

# The Value of Home Maintenance

By John Riha

## Regular home maintenance is key to preserving the value of your house and property

If you think home maintenance is an unavoidable series of weekend-eating chores, remember the age-old advice of Benjamin Franklin: “An ounce of prevention is worth a pound of cure.” The fact is, proactive maintenance is essential to preserving the value of your home—without it, your home could lose 10% of its value. Regular, routine maintenance enhances curb appeal, ensures safety, and prevents neglected upkeep from turning into costly major repairs.

“It’s the little things that tend to trip up people,” says Frank Lesh, former president of the American Society of Home Inspectors and owner of Home Sweet Home Inspection Co. in Chicago. “Some cracked caulk around the windows, or maybe a furnace filter that hasn’t been changed in awhile. It may not seem like much, but behind that caulk, water could get into your sheathing, causing mold and rot. Before you know it, you’re looking at a \$5,000 repair that could have been prevented by a \$4 tube of caulk and a half hour of your time.”

## Maintenance affects property value

Outright damage to your house is just one of the consequences of neglected maintenance. Without regular upkeep, overall property values are affected.

“If a house is in worn condition and shows a lack of preventative maintenance, the property could easily lose 10% of its appraised value,” says Mack Strickland, a professional appraiser and real estate agent in Chester, Va. “That could translate into a \$15,000 or \$20,000 adjustment.”

**In addition, a house with chipped, fading paint, sagging gutters, and worn carpeting faces an uphill battle when it comes time to sell. Not only is it at a disadvantage in comparison with other similar homes that might be for sale in the neighborhood, but a shaggy appearance is bound to turn off prospective buyers and depress the selling price.**

“It’s simple marketing principles,” says Strickland. “First impressions mean a lot to price support.”



## Prolonging economic age

To a professional appraiser, diligent maintenance doesn't translate into higher property valuations the way that improvements, upgrades, and appreciation all increase a home's worth. But good maintenance does affect an appraiser's estimate of a property's economic age—the number of years that a house is expected to survive.

Economic age is a key factor in helping appraisers determine depreciation—the rate at which a house is losing value. A well-maintained house with a long, healthy economic age depreciates at a much slower rate than a poorly maintained house, helping to preserve value.



## Estimating the value of maintenance

Although professional appraisers don't assign a positive value to home maintenance, there are indications that maintenance is not just about preventing little problems from becoming larger. A study by researchers at the University of Connecticut and Syracuse University suggests that maintenance actually increases the value of a house by about 1% each year, meaning that getting off the couch and heading outside with a caulking gun is more than simply a chore—it actually makes money.

"It's like going to the gym," says Dr. John P. Harding, Professor of Finance & Real Estate at UConn's School of Business and an author of the study. "You have to put in the effort to see the results. In that respect, people and houses are somewhat similar—the older (they are), the more work is needed."

Harding notes that the 1% gain in valuation usually is offset by the ongoing cost of maintenance. "Simply put," he says, "maintenance costs money, so it's probably best to say that the net effect of regular maintenance is to slow the rate of depreciation."

## How much does maintenance cost?

How much money is required for annual maintenance varies. Some years, routine tasks, such as cleaning gutters and changing furnace filters, are all that's needed, and your total expenditures may be a few hundred dollars. Other years may include major replacements, such as a new roof, at a cost of \$10,000 or more.

Over time, annual maintenance costs average more than \$3,300, according to data from the U.S. Census. Various lending institutions, such as Directors Credit Union and LendingTree.com, agree, placing maintenance costs at 1% to 3% of initial house price. That means owners of a \$200,000 house should plan to budget \$2,000 to \$6,000 per year for ongoing upkeep and replacements.





## Proactive maintenance strategies

Knowing these average costs can help homeowners be prepared, says Melanie McLane, a professional appraiser and real estate agent in Williamsport, Pa. "It's called reserve for replacements," says McLane. "Commercial real estate investors use it to make sure they have enough cash on hand for replacing systems and materials."

McLane suggests a similar strategy for homeowners, setting aside a cash reserve that's used strictly for home repair and maintenance. That way, routine upkeep is a snap and any significant replacements won't blindsides the family budget.



## McLane's other strategies include:



**Play offense, not defense.** Proactive maintenance is key to preventing small problems from becoming big issues. Take the initiative with regular inspections. Create and faithfully follow a maintenance schedule. If you're unsure of what needs to be done, a \$200 to \$300 visit from a professional inspector can be invaluable in pointing out quick fixes and potential problems.

**Plan a room-per-year redo.** "Pick a different room every year and go through it, fixing and improving as you go," says McLane. "That helps keep maintenance fun and interesting."

**Keep track.** "Having a notebook of all your maintenance and upgrades, along with receipts, is a powerful tool when it comes to sell your home," advises McLane. "It gets rid of any doubts for the buyer, and it says you are a meticulous, caring homeowner." A maintenance record also proves repairs and replacements for systems, such as wiring and plumbing, which might not be readily apparent.



John Riha has written six books on home improvement and hundreds of articles on home-related topics. He's been a residential builder, the editorial director of the Black & Decker Home Improvement Library, and the executive editor of Better Homes and Gardens magazine. His standard 1968 suburban house has been an ongoing source of maintenance experience. **TQR**