



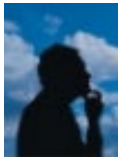
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REAL ESTATE *Update*

Four Questions Help Determine "Improve vs. Move"

By Julie Garton-Good



The walls are closing in. Your teenagers are warring over closet space and you long to have a real office room instead of camping out at the kitchen table. What's the best solution? Should you improve the house or move to another?

The answers to four primary questions are a good place to start in the dilemma to improve the house or purchase another. Homeowners who are happy with their current neighborhood and school district (usually the top two owner' priorities) are wise to weigh answers to the following:

1. How long do you intend to keep the house?

This initial question has impact on several levels. First, it makes little financial sense to pour money into a house only to sell it. Second, if you've ever lived around and through a remodeling project, you know that the emotional upheaval you suffer during construction needs to be offset by enjoying the benefits once the improvements are complete.

Even if you aren't thinking of moving in the near future, be sure to do the math in the following question before wading knee-deep into a project.

2. Will you be able to recoup the cost of improvements when you sell?

A real estate agent or appraiser can show you comparable properties (comps) of recent sales to determine how much if any the improvements will increase market value. If you make improvements that don't add to market value, be prepared to walk away from what you've spent especially if selling in a short period of time (less than five years on the average, depending on the type of improvement.)

3. Are the improvements you're considering logical given the age, size, and location of the house?

Just as you wouldn't install a new sunroof on a

dilapidated car, making expensive additions to a house that's full of functional obsolescence makes little financial sense.

Many appraisers would tell you that it's much tougher to recoup the investment from home improvements if they aren't similar in style and design/era to the existing home. And before hammering the first nail, make sure you check the setback requirements for construction especially on rear and side lot lines.

What a nightmare it would be to construct a room addition, only to have all or part of it in violation of zoning laws and/or owned in part by your neighbor!

4. Could additions/changes over-improve the house?

A house at the top of the market for the neighborhood can take longer to sell since buyers often purchase on the low side, hoping to maximize equity and improvements made over time. There are some additions that aren't welcomed by certain buyer segments.

For example, families with young children might shy away from owning a swimming pool since it's the number one cause of death for children under age five. A remodeled master suite in a third-floor loft could be undesirable if the prospective buyer/target was retirees. Even though you may want to make additions/changes based on your immediate needs and desires, it never hurts to look down stream at who a potential future buyer might be in order to avoid over-improvements you can't recoup.

By asking these top four questions, you may not have all the information you need to adequately weigh improving the house versus moving to another. But they will serve as talking points to get you focused on solving your homeownership needs in an organized and cost-effective manner.



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