

Make Sure That Solar System is Given Value **By Kevin Hauber, The Mortgage House**

January 31, 2015



Remember all the claims made by solar companies about the value of rooftop solar systems? Well, it turns out they were right. And a new study out from the US Department of Energy and Lawrence Berkeley National Laboratory backs that up. The study is called "Selling Into the Sun: Price Premium Analysis of a Multi-State Dataset of Solar Homes."

What they did was look at tens of thousands of sales over eight states from 2002-2013, and included properties that had solar systems installed at the time of sale and those that did not. What they found was that both new and existing homes sold for \$15,000 more on average with a solar system than those that did not have one.

That is noticeable, and it is one of the first times substantial figures have been offered to quantify this for the market. It just makes common sense that if you can lower the operating costs of a home and provide energy independence that is worth something. So, everyone knows about this, right?

The short answer is no, in fact, very few people take this into account. If you are going to sell or buy a property with a solar system, make sure the people involved in the transaction are familiar with how to give the system value. That includes the listing and selling realtors, the lender, and the appraiser. The appraiser can use a form called the energy addendum to help quantify the value of the solar system and any other energy related improvements on the property.

You would be surprised how many appraisers have no idea about this, and how many lenders and realtors don't even know to ask. Since energy costs are becoming an increasing consideration for owning property, make sure you are working with professionals who know what they are doing in this regard, including familiarity with the incentives and financing available for energy related improvements.

By the way, the figures quoted in the study are only for purchased solar systems that are part of the real estate. Leased systems were not included in the study, so this is an important distinction to make. Leased systems have become popular in the last few years, but there are still many questions to clear up in the long run such as assumption of leases by subsequent buyers, and the appraised value of the system at the end of the lease (the appraiser is hired by the leasing company). The effects of these factors remain to be seen.

What can be said with back up now is that, people who have purchased solar systems have made a substantial investment that has lasting value.