



A National Association of Exclusive Buyer Agents Home Buyer Report

How to not get tricked by staging,
and potentially save \$5,645 when you
buy your home



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National Association of Exclusive Buyer Agents (NAEBA) Home Buyer Report

HOW TO NOT GET TRICKED BY STAGING, AND POTENTIALLY SAVE \$5,645 WHEN YOU BUY YOUR HOME

Summary

In the summer of 2007 the National Association of Exclusive Buyer Agents (naeba.org) conducted a survey of their broker & agent members about the practice of home staging. The survey focused on the impact on home buyers of the practice. This report outlines the results of the survey including examples from agents working directly with home buyers.

According to a 2003 survey by HomeGain (Emeryville CA) of 2,000 real estate agents Nationwide, a small investment by a home seller on cleaning & decluttering, lightening and brightening, and home staging, produced an average increase in sales price of \$5,645.

Staging has taken the residential real estate industry by storm. It has been the major focus of television programs on HGTV and has been a dominant topic in real estate trade publications. However, up to this point, virtually all the shows and articles have been directed toward the seller's benefits. NAEBA felt that a report from the buyer's prospective would be useful as buyer's toured homes on the market.

According to NAEBA brokers and agents surveyed, 82% of home buyers are likely to be distracted from important issues when they go through a staged home. In addition, 51% of the respondents noted that staged homes often cover up real defects including structural damage.

What is staging?

According to the web site www.homestagingresource.com, staging is defined as "the preparation of a home to sell by a professional who specializes in this form of decorating." Staging can occur on two different levels: 1. Basic Staging and 2. Emotional Staging.

Basic Staging

The basic practices for staging have been around for years and can be summarized as:

- Removing clutter in the home.
- Placing only attractive, basic furniture in each room.
- Keeping walls, trim, and carpet in neutral colors.
- Removing personal items including pictures, hobby items, etc.
- Taking care of any deferred maintenance items.
- Cutting the grass, trimming the bushes and taking care of the landscaping.
- Cleaning up after pets and children.
- Cleaning all the windows and making sure all rooms have good lighting.

Emotional Staging

Emotional staging is the practice of trying to get you to put yourself in the home emotionally by creating scenarios or events in your mind. This includes trying to get you to picture yourself in the home having an enjoyable time. Stagers often refer to these scenarios as vignettes. Here are some examples:

- A romantic evening in front of the fireplace. Many staged homes will show some pillows and two wine glasses in front of the fireplace. (There would typically be a fire in the fireplace anytime the home is shown when the weather is cold.)
- Sitting down to a home cooked meal. Usually staged homes will show place settings at the dining room table. This is almost a universal staging trick because it works so well in getting you as a buyer to think emotionally. On the topic of tables, many times stagers will use glass topped tables because they make a room feel larger.
- An evening relaxing at home with a good book. Often stagers will bring in classy books and business best sellers and place them on night stands or by reading chairs.
- Festive family events. Fresh flowers, nice relaxing music and pleasant smells round out the stager's arsenal.

Staging is different than decorating, because a professional decorator works around the home owner's ideas of how they will be using a home. Staging is focused on how you as a potential buyer might use a home. Sometimes stagers don't quite hit the mark, but in general they are effective at breaking down your logical mind and getting you to feel emotional about a home.

Who does the staging?

Staging is often done by a staging professional hired by the listing agent or the seller. Sometimes the listing agent has been trained in staging and they do the staging for the seller. One of the fundamental rules of staging is that the way someone actually lives in a home IS NOT the way they should be selling a home. As a result, homeowners themselves are rarely effective at staging because they have difficulty removing themselves from the way they have lived in the home. Professional stagers on the other hand have never lived in the home so they can visualize and present the home as a sales "showplace" more easily.

The dangers of staging from your position as a home buyer

The biggest concern for home buyers is that the staging effects can make a home seem more appealing to the eye. However, the staging does not add square footage to the home, improve the home's location, improve the quality of the fixtures, improve the quality of the construction, increase the desirability of the floor plan or the views or the neighborhood. In other words, the staging does nothing to the fundamental value of the home. A staged home will typically not appraise for more than the same home will without staging. Once you own the home, the staging furniture will no longer be there, the cut flowers go away and often you need to repaint your new home.

NAEBA recommends that buyers remain cautionary about staged homes. In the real estate profession there are an abundance of stories of buyers seeing a staged home, becoming emotionally attached to it, and then paying over market value for the home. This is exactly what you want to avoid as a buyer. The emotional attachment can end up costing you thousands of dollars.

Staging also tries to minimize a home's shortcomings. This almost always includes using small furniture to

make a room look larger, particularly small dining tables and chairs and small bedroom furniture. Watch out for it! Additionally, the survey results indicate that stagers and/or home sellers often use furniture and wall hangings to cover up or direct a buyer's attention away from floor damage or wall damage. In one case the stager had brought in some very nice window coverings. Unfortunately they covered up a broken window that ended up being the buyer's problem. Often when you see a staged home you might get the impression that if the home looks this good now, it must have been well maintained. This is often false and a potentially dangerous assumption. Many times staged homes take advantage of the staging to cover up deferred maintenance issues and improper construction and repair issues. Do not assume that an attractively presented home has been well maintained.

NAEBA agents report their experiences

NAEBA real estate agents identified a series of potential hazards when viewing staged homes. These included using rugs to cover up damaged flooring, or paintings to hide holes in the wall. More dramatic problems agents saw included painting over peeling wallpaper or a new exterior paint job covering up rotting wood. Other actual staging experience stories included:

- "Buyer fell in love with the house, but the house had serious foundation issues and a water seepage issue that were not disclosed. Buyer found out when she went back to the property and talked to a neighbor. We then had the property evaluated by a structural expert who confirmed the defects existed. Buyer still wanted the house and made a low offer to compensate for the work that would have to be done, but the offer was refused."
- "A vacant home had beds staged in each room. At the final walk-through, each and every room had a huge carpet stain where furniture had been."
- "A huge portrait of the daughter's wedding photo on an easel in the master bedroom trying to hide a huge diagonal crack in the wall. I noticed!"
- "The point of staging is to draw attention to the decorating and away from the actual structure. I've seen many buyers walk into a staged house and say "I love this" and then get angry when the Exclusive Buyer Agent starts pointing out those defects that the staging has hidden. By the time you leave the house, the buyer is angry at the seller for trying to "hide" things when the defects may be something that the buyer could deal with or seller will negotiate and it could have been a good home for the buyer, but the buyer won't even consider it anymore because they feel they can't "trust" the seller."
- "A staged home is usually very neat and well appointed. This implies that the current occupant is the same which would also imply that the home has been well maintained. When in reality, this may be the opposite of the truth. And, the cost of staging has to be in the transaction somewhere."
- "I took my clients to a home where the living, dining and kitchen were staged with furniture and accessories, drapes, etc. My couple has 4 daughters and has lived in a 3 bedroom apartment for 3 years. They absolutely fell in love with the furniture and wanted it and weren't even looking at the home. The cabinets in the kitchen were the cheapest Home Depot sells. There were no appliances. The bedrooms would hardly fit beds and dressers. But they were still caught up in the brand new laminate floor and the beautiful furniture. As we were going upstairs to look at the dormer bedrooms, I pulled back the satin-tasseled drapes and behind those drapes was a single pane, cracked window, with an old metal painted frame, no screen (because it doesn't open) and it was sealed around the edges with duct tape. Love that weather stripping. I never did find the washer hookup that was supposed to be in the basement. The dryer was there, but nothing else. My clients were very

disappointed that I suggested that it had too many problems for them to deal with (first time buyers, no maintenance skills) because the main floor was so beautiful.”

- “Staging often brings the expectation to the seller that it should sell for more. Staging often is cosmetic in nature and more important mechanical or structure issues may not be addressed. The buyer will probably end up paying more for a home that is staged than for a similar one that isn’t. Sometimes staging is used to cover up serious defects.”

The best defense when you are viewing homes for sale—a loyal real estate professional on your side

The best defense to a seller’s home staging is to work with a real estate agent/company who is loyal to you. NAEBA members are Exclusive Buyer’s Agents (EBAs) because they only work for buyers like you. They never list property and they never work for sellers.

Working with an EBA gives you a number of advantages:

1. Since they work for buyers all the time they are very familiar with staging, having been through hundreds of staged homes, and negotiated purchase transactions where staging was involved.
2. Since they and their offices never work for sellers, you won’t get caught up in a “dual/ designated agency” conflict of interest situation. If you work with a regular real estate company they will often turn into a dual agent, trying to get the seller the highest price while trying to get you the lowest. This is a nonsensical position to put yourself in when you are buying something as expensive as a house.
3. An EBA will point out the staging and help you see past it. They will also help you envision an unstaged home with the same touches so you can more objectively compare the staged home with its competition in your market.
4. Fundamentally, one of the goals of an EBA is to make sure you are looking at value, not just how the furniture is placed or how the flowers brighten up the room.

There are exclusive buyer agents in virtually all major markets including Hawaii, Mexico and the Virgin Islands. To find an Exclusive Buyer’s Agent to interview, visit naeba.org or call 800-986-2322.

According to one NAEBA agent, “I make sure that my clients look beyond the staging. We may love the colors but it is the “bones” of the house, the layout, how the property fits their wants and needs, etc. that is really important. I tell them it’s my job to help them make a decision that they will appreciate long after the initial purchase.”

What kind of buyers are most vulnerable to staging?

You are particularly vulnerable to staging if you are a first time buyer. This is because of the emotion attached to a first home. Also at higher risk are single home buyers because they don’t have a partner to point out to them if they are making illogical home purchase decisions.

However, staging is beneficial to sellers at all price levels and in all markets, so staging of homes in real estate transactions is a marketing technique that is here to stay.

Why the most sophisticated buyers often purchase homes that show poorly

In discussing staging with our Exclusive Buyer Agent members and members of the real estate writing profession it is often noted that the most sophisticated buyers typically buy homes that don't show well. This is because they can see potential. The fact that a home shows poorly hurts the seller's negotiating position and that helps us negotiate a better deal on the buying side. Seeing the potential of a home that shows poorly is another important reason to work with a full time, loyal, Exclusive Buyer's Agent.

The result of staging from the seller's view

Now that you are more familiar with what staging is, you probably want to know why sellers and listing agents bother with the effort. There have been a number of staging studies, and virtually all of them have shown that a staged home typically sells for a lot more money and sells in a shorter time.

Barb Schwarz of Staged Homes (www.stagedhomes.com) reports that staging a home typically allows the home to sell for about 6% more money than an unstaged home.

Calie Waterhouse (www.decoratedtosell.com) reported that spending \$2,000 on staging a home netted the seller a \$31,000 increase in sales price.

There is absolutely no question in the real estate industry that staging can make the same home sell for more money. However many homes for sale are not staged. This is typically because the seller doesn't know about staging, is not convinced of the benefit of staging, or they just don't want to go to the effort.

Conclusions

Staging is a smart way for home sellers to present their home to you to get the highest possible price. On the buying side you need to see past the staging and try to evaluate the home just like you would if it were empty of the furnishings (the way it will be if you do purchase it). If you see attractive color combinations and furniture layouts remember that you can copy those into any home you buy with a similar floor plan.

In negotiation, once a tactic is recognized as a tactic, it loses its power. The good news is that the same is true with staging. Once you are practiced at noticing it you become much more able to see past it, and, see your way to buying a house at a great value.

Let us know if you would like some help, and Good luck in your home buying effort!

Jon Boyd
2007 President
National Association of Exclusive Buyer Agents (naeba.org)

Additional "Know your enemy" resources from some of America's top staging professionals:

- <http://www.stagingdiva.com/> Debra Gould's website
- <http://stagedhomes.com/> Barbara Schwarz's website
- <http://www.recreatinginteriors.com/> Mary McDonald's website
- <http://www.homestagingresource.com/> Audra Slinkey's website
- <http://decoratedtosell.com/> Calie Waterhouse's website
- <http://www.bankrate.com/brm/news/real-estate/getting-readya1.asp> 20 Staging Tricks to Sell Your Home

The National Association of Exclusive Buyer Agents was founded in 1995 to help consumers become educated homebuyers. NAEBA is a nonprofit organization whose purpose is to be the “champions of real estate buyers’ rights and representation.” It has over 500 members worldwide. Starting in the mid-1990s, savvy buyers wanted the benefits of a real estate representative working for their interests exclusively. They turned to EBAs, Exclusive Buyer Agents, to do the job. NAEBA is an industry group dedicated to supporting EBAs in serving clients to the best of their ability. NAEBA offers industry standard certifications, ongoing education, client referral service, technology and information sharing. The NAEBA Code of Ethics pledges undivided loyalty to real estate buyers only. More information about NAEBA can be found at naeba.org.