

## MANSION



**VIEW FINDER** Two different perspectives of the same terrace at New York's United Nations Plaza. Fresh flowers also enhance the scene.

## THE TRADE

# What a Picture's Worth

Adding a photograph to a listing can translate to a big price bump

BY SANETTE TANAKA

**TURNS OUT**, a picture is worth thousands of dollars.

Adding at least one photo to a residential-real-estate listing increases the final sale price by up to 3.9%, says Ken H. Johnson, an associate professor of finance at Florida International University's Hollo School of Real Estate. That can mean an extra \$39,000 for a \$1 million house.

"If I was selling, I would put every picture I could on the listing, at a ratio of four to five interior vs. one exterior," says Prof. Johnson. "We're talking about a few extra weeks in marketing time to get that 3% to 5% increase on a home. That's a good trade."

Roughly 85% of the 4,077 houses studied by Prof. Johnson and co-authors Christopher Cain and Justin Benfield included a photo. Interior pictures were more effective than exterior shots, adding a 3.9% price bump vs.

1.9%. Although adding just one photo can result in these gains, Prof. Johnson estimates that each additional photo adds about \$150 to \$200 to the final sale price.

But be prepared to wait for the payoff. Adding a photo increases the time to sell by 20.6%, meaning the house will stay on the market for an additional 16.5 days, on average, according to the study, "On the Relationship Between Property Price, Time-on-Market, and Photo Depictions in a Multiple Listing Service," published in the Journal of Real Estate Finance and Economics in 2011.

That's because photos give consumers more information to consider, slowing the decision-making process, Prof. Johnson says. "You're getting an information overload. It's like offering kids a bunch of candy, and they can't decide which one to take," he says. But photos also ease uncertainty. Consumers who have a clear idea of what they are buying are willing to pay more

and are ultimately more satisfied with the sale.

Prof. Johnson's research does not differentiate between professional photos and amateur shots, but says he thinks professionally shot photos are much more effective.

Debra Stotts, senior vice president and associate broker at Town Residential in New York City, recently had one of her listings at Trump World Tower at 845 United Nations Plaza reshot to better show off the design, size and views.

To do that, Manhattan-based photographer Michael Weinstein looked for what he calls the single "wow photo" to open the listing. Usually, it's the living room, but in this case, Mr. Weinstein says he shot the dining room opening into the living room to emphasize spaciousness.

Mr. Weinstein, owner of MW Studio, shares some tips that homeowners and brokers can consider when working on listings. First, he takes into account which direction the

windows face and when the natural light will best accentuate the space. Generally, earlier in the day gives a clear, bright light, while later in the day casts a warm glow.

He usually shoots from the corner of a room with a wide-angle zoom lens to depict the room at its largest. He also positions the camera to highlight the unique elements of a home, whether that's floor-to-ceiling windows, generous hallways or an elegant foyer. Mr. Weinstein charges on a per shot basis at roughly \$250 to \$1,500 per real-estate shoot, depending on the number of photos used.

Evan Joseph, another Manhattan-based photographer, will sometimes use up to eight lenses in a single shoot. "I look for the camera angle that makes a room open up, maybe being closer to the windows or shooting upward. Sometimes you need to find the spot where the view is the most fantastic, and that spot might be in the middle of a room or on a couch," he says. Mr. Joseph, owner of Evan Joseph Images, says he charges between \$600 and \$1,500 for high-end shoots of resale homes.

Both photographers agree natural light is best. But in the case of a cloudy day, Mr. Joseph comes to shoots armed with plenty of studio lighting. Mr. Weinstein skips the lighting but will occasionally turn on interior lamps to add warmth—though that can give the impression that a room is naturally dark.

For the most part, Mr. Weinstein says, touch-ups happen after the shoot with digital photo editing. A cloudy, overcast view can be brightened to show clear blue, sunny skies. Fireplaces are dressed up with fires. He also removes anything unsightly, like wires, scuff marks on walls, vents, even air-conditioners. He adjusts the color as well to accentuate certain features in the homes. "We'll warm up the floors or warm up the colors of the walls. It's very subtle, but it can be very effective," he says.

Especially time-consuming is removing multiple or large elements, like scaffolding seen through a window or a delivery truck obscuring the front, Mr. Joseph says. "People think Photoshop has a magic 'Remove This' button, but you have to reimagine, re-create and reassemble the thing that I'm removing," he says.

One broker notes that retouching shouldn't misrepresent the space. "Even if a space needs a lot of work, I would show the flaws in the images so people know what they're getting into," says Patty LaRocco, senior vice president and associate broker at Town Residential.

Photos have to walk the fine line of showing off a space's character without making the home seem too personalized, Ms. LaRocco says. "Materials, light and volume are really what I'm after," she says.

► See more dressed-up listing photos at [WSJ.com/Mansion](#).

## IMAGE CONTROL

How photos with property listings affect the sale price and time on market:

**3.5%**

Increase in sale price when an online listing contains one or more photos.

**3.9%**

Increase in sale price when a listing with only one photo shows an interior view.

**1.9%**

Increase in sale price when a listing with only one photo shows an exterior view.

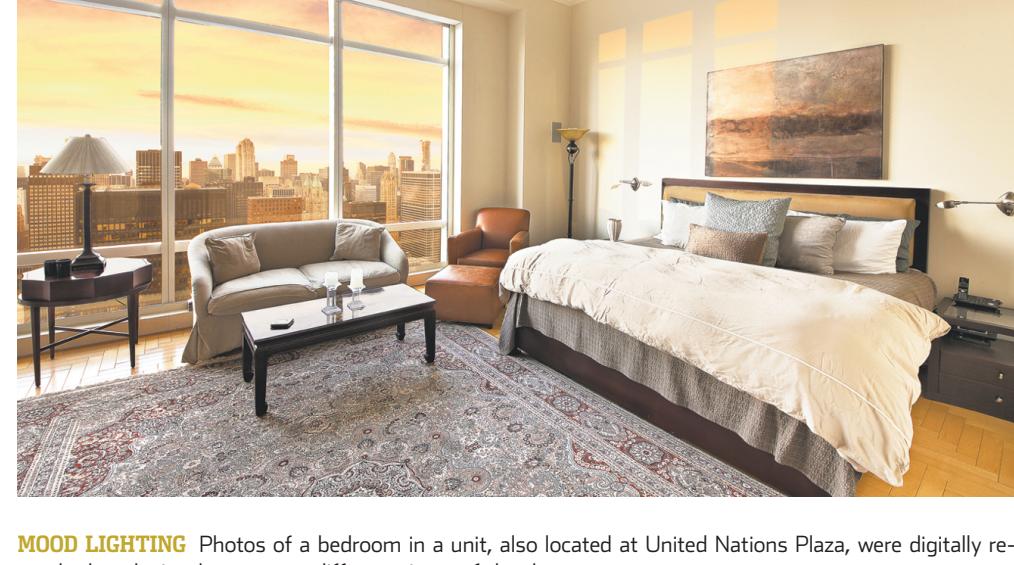
**20.6%**

Rise in the time it takes to sell the property when a listing contains at least one photo.

Source: 'On the Relationship Between Property Price, Time-on-Market, and Photo Depictions in a Multiple Listing Service,' 2011, co-authored by Ken H. Johnson, an associate professor of finance at Florida International University's Hollo School of Real Estate

**\$150 to \$200**

Estimated increase to the sale price per additional photo.



**MOOD LIGHTING** Photos of a bedroom in a unit, also located at United Nations Plaza, were digitally retouched to depict the space at different times of the day.



Michael Weinstein (2)

JUMBO JUNGLE | BY ANNAMARIA ANDRIOTIS

## Using a Picasso To Get a Home Loan

**PABLO PICASSO** got a home loan.

Many wealthy home buyers are getting loans that are secured with high-value assets, such as fine art and investment accounts. While many of these buyers could purchase the home outright with cash, they're choosing this loan in order to maintain liquidity.

Borrowers can get them in as little as one to 30 days after applying, compared with the two- to three-month waiting period that currently exists for mortgages with many lenders. They also don't require a home appraisal, which has derailed many mortgage applications over the past few years.

In many ways, experts say, the process allows borrowers to have the best of both worlds.

They retain the asset that they're using as collateral for the loan—the artwork, for instance, continues to hang in their home or the investment account remains untouched—and the loan they get can charge a low rate, often ranging from roughly 0.71% to 3.25%.

In most cases, borrowers turn to private banks and wealth-management divisions of large banks where they maintain significant assets.

Jim Minich, managing director of capital advisory services at Harris myCFO, a subsidiary of BMO Financial Group, cites an instance when an art collection mostly comprised of Picassos was used to purchase a roughly \$12 million apartment in Manhattan.

Many institutions say demand is rising. J.P. Morgan Private Bank says the dollar amount of loans secured by clients' assets for real-estate purposes increased 20% last year. At Wells Fargo Private Bank, about one-third of all the loans on its books are secured by clients' liquid assets, such as investment accounts. Moreover, applications for these loans—used for a variety of purposes, including purchasing homes—are submitted daily. It also receives one to two requests per month for art loans, up from one to two a year in 2010.

"There's definitely been a surge of people using art as collateral for loans," says Suzanne Gyorgy, global head at Citi Private Bank's Art Advisory and Finance Group.

Many lenders will accept other tangible assets as collateral as well. Tom Clarke, U.S. head of capital advisory at J.P. Morgan Private Bank, says this

can include gold bars and private jets that clients own outright.

Lenders for their part are encouraging the trend. U.S. Bank's Ascent Private Capital Management, whose clients have at least \$50 million in net worth, says it's building a program around art-backed loans that it plans to launch next year. (It currently considers art loans on a case-by-case basis.) And PNC Wealth Management says it has been talking to its clients more about loans secured by investment portfolios as an alternative to mortgages.

Lending thresholds vary, but if the loan is being secured by an investment portfolio, clients can borrow up to 95% if that account is comprised of cash, up to roughly 85% if it's bonds and up to roughly 75% with diversified stocks. With art, most lenders will provide up to 50% of a work's appraised value.

Still, these secured loans carry significant risk. Interest rates are mostly variable, potentially exposing the borrower to rate increases. Borrowers typically get one to three years to repay—though they can apply to renew the loan. Monthly payments are often interest only, and at the end of this period borrowers have to be prepared to pay the entire principal balance. If borrowers are suddenly unable to pay, they could be at risk of losing part or all of the asset, though most lenders say they'll look for solutions to avoid this situation.

Other things to consider:

- **Some loans can be subject to margin calls:** If a chunk of a borrower's investment portfolio is wiped out by market losses, the lender could require the borrower to pump more money into the account to lower his loan-to-value ratio.

- **Art loans rely on appraisals:** With an art loan, the work is typically reappraised annually and when the owner wants to renew the loan. If the art has lost value, the borrower may have to pay the difference between the amount he borrowed and the new value.

- **Can't avoid underwriting:** Most institutions will review borrowers' credit scores and require income documentation to determine how much to lend and at what rate. They'll also look over the assets they have with the lending institution.

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Illustration by Serge Bloch

## ITALIAN PRESTIGIOUS VILLA

## LAKE COMO



Two wings prestigious period villa (1,180 sq. meters - 12,702 sq. feet). South wing neo-Louis XV style and north wing modern rationalist style (as picture above). Designed and built by internationally renowned architects. Artistic interiors are by the sculptor of Duomo di Milano main door and by renowned early 1900s painters. The vantage position of the property (357 meters - 1,171 feet) above water surface offers a breathtaking view of Lake Como and of surrounding Alpine. Exotic park (25,000 sq. meters - 269,097 sq. feet). Swimming pool. In the property: a second villa (450 sq. meters - 4,844 sq. feet); three-storey building for employees (75 sq. meters - 807 sq. feet); porter's lodge (100 sq. meters - 1,076 sq. feet); greenhouses (215 sq. meters - 2,314 sq. feet); belvedere (135 sq. meters - 1,453 sq. feet); panoramic promenade; all facilities. Fully furnished and ready to use.

Estimated value: 30 Million Euros  
Price: confidential negotiation  
Mail: [studiomilano@ghiglioneghio.it](mailto:studiomilano@ghiglioneghio.it)  
Website: [www.124572684145.it](http://www.124572684145.it)