. Before calling a contractor or heading for the home improvement store, however, he said they should consider if the improvement is in keeping within community norms.

“It’s possible that consumers won’t be able to recoup the cost of the upgrade when the home is sold, so it’s important to meet, not exceed, what’s standard for the neighborhood, and to also consider expected length of time in the property,” Coyle said.

He also said that making routine home repairs is essential to maintaining a home’s value. A house that has been well maintained likely will have a higher value than a similar house that is in disrepair, Coyle said. For example, replacing worn out trim boards may in certain situations not add any additional value to the home, other than to preserve the value that would be likely as evidenced by sales of similar homes in the area that do not have worn-out trim boards.

For an unbiased analysis of what their home would be worth both before and after an improvement project, a homeowner can work with a qualified 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 valuing 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 improvement projects.

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*The Appraisal Institute is a global professional association of real estate appraisers, with nearly 21,000 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](http://www.appraisalinstitute.org).*

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