



LET'S TALK REAL ESTATE

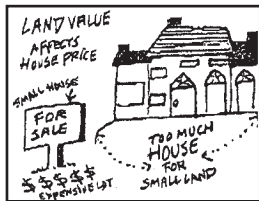
with **KEVIN ELLIS**

HOUSE VALUE VS LOT VALUE

QUESTION: What is the relationship between the cost of a lot and the value of the house on it?

ANSWER: Old rules of thumb have lost much of their meaning. It used to be said that land should represent about one-sixth of the home's price. Then it moved to one-fifth and now around one-fourth. It will change again as land cost continues to rise.

However, the land value versus house value ratio cannot be dismissed because it does affect resale value and ability of securing a mortgage. It may not make a great deal of difference if you put an inexpensive house on an expensive lot, but it could be a mistake to have too much house for the land.



THE COST OF THE LOT plays an important part in how expensive a house to build on it.

Thinking of selling your home?

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