

GARAGE CONVERSIONS

Will They Really Add Value to Your Home?

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Thinking About Converting Your Garage?

Garage conversions are one of the most popular home improvement projects today. With rising housing costs and changing lifestyle needs, many homeowners consider turning their garage into livable space.

But the real question is:

Will a garage conversion actually add value to your home?

From a **real estate and appraisal standpoint**, the answer is **it depends**.

What Is a Garage Conversion?

A garage conversion typically transforms an existing garage into:

- An additional bedroom
- A home office
- A family or bonus room
- A potential ADU (if zoning allows)

Unlike room additions, garage conversions usually don't expand the home's footprint—making them more affordable, but also more complex when it comes to value.

WHEN A GARAGE CONVERSION CAN ADD VALUE

Proper Permits Matter

- Permits are critical for valuation and lending
- Appraisers rely on **legal square footage**
- Unpermitted conversions may **not be counted** as living area

Appraisal Insight:

Permits don't guarantee added value—but lack of permits can significantly reduce it.

The Local Market Supports It

In some markets, buyers value:

- Extra living space
- Multigenerational layouts
- Rental or ADU potential

When buyer demand supports it, a well-done conversion may contribute to value.

Parking Expectations Are Still Met

- Some cities require replacement parking
- Loss of a garage can hurt value in areas where garages are expected
- Homes that still offer functional parking tend to perform better

Quality & Design Are Key

High-quality conversions include:

- Matching finishes throughout the home
- Proper ceiling height, insulation & HVAC
- Natural light and seamless layout

Buyers can easily spot a rushed or poorly designed conversion.

WHEN A GARAGE CONVERSION *DOES NOT* ADD VALUE

Unpermitted Conversions

- Often excluded from Gross Living Area (GLA)
- May cause lender or buyer concerns
- Can result in price reductions or required removal

Neighborhood Expectations

In many suburban neighborhoods:

- Garages are expected, not optional
- Comparable sales often favor homes with garages
- Losing a garage can reduce marketability

Functional Obsolescence

Examples include:

- Too many bedrooms with too few bathrooms
- Awkward access or layout
- No storage or parking solutions

More square footage does not always equal more value.

HOW APPRAISERS VIEW GARAGE CONVERSIONS

Appraisers focus on **market reaction**, not construction cost.

They analyze:

- Comparable sales with and without garages
- Buyer behavior in the neighborhood
- Whether buyers are actually paying more for the conversion

Important:

Converted garage space may be given **limited contributory value** or treated as **bonus space**, not full living area.

COST VS. VALUE: A REALITY CHECK

Typical garage conversions can cost **\$20,000–\$60,000+**, depending on scope and finishes.

- Full cost is not always recovered at resale
- Value depends on **buyer demand**, not homeowner investment

That doesn't mean it's a bad idea—it just means expectations should be realistic.

WHEN A GARAGE CONVERSION STILL MAKES SENSE

Even if it doesn't add full market value, a conversion may still be worthwhile if:

- You need space for family or caregiving
- You plan to stay long-term
- You're creating a legal ADU with rental income
- Lifestyle needs outweigh resale concerns

BEFORE YOU CONVERT — ASK YOURSELF

Is it permitted and allowed by zoning?

Will I still meet parking requirements?

Do comparable homes nearby have garages?

Am I converting for **use** or **resale value**?

Have I spoken with a real estate professional or appraiser?

FINAL THOUGHTS

Garage conversions are **not automatic value boosters**. Their impact depends on permits, market expectations, design quality, and buyer demand.

Before converting, consult with professionals who understand both **market value** and **appraisal standards**.

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