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IN TOUGH TIMES, THE FIX IS IN

When the economy weakens and home prices drop, many homeowners boost spending on routine repairs and maintenance, a study shows



Fit and Finish

House prices generally rose from 2001 to 2007 and fell from 2007 to 2009. During the latter period, homeowners increased the amount they spent on maintaining their home.

Percentage by which households increased annual maintenance costs, on average:

- 18%, or \$120, 2001 to 2007
- 63%, or \$423, 2007 to 2009

Note: Adjusted to year-2000 dollars  
Source: Housing Studies, January 2013

WHEN THE ECONOMY IS DOWN, many homeowners look for places to scrimp and save. Home maintenance isn't one of them.

Rather than cut back, homeowners increase the amount they spend on routine repairs and maintenance, such as painting, during poor housing cycles, says Tammy Leonard, clinical assistant professor of economics at the University of Texas at Dallas, who studied maintenance expenditures of households between 2001 and 2009.

Between 2007 and 2009, after the housing bubble burst in 2006, homeowners upped their maintenance spending by an annual average of 63%, or \$423 for the average household, compared with an 18% annual average increase in the period between 2001 and 2007 when house prices were rising. When combining all sample years, the average household spent \$671, adjusted to year-2000 dollars, annually on maintenance.

Homeowners may have decided to spend more to maintain their homes because they expected to stay there longer.

"Their expectations in the tenure of their house may have changed,"

Prof. Leonard says. "No one wanted to sell in 2007, and people have thought they would invest."

The study's findings applied to all housing groups except for one—households with low home equity and low income. That pool of homeowners likely faced a high risk of default and slashed their maintenance costs to nil when the market turned.

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Prof. Leonard examined roughly 10,000 to 12,000 single-family homes, based on data from the American Housing Survey administered by the U.S. Census. Households reported their maintenance costs as well as the estimated value of their home, which determined their loan-to-value ratio as well as their perceived default risk.

The study, "The Impact of Housing Market Conditions on Residential Property Upkeep," was published in Housing Studies in January 2013.

Madeleine Romanello, broker associate with One Sotheby's International Realty in Miami Beach, Fla., says homeowners may increase their spending in poor housing cycles to help their property sell.

"[Good maintenance] is a major, major factor in selling a listing," Ms. Romanello says. "The house has to look completely pristine. Every light bulb needs to be working; the house has to be totally clean."

Some buyers believe cosmetic issues indicate larger functional or structural problems. "The minute buyers see any sort of neglect that's visible, they think there are more underlying problems with the prop-



Greg Boss

**BRIGHT IDEAS** The owners of this Boise, Idaho, home made improvements before putting it on the market. It sold last year above the list price, says agent Greg Boss.

erty," she adds.

"In the buyer's mind, one little thing can trigger a negative feeling about the whole area," says Linda Olson, an agent with Better Homes and Gardens Real Estate David Winans & Associates in Arlington, Texas.

Four weeks ago, Ms. Olson got a \$182,000 listing for a two-story, well-maintained home in Mansfield, Texas. Within a week, five agents had criticized the neighborhood. One agent

mentioned a nearby house, which had overgrown grass, chipped paint and an old truck in the driveway.

Ms. Olson promptly knocked on the neighbor's door. "I said, we were really trying to sell the house, and it would help me out a lot if you could cut the grass and rake the leaves and move your truck," she says. Fortunately, the neighbor obliged.

"I'm negotiating an offer right now," Ms. Olson adds.



Michael Olson

**NOT IN MY BACK YARD** Real-estate agent Linda Olson says an offer was made on this home in Mansfield, Texas, after she asked a neighbor to tidy their yard.

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THE WALL STREET JOURNAL.

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