

Name _____

Appreciation

Home values appreciate (increase in value) on average 3 – 5% annually. However, this can vary widely depending on the location, current market, etc.

Example: Jerry bought a house for \$85,000. His house appreciated 5% each year. What was the value of the house after 2 years? How much had it appreciated?

$$\$85,000 \times 0.05 = \$4,250 \quad \rightarrow \text{The value after 1 year: } \$85,000 + \$4,250 = \$89,250$$

$$\$89,250 \times 0.05 = \$4,462.50 \quad \rightarrow \text{The value after 2 years: } \$89,250 + \$4,462.50 = \mathbf{\$93,712.50}$$

$$\text{Amount of appreciation: } \$93,712.50 - \$85,000 = \mathbf{\$8,712.50}$$

1. George bought a house for \$145,000. His house appreciated 6% each year. What was the value of the house after 2 years? How much had it appreciated?
2. Elaine bought a house for \$112,000. Her house appreciated 3% each year. What was the value of the house after 3 years? How much had it appreciated?
3. The Cramers bought a house for \$250,000. Their house appreciated 3.5% each year. What was the value of the house after 3 years? How much had it appreciated?
4. The Costanzas bought a house for \$97,500. Their house appreciated 4% each year. What was the value of the house after 2 years? How much had it appreciated?
5. Mr. Newman bought a house for \$65,500. His house appreciated 2.5% each year. What was the value of the house after 2 years? How much had it appreciated?