



Do Home Improvements Mean Higher Sale Prices?

Update the kitchen, renovate the bathrooms, upgrade the flooring and you'll get a better price for your home when you're ready to sell.

It seems logical...but does it really work that way?

Not always, says Naples property appraiser, Larry LaCroix.

According to Mr. LaCroix, a Naples property appraiser with nearly 30 years of experience, it comes down to simple mathematics. "The first thing you have to do is compare what you have to work with what you'll end up with when you're done. If you can bridge the gap, you'll get more value out of a home renovation project."

Start by asking yourself these 3 key questions:

- 1. What is my house (building) value versus my land (lot) value?** If the contributory value of the house is worth significantly less than the land it is built on, it may not pay to renovate. Keep in mind that the contributory value is in the "eye of the buyer". If the home represents only a tiny percentage of the property value, even a very nice house could become a teardown.
- 2. Are all or most of the homes in my community approximately the same age as my house?** Is my building to land ratio close to even? If you can answer yes to both of these, then it may make sense to invest in a renovation.
- 3. Do I live in an older home in an area that has seen a good deal of teardown and rebuilding?** If so, then you probably won't get much value out of renovating your older home.

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What Characterizes an “Older Home”?

Homes, especially in an area like Naples, have a limited useful life. Changing market trends and tastes can greatly accelerate “effective age” of a home and thereby reduce its useful or remaining life.

“At a certain point, the style of a home will become out of date and the home essentially becomes a teardown,” Mr. LaCroix explains. “That’s what is happening now in the older neighborhoods of Naples, with homes built in the 60’s, 70’s, and 80’s. Many of these homes were obsolete 5 to 10 years after they were built.”

It seems that we are part of culture with an increasingly short attention span. We want the newest, and the best, and we want it now. In a hot real estate market like Naples, this trend is magnified. We end up throwing away homes that have plenty of usable life, because they are not the current market taste.

Why is Naples a Special Case?

This phenomenon of rapid outdateding is becoming more and more widespread across the country. However, the speed with which it happens in Naples, is unique.

In other markets, Mr. LaCroix says that the normal lifespan for a single-family home before it needs major renovation can be 50-60 years – even longer in “historic” regions of the country. “In places like New England, where you can still find homes that are 150 or 200 years old, upgrades, renovations and general changes have occurred more slowly.”

Modernizations in these types of homes have been traditionally more modest – until today. Now, even in these conventional areas, people want a lot more out of a house.

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“In Naples, things move much faster, everything is compressed. Homes in Naples may have appealing design and features for only 15-20 years.” In fact, Mr. LaCroix has observed that in some of the highly sought-after waterfront communities of Naples, teardowns include homes built as recently as the 80’s and even early 90’s. This can make the “renovation” question a tricky one.

The Can’t Lose Solution

Since in the end, a perspective buyer may or may not see value in your renovations, Mr. LaCroix suggests that when deciding whether to remodel or not, ask yourself this: *Will a home renovation make my life in this home more pleasant?* If the answer is yes, then the time and expense may be worth it.

Go ahead and put in the new kitchen, new baths, new flooring, whatever makes your time in the home more pleasant and enjoyable – but, Mr. LaCroix advises, “the surest way to get the most value out of a home renovation is to do it for yourself, for your own usage. Don’t do it with only a future sale price in mind.”



*For more information on property values in Naples, contact **Larry LaCroix at The Appraisal Shoppe, (239) 435-1111 / www.TheAppraisalShoppeInc.com***

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