

REAL ESTATE

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Real Estate News You Can Use

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Better Than New

These three words appear frequently in listing sheets for newer houses that are for sale for the first or

second time since their original purchase from a builder.

They're intended to convey that the house compares favorably to brand new construction – and that the house should be included among properties shown to potential buyers looking for a newly-built home.

However, the buyer often doesn't see it that way. For it is the rare two- to 10-year old home that looks as good to a new construction buyer as a brand new house. There are several reasons for this.

First is that the wear and tear of daily living can make a newer but not new home look worn and tired by comparison. Especially the floors, the kitchen and the baths.

Second is that if a house isn't new, it won't reflect the latest trends in accessories, finishes or fixtures. The kitchen in a newer house may have a tile floor instead of wood, which is the current standard. It may have brass hardware and faucets throughout, rather than nickel. It may be painted in colors that reflect the current owner's taste, instead of the neutral tones that builders use. Or there may be carpeting instead of or on top of the hardwood floors that today's new construction buyer expects.

Third, the owners of a better-than-new house may have invested large sums to upgrade the interior the house after buying it from the builder. However, these upgrades may have no perceived value to target buyers if what's been done is not in keeping with the buyers' decorating tastes.

When buyers observe these situations in a house that they otherwise like, they begin a mental tally of how much it would cost to address these perceived deficits. They subtract this amount right off the asking price. They may make an offer targeting this number or, not feeling it's realistic, they may move on.

In the most extreme case, recently-built homes may have flaws that cannot – or cannot easily – be corrected. These could include too few bathrooms...no place for laundry on the second floor...a hall bath serving two family bedrooms instead of an adjacent, "jack and jill"-style bathroom...or a low-height basement that would not provide adequate headroom for a six-foot-plus occupant if finished. These disadvantages may cause the average new construction buyer to reject the better-than-new house outright.

On the other hand, recently-built homes may have some big advantages over new construction. The most important of these is location. That's because there were better building sites available, at lower prices, five to 10 years ago than there are now. Many better-than-new houses are located in more desirable neighborhoods – and/or on larger parcels of land than anything being built today.

There may also be hundreds of thousands of dollars invested in landscaping, or a pool, or tennis court at a better-than-new home. These are certainly things you don't get with most new construction.

However, for many new construction buyers, these features may not be noticed or considered relevant when pointed out by the buyer agent. Potential buyers may not want so much land to take care of, or they may prefer living close to neighbors. They may not appreciate the difference between an A+ and a B+ location if they have to trade off getting what they want on the inside of the house. They may not want a pool, or they may

not like the pool that's there. Their landscaping preferences may be different from what's been planted. They may plan to change everything once the current owners move out.

This feedback may be difficult to hear. It's common for owners of better-than-new houses that have such advantages, to have trouble understanding how buyers don't see the difference between their house with the fine architectural lines and the boxy new construction down the road.

As with all real estate, value is established by how much a ready, willing and able buyer agrees to bring to the closing table. As a new car depreciates once it's driven out of the dealership, so may a new house just a few years later – unless it truly does compare to its newly-built competition in buyers' minds.

So what does this mean to you? If you're a new construction buyer, it's important to choose carefully among the available options so you're in the strongest position if you want or need to market your house as "better than new" five years from now. If you own a recently built but not new home, you will need to do what it takes to compare to new construction if you want to claim your property is good as new – or better than new – prior to listing it for sale.

Houses that truly are better than new tend to sell very quickly. But they are the exception rather than the rule. And they usually require some work along the way so that buyers perceive them in that manner.

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