

# Overpricing the neighborhood

**Y**ou know the house; it's the big one down the street. The one that is larger and more expensive than the others in the neighborhood. It's the one that has been enlarged and updated over the years so that it has more square footage, a fancier kitchen, a big deck and an extra carport. It is the house that the neighbors are glad to have in the area because it brings their smaller, lesser homes up in value.

But what about the market value of the big house? Is it affected by the smaller homes around it, or is it worth everything that the owners have put into it? Well, the big house will probably sell for more than the surrounding properties because it is larger and fancier. However, because it is located in an area where property is of lesser value, it probably won't sell for as much as it would if it

were surrounded by properties that equaled its size and amenities.

So what is a homeowner to do? If you plan to live in your home over the course of several years, then do the things to your house that will increase your enjoyment while you are there. Go forward with your plans, knowing that, when it comes time to sell, you may or may not get all of your investment back out of the improvements you have made. You'll also know that you have thoroughly enjoyed the house during your time there. Put in that pool if it will bring your family years of fun, add a rec room onto the back of the house so you can watch the big game on the big screen TV if that's what you like, or put in a gourmet kitchen if you love to cook.

But if you plan to sell your house in the near future, then



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Homework

make sure you don't go overboard with improvements. Check with your Realtor to get a list of homes in your neighborhood that have recently sold. Review the list of features and amenities and see how your house compares. For instance, if you are thinking about adding hardwood floors, but

everything else in the neighborhood has carpet or vinyl, you may not want to go to the extra expense of installing the hardwood and may find that less expensive laminate will be just fine. If you are considering an addition to the house, check to make sure that the new space doesn't put you significantly over the square footage of the surrounding houses. Keeping your improvements in check will keep your house from outgrowing the neighborhood prices.

Of course, general updates are almost always a good thing, provided they are of quality and tastefully done. Fresh paint, new carpet, new appliances, etc., are very reasonable changes that will increase both the value of your home and your enjoyment of the house while you live there. Keeping the home maintained, both inside and out, is also something that will help you achieve top dollar when it comes time to sell.

Planning improvements to your home with an eye toward the future will allow you to make the best use of your house, regardless of whether you sell now or later.

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