



Solar Panels & Home Appraisals: What You Need to Know

Solar panels are becoming increasingly common in today's housing market—especially in California. Homeowners often ask the same question: **Do solar panels increase my home's value?** The answer is: *it depends*. Here's what homeowners, buyers, and sellers should understand about how solar panels impact a home appraisal.

1. Owned vs. Leased Solar: The Biggest Factor

Owned Solar Panels

- Panels that are fully **owned and paid off** are typically considered a **real property improvement**.
- Appraisers can recognize value when solar contributes to reduced utility costs and market appeal.
- Owned systems generally have a **positive impact** on value—assuming the system is functional and market-supported.

Leased or PPA (Power Purchase Agreement) Solar

- Leased solar **does not add value** in an appraisal.
- These systems are considered **personal property**, not real property.
- Buyers must qualify for and assume the lease, which can sometimes be a deterrent.

Bottom line: Owned solar is favorable; leased solar usually is not reflected in appraised value.

2. Solar Does Not Add Dollar-for-Dollar Value

Many homeowners assume solar adds its full installation cost to value. In reality:

- Appraisers **do not add cost automatically**.
- Value is based on **market reaction**, not what you paid.
- If comparable homes with owned solar sold for more, that data can support value.

Solar's contribution is **market-driven**, not emotional or theoretical.

3. Market Demand Matters

Solar tends to be more valuable when:

- Energy costs are high
- Buyers expect or prefer solar
- Comparable sales include solar features

In markets where solar is common, its presence may help a home **compete better**, even if it doesn't dramatically increase price.

4. Documentation Helps the Appraisal

Providing clear information can make a difference. Helpful documents include:

- Proof of ownership
- Installation date and system size (kW)
- Warranty information
- Utility bills showing reduced energy costs
- Permit and inspection records

The more transparent the system, the easier it is for the appraiser to analyze.

5. Condition & Remaining Life Are Considered

Appraisers will consider:

- Age of the system
- Remaining useful life
- Overall condition
- Compatibility with the home's electrical system

A newer, well-maintained system is more attractive than an aging one nearing the end of its lifespan.

6. Solar ≠ Automatic Value Increase

Solar panels can:

- Improve marketability
- Reduce monthly ownership costs
- Appeal to environmentally conscious buyers

However, they **do not guarantee a higher appraisal**—especially if the system is leased, outdated, or unsupported by comparable sales.

7. Selling or Refinancing? Timing Matters

- **Refinance:** Owned solar may help support value if comparables justify it.
 - **Selling:** Buyers may value the monthly savings more than a higher purchase price.
 - **Buying:** Always confirm whether solar is owned or leased before making an offer.
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Final Thoughts from the Appraiser's Perspective

Solar panels are an important feature—but they're just one part of the overall valuation puzzle. Appraisers rely on **market evidence, ownership status, and buyer behavior**, not assumptions.

If you're considering installing solar, refinancing, or selling a home with solar, understanding how appraisals work can help you set realistic expectations and avoid surprises.

Thinking of Selling, Refinancing, or Adding a Solar?

Scan the QR code below to book an appraisal or learn more about your home's value.



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