



## How Can Solar Panels Increase My Home's Value?

By [Tamara Jude](#) Updated 12/20/2023

Solar panels come with numerous benefits, including increased home value. Our guide takes a closer look at how much installing solar panels can boost your home's market value, factors that influence your final listing price, and the effects on your property tax.

Home improvement projects such as new roofing or plumbing can increase your property value, and solar panel installation is no different. The U.S. Department of Energy's Lawrence Berkeley National Laboratory (Berkeley Lab) conducted the largest-ever study of solar homes in eight states to determine how much adding solar panels to your home impacts home buyers. The study found that buyers in six of those states were willing to pay \$15,000 more for homes with solar panels than comparable homes without them.

Additional studies have discovered that the added value from solar panels directly correlates to your long-term energy savings. The National Renewable Energy Laboratory (NREL) shared details from a study published in *The Appraisal Journal*, which is a quarterly academic publication for the Appraisal Institute, the largest professional association of real estate appraisers in the United States. The study concluded that home value increases by \$20 for every \$1 reduction in yearly utility bills. So a solar energy system that saves a homeowner \$500 per year can increase home value by \$10,000.

This added value allows sellers and real estate agents to increase the asking price for a home. Buyers benefit from an energy-efficient home, and sellers can profit from an increased resale value.

### Electricity Rates

Areas with high electricity rates benefit the most from solar panel installation. This is because solar power allows you to create your own energy more affordably, rather than relying on utility companies with expensive electricity rates. In turn, you'll spend less on monthly energy bills.

Areas with high electricity rates include Arizona, California, Colorado, Florida, New Jersey, and New York. This means that homeowners can sell their solar-powered homes at a higher price than homeowners in other states because residents in these high energy cost states will save more by using solar power.

Installing a solar battery can be another selling point. These batteries store excess energy your solar panels generate throughout the day to use at night or during power outages. You can also use the energy when electricity rates are highest to save more money.

### Location

Not every state has the defined laws, solar installers, or the local support needed to make solar panels profitable for a homeowner. Some areas actively encourage homeowners to convert to solar power, making a solar energy system more valuable in those markets. The Solar Energy Industries Association (SEIA) named the following states as top solar markets based on their solar energy capacity (in order):

### Our Conclusion

Installing solar panels is a wise investment and can significantly increase your home value in addition to providing long-term energy savings. How much value solar panels add to your home can vary by your location, system health, and state and local policies. But whether you want to make your home more valuable for yourself or potential buyers, a solar panel system upgrade could be worth it.

# Real Estate Agents & the Resale of Your Home

For the most part we have found that real estate agents are warming up to solar powered homes.

Many are open-minded and current on solar technology and will gladly list your home and be successful at marketing it.

Good news is that Solar Homes are now in a special category on the MLS as energy green homes and now are selling on average 10-20% faster than comparable homes without solar.

Facts and studies that show solar-powered homes are a smart investment for energy savings and when put on the market adding to the resale value greatly.

Nationwide studies show statistically that solar-powered homes not only sell with less days on the market, but also for more than non-solar homes.

In Arizona there is a large and increasing demand for solar homes, especially in light of the built-in savings they offer to perspective buyers who are facing increasing energy costs every year.

Solar offers amazing energy savings plus freedom of not depending on the grid ( APS OR SRP ).

## **Is it Harder to Sell a House With Solar? Answer May Surprise You**

Scott Laskey, Jan. 25, 2021

If you've installed or are considering installing a solar system on your home, you may be wondering what you can expect when it comes time to sell that house. Fortunately, selling a home with solar panels isn't as difficult as many people think – you just have to understand the ins and outs of what buyers want and be aware of the potential challenges.

In most cases, having solar increases your home's value and makes it more attractive to buyers. Nationwide equity studies show 4-9% increase.

## **Are Solar Panels a Selling Point?**

For most homebuyers, solar panels are indeed a selling point. In addition to the fact that solar panel systems don't require much maintenance, they also lower or eventually eliminate utility bills, increase home value, and allow the homeowner to take advantage of money-saving tax rebates and credits.

According to the National Renewable Energy Laboratory, homes with solar panels sell 20% faster and for 4.1% more than those without.

Investing in solar panels is a fantastic way to help you save money and create an environmentally-friendly home, we see that every day at [Green Building Elements](#).

However, when it comes time to sell your house, you will be pleased with the current positive market for buyers looking for solar and how the panels affect the selling process and your home value.

Below, we cover everything you need to know about selling your home with solar panels.

# The Truth About Selling a House With Solar Panels

## What You Will Read In This Article

- [Solar Panel Ownership Types](#)
- [How Solar Panels Impact the Property Value](#)
- [Selling the Advantages of a House With Solar Panels](#)
- [Questions Buyers Will Ask Sellers About Their Solar Panels](#)
- [Make Sure to Resolve These Maintenance Issues Before Listing](#)

Investing in solar panels is a fantastic way to help you save money and create an environmentally-friendly home, we see that every day at [Green Building Elements](#).

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Below, we'll cover everything you need to know about selling your home with solar panels.

Depending on the current ownership situation, selling a house with solar panels can prove to be an extremely simple. To understand that process, we must first look at solar panel ownership types and how they might affect the process you go through to sell a house.

## **PPA Solar Panels**

Transferring the installation to a new homeowner with leased or [Power-Purchase Agreement](#) (PPA) systems is simple. The leasing company takes care of everything and transfers the agreement directly with the new buyer.

In these cases, a home sale does nothing to affect the contractual agreement with the installer. Monthly payments on a lease continue as scheduled. Again, once you have sold the property, there are no issues as the lease transfers with no qualifying for the new homeowner.

How Solar Panels Impact the Property Value Solar panels typically add to the value of a property, and buyer interest in solar-ready homes is picking up. Very few properties that can accommodate solar panels sell without them these days, and overall, they tend to command higher prices than similar homes in comparable areas.

On average, however, [one study showed](#) that consumers don't pay much attention to whether or not a home has solar installed unless the systems are newer than 12 years old. It's a good idea to do your homework, and with a good realtor find out what solar-ready homes have sold for in your area so you can list accordingly. Solar panels typically add to the value of a property, and buyer interest in solar-ready homes is picking up. Very few properties that can accommodate solar panels sell without them these days, and overall, they tend to command higher prices than similar homes in comparable areas. It's a good idea to do your homework, and with a good realtor find out what solar-ready homes have sold for in your area so you can list accordingly.

## **If You Lease the Solar Panels**

If you're leasing your solar panels and plan to sell the house, you will contact your installer and ask the process for terminating and transferring the agreement. Most companies offer a buyout option.

If you're planning on leasing, it's essential to understand that homebuyers ask if they can continue with your lease or get full ownership of the system. Solar is viewed by many as a wise investment, so if you plan on selling your home before your terms are up, be prepared for some inquiries about how much money it would take to buy out.

## **Selling the Advantages of a House With Solar Panels**

There are several benefits to selling a house with solar panels. The most obvious is providing your buyers with ongoing savings, always disclose the existing system when selling a home with solar panels as it is a great sales feature.

### **Lower Electricity Bills**

One of the main selling points of a home with solar is that if you get a system that's up to par, [it will cut your energy costs](#). It might not sound like much, but this can make a big difference in many areas where electricity prices are high.

When selling a house with solar panels, be prepared to explain how much buyers could save on their monthly bills and how easy it is to take over any existing contracts. Consider providing similar utility bills from before the house had panels to give an idea of the savings potential.

### **Higher Home Equity**

Another significant benefit of solar is that it boosts your home's equity. As a result, potential buyers are often willing to pay more for a house with solar. Not only do they save money in the long run, but a lower monthly bill results in the following:

- They can put more down on their mortgage payments each month.
- More money down each month equals building up equity faster than owners who rely on traditional power sources.
- Money saved on low maintenance costs of solar panels can provide additional savings.

If you're selling with solar panels already in place, consider including some estimates or statements about how much this supposedly higher resale value will help pay off closing costs or their down payment. Of course, there is no guarantee that buyers will agree with these numbers, but it never hurts to be prepared when trying to sell a house with solar installed.

## **Low Maintenance.**

Solar panels are relatively low maintenance. The system should come with a warranty covering parts and labor for many years, however there aren't many ongoing costs or maintenance concerns beyond that. Also, since the panels don't rely on power from the grid, being off won't mean you need to call an emergency maintenance specialist to get them back up and running.

## **Solar Panels Have a Long Lifespan**

Solar panels last between 25 to 50 years, much longer than the 10-year average for most home products. Some homes from the 1970s running on solar were installed when it was cutting-edge technology and will likely outlast their owners.

Because of their long lifespan, virtually every solar company includes 25-year warranties, homeowners can sell a house with solar panels without worrying about finding buyers down the road who will feel nervous about having to replace the system a couple of years down the road.

## **Cool House Factor**

Solar panels are stylish. A house with solar is seen by many as an environmentally friendly way to live and is generally cooler than one without. There is already a strong trend of homeowners moving towards renewables, so if you can provide them with ongoing savings on top of this cool factor, your house could stand out from the rest. If you're selling a home with solar panels, play up this cool factor.

## **Questions Buyers Will Ask Sellers About Their Solar Panels**

Most prospective home buyers will ask you questions about solar; whether or not they will get the opportunity to own a house with solar panels depends on how well-informed and prepared you are to answer these queries.

Here is a list of common questions your buyers may ask below, along with tips for providing clear, concise answers.

## **1. What is your current electrical bill each month?**

Prospective buyers will ask you what your current monthly electricity bill is. If you're selling a house with solar panels already installed, be prepared to give some proof of the energy savings potential they provide. Potential buyers may not want to take on an additional power source that costs money if it's more expensive than what they are currently paying. If you are selling with solar installed already, show similar utility bills after the panels were installed.

## **2. Who owns the solar panels?**

Provide a copy of the contract you made with the solar power company when you installed the system. If you own them, be prepared to explain how much they cost and what kind of return on investment can be expected. If you're leasing the solar panels, you should have a copy of the contract that explains how much you'll pay and what rights you have, as well as how long the lease is for.

## **3. If financed, who is paying for the solar panels?**

If you own them, then hopefully, they have been paid off already. If not, explain your current monthly payments and the remaining years on the loan. If you're leasing solar panels, explain how much you'll pay each month for this lease. Leases now do not put liens on you, but easily transfer with no penalties within a trust or to a homebuyer with no qualifying.



## **4. Who manufactured the solar panels?**

This question is important. If a major company makes them, they should be easy to find in case of any necessary repairs or replacements. You should be able to provide this information to the potential home buyer, and if you're leasing, provide a contact name and phone number.

## **5. Who installed the panels?**

This question requires a different answer than the previous one. You do not need to provide the potential buyer with a list of contacts to call for repairs, but it is essential that they feel confident that the system was correctly installed. Therefore, providing copies of relevant documentation showing your installation date and warranty status should suffice.

## **6. Is there a current warranty?**

If so, you should provide details of the specifics. Warranties on solar panels often help the potential home buyer feel more confident in their purchase by assuring that the system will continue to work for a certain period without issues.

## **7. Is net metering a possibility?**

[Net metering](#) is a program some power companies offer to provide incentives for homes with solar panels. The amount of energy your panels produce is subtracted from the total electricity you use and you are paid for it, and whatever remains goes towards powering other houses on the grid.

## **8. Is there a current service plan?**

A service plan is similar to a warranty in that it will continue to protect the system for a certain period after installation. However, many people are wary of purchasing homes with solar panels because they are afraid of costly repair fees down the road. Providing the service plan documentation should reassure them that this is not likely an issue. It will also give the contact information for the service plan in case- specific questions arise or if they run into problems with the solar panels.



## **9. How large is the system?**

This question is expected if the potential buyer is interested in how much energy it can produce. Provide the number of panels installed, their capacity (in kilowatts), and what percentage of your total electricity consumption they can power. Check with the solar power company that installed it, or ask them for guidance if you're unsure.

## **Make Sure to Resolve These Maintenance Issues Before Listing**

Before putting your home up for sale, you should ensure that all of the issues with the solar panel system and other energy features have been resolved. Below are some of the specific issues you should pay attention to before selling to ensure that you and the home buyer have a good experience.

## **Installation Quality**

Although it's not always possible to go into great detail about the installation, you can still provide some people with basic information about who performed the work and why they chose that particular company.

## **Inverter and Metering System**

Finally, you should make sure to let potential buyers know about the [inverter and metering system](#). These are important because they take care of the solar panel system when you aren't using it, which means that your home requires less energy overall.



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