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## **IN REAL ESTATE BEAUTY REALLY IS IN THE EYE OF THE BEHOLDER**

**By Rod Herman – All Rights Reserved**

Most people like to put their own unique touches to their places of residence. For some, it's a designer sofa. For others, it's a distinctive dried floral arrangement on the dining room table or perhaps an eye-catching piece of art on the wall above the fireplace.

Some folks, though, go far beyond furnishings and accent pieces. They make changes or alterations to the home that, when it's time to sell, can either turn out to be a big drain on their bottom line or a costly and time consuming renovation project.

Basically, there are two types of homes: those that people live in and those that people are thinking about buying. And they really are two entirely different species.

When you visit the home of a friend, you don't normally look at it with an eye towards making changes or alterations. You look at it as a reflection of their unique tastes. It might not be how you would decorate, but it's what makes them who they are. And you accept it and even embrace it.

Visit your friend's home as a prospective buyer, though, and everything that was so "them" suddenly sticks out like a sore thumb. The wallpaper in the family room, wallpaper in the kitchen, and wallpaper, well, everywhere. To the owners it's beautiful. To you, it's nothing more than four or five weekends of scraping and texturing.

The carpet may be relatively new, but you still can't figure out what possessed them to select that bright peachy color. If you were going to buy that home, that carpet would be one of the first things to go. Then there's the vinyl flooring. The flooring in both bathrooms and kitchen are relatively new, too, but the patterns and colors are, well, eclectic. Certainly not your taste, though.

The bathrooms themselves are pretty dated and ready for a fresh outlook. The window coverings throughout the house might have been custom designed, but they're almost gaudy...and nowhere near the colors of your furnishings and accessories.

The kitchen has a newer stove and dishwasher. But look at the cabinetry. Talk about being outdated. And that Harvest Gold countertop sure takes you back a few decades. Then there's the kitchen sink, which looks like it's taken a few too many blows from the 'ol cast iron skillet.

How about the exterior? And the yards? Well for one, the newer roof is certainly a plus, but then again, you'd expect a house to come with a decent roof. The backyard is in fair shape, but that \$3,000 patio cover Bob and Sharlene installed a few years ago makes the back of the house so dark. If you were to buying this home, you'd tear it down and haul it away.

The exterior is weathered, so you know it'll need a new coat of paint before too long. The \$1,500 storage shed is a plus as is the \$5,000 spa. But when you compare this house to some of the others on the market that don't have a spa or a shed,, you certainly don't see an extra \$6,000 in value.

Now that's how the prospective buyer looks at things. But never mind what the buyer thinks. Let's hear from the seller, who is probably convinced that every dollar ever spent on an upgrade, enhancement or custom treatment has undoubtedly added significantly to the value of the home.

You can almost hear the seller's wheels spinning. Let's see...there's \$1,200 in wallpaper, \$3,500 in new vinyl flooring, \$6,000 for a new roof, \$10,000 for the patio cover, spa and shed, \$2,500 for new kitchen appliances, and \$6,500 for carpeting. Add another \$2,000 for such "upgrades" as a 10-year-old microwave oven, window tinting, and various items that were upgrades when the home was built 25 years ago, and you come up with...let's see...more than \$30,000 worth of upgrades and enhancements.

Of course, the seller realizes that you can't expect to get a dollar for dollar return on your improvement. No, he's "only" going to ask \$15,000 more than what they're asking for a similar home just around the corner. An absolute bargain to the buyer, right?

Well, let's ask Mr. and Mrs. Buyer.

First of all, that wallpaper's definitely a goner. Not only does it have no value, but there's also the time and expense associated with removing it and re-texturing/painting. The vinyl flooring is okay, but then, as with the roof, you'd expect a home to have floor coverings that are in decent shape. The home had those things when they were new, so the fact that the seller restored them properly doesn't necessarily add a tremendous amount of value to the buyer.

The kitchen appliances are a plus. But the rest of kitchen could use some updating, which might cost \$10,000-plus by the time you replace or reface the cabinetry and modernize the counters. Then too, the buyers would have expected a functioning dishwasher and stove, so the fact that new ones have been installed doesn't automatically give it a tremendous amount of value in their minds.

That peach-colored carpet, meanwhile, is 'outta-there' right away, so forget the \$6,500 in extra value that the seller assigned to it. To the buyer, it's more like a \$6,500 future expense.

And, as for the \$2,000 worth of miscellaneous upgrades and enhancements, well, the buyer likes some, dislikes others, and is rather noncommittal about the rest. In all, there's maybe a couple hundred dollars in added value.

Finally, there's the patio cover, spa, and storage shed. They've already decided that the patio cover makes the back of the house too dark, so forget the \$3,000 in added value there. To the buyer, there's the cost and time of taking it down. The shed is nice, but, heck, he'd be happy with a \$300 aluminum one. So maybe it's worth a few hundred bucks.

The spa...okay, they admit it...that's a real selling point. In fact it might be the deciding factor between this house and another one they're considering. Unfortunately, though, it's certainly not appealing enough to add \$5,500 in extra value. The buyer might be willing to kick in another couple thousand just because of the spa, but that's about it.

Now let's review all the items that the buyer is planning to change. We've already talked about replacing the carpet, removing the wallpaper, updating the kitchen and taking out the patio cover. But, they'd also want to update both bathrooms soon. Then there's interior and exterior painting, some landscaping enhancements, and new window coverings.

All told, the buyer sees over \$25,000 worth of expenses that would be necessary in order to turn the home into something that truly reflects their tastes.

So there you have it...a seller who's convinced that his home is worth a minimum of \$15,000 more than the one down the street...and a buyer who's convinced that this home is, at best, worth a few thousand less than that other home -- especially when they add up just how much money they're going to have to sink into this one.

Beauty, they say, is in the eye of the beholder. Nowhere is that truer than in real estate.

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