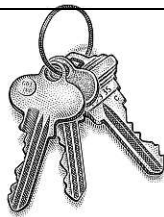


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WHEN PRICES OF HOMES WITH POOLS TAKE A DIP

In the winter, the water doesn't look so appealing, so potential buyers are less likely to shell out extra bucks for a swimming pool

ANOTHER MYSTERY of human behavior: Home buyers will pay a premium for a house with a swimming pool in August—even though soon it may be too chilly to sit poolside. “When it is sweltering outside, a swimming pool just looks attractive. There’s an emotional connection because it reminds us of fun times we

have in the summer,” says Jaren Pope, assistant professor of economics at Brigham Young University. When swimming-pool homes go into contract in the summer, they sell for an average 0.22 percentage points more than the base-line price determined by researchers. For a \$1 million house, summer adds roughly a

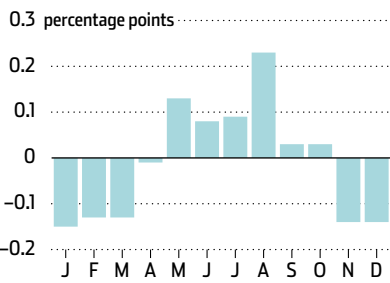
\$4,000 premium. In just a couple of months, however, “the home buyer is left scratching his head and wondering why he paid extra for a pool,” he says. Conversely, a swimming-pool home that goes into contract in January sells for 0.15 percentage points below the researchers’ base line.

Prof. Pope and co-authors Meghan Busse, Devin Pope and Jorge Silva-Risso set out to discover what role weather plays in buying decisions. They looked at more than four million housing transactions from 1998 to 2008 in 27 states. They limited the study to homes that sold at least twice over the 10-year period and compared sale prices with base-line prices controlled for housing characteristics. Their findings, “Projection Bias in the Car and Housing Markets,” were published in June by the National Bureau of Economic Research. Their research falls into the broader category of behavioral economics, giving insights into the psychology of spending, such as why some people spend more money at the grocery store when they’re hungry. In the home-sale study, the best month to list depends on how hot or

cold your local market is, Prof. Pope says. But generally speaking, early spring is best in order to snag those late summer buyers. Jim Getzinger, a real-estate agent with Atlanta Fine Homes Sotheby’s International Realty, says he sees an uptick in interest in homes with pools in the summer. During winter months, sellers need to pay extra attention to make the pool look appealing, he says. He advises sellers to keep pools as clean as possible and set up cushions and décor “even if it’s 20 degrees.” He also recommends dressing up a pool area with Christmas lights and heaters to draw attention. “A pool can look just as attractive in the winter on a clear, cold day if you put the right elements out there to enhance it,” he says. —Sanette Tanaka

Seasonal Sales

Here’s a look at how weather affects the final sale price of a home with a pool. A buyer who goes into contract in January, for example, will pay 0.15 percentage points less than a baseline price determined by researchers.



Caroline Testone
National Bureau of Economic Research, June 2012
The Wall Street Journal



SEASONAL SALE This Alpharetta, Ga., home, listed for \$5.35 million, has seven bedrooms, nine baths—and a pool that may look its most inviting in August.

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