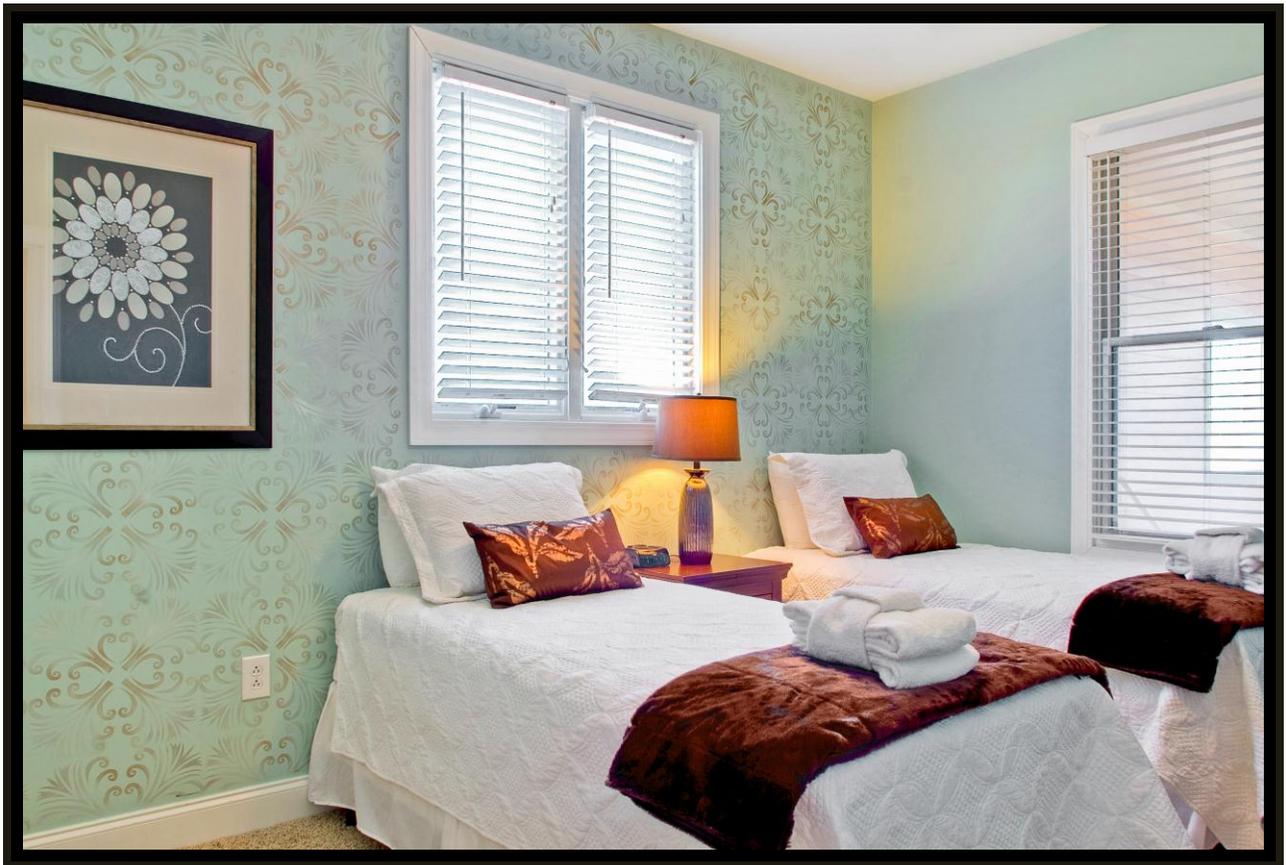




Staging Facts, Fiction and Fundamentals



In order to properly discuss the principles of home staging, we first need to identify what staging is and is not. There are many misconceptions regarding home staging – most come from a misunderstanding of the growth of the industry. Times have changed and so has staging. Unfortunately many in the real estate profession haven't caught up with the trends and are left feeling that staging is a simple clean and declutter approach to home selling. Let's first take a look at the past and see how things have changed, where we have been, where we are now and where we are going as an industry.

The Evolution of Staging

Flash back to decades past. A homeowner wanted to sell their home and a buyer wanted to purchase one. The transaction was simple enough and a real estate professional was nearly always required. Sellers had no access to online resources – there was no ‘online’. Agents were typically the only game in town. They would take the information from the homeowner on what amenities their home had to offer, measured square footage, number of bedrooms, baths, lot size, etc. All of this information would be compiled into a simple one page document, looking very much like today’s MLS (multiple listing service) webpage. Of course they were black and white and not all listings even had the photo. Often there were multiple listings on a single sheet of paper.

Listings were then put in a 5” binder and added based on list price and then size, number of rooms, etc or vice versa depending on the edition of the manual.

In order to sort out listings to show a buyer, an agent would take out the manual and try to find the ones that most seemed to suit their needs. Because photos weren't offered and there were so many options with no easy way of sorting through all of them, agents simply did the best they could to match need with what was available. It was then the buyer's job to decide which of these properties met their needs and most pleased them aesthetically. Function was often weighed much more heavily than form as there are only so many homes you can see in a short period of time and most aesthetic ones could be fixed. This is when

homeowners created a “home” environment and they typically stayed in their home a much longer period of time.

In the 1980s the real estate market hit a bit of a rough patch and suddenly found itself in the middle of a buyers’ market. With mortgage interest rates at an all time high (often close to 20%) fewer buyers were in the market. This meant that even with the difficult methodology of matching buyers to sellers, buyers suddenly had more options. Most simply decided they didn’t want to move from their dirty home into a different dirty home (ie. trade my stained carpet for your stained carpet) and pay 18% or more interest for it. Suddenly they became more critical – money was scarce, but homes weren’t.

The best agents of the day realized this and began to help their clients prepare their homes. This is where I think of Annette Benning in *American Beauty*, dressed to the nines scrubbing the house spick and span before an open house. Staging at this point was simple. It was cleaning the home, possibly doing a little organizing and decluttering before a buyer was to view the home. In this day and age it was mildly effective, giving a slight edge over other homes, but only to the extent that it kept away the objection of dirty for dirty. As the years progressed and markets changed “staging” (cleaning, organizing and decluttering) became more common, it was the simple recommendation of the agent.

Flash forward to today. We now have an internet where anyone anywhere can look at

almost any home for sale. Thanks to “Broker Reciprocity” nearly all real estate professionals with a web page have access to and can list all of the listings in their area – theirs or not. There are entire national and international websites dedicated to showing all of the listings in an area with complete full color photos of the interiors. We can completely tour the homes without stepping foot inside one.

What does this mean for sellers, agents and buyers? Often sellers don’t feel they need agents. They have a plethora of resources for selling their homes on their own. (Though statistically speaking most homes are still sold via a real estate professional and the majority of sellers who use a real estate professional net more money than those who don’t.) Because they can sell on their own, sellers who use

agents often feel that their real estate agent is not always worth the 5-6% commission they are typically contracted for. (There will be more on what real estate professionals actually earn later.) Many believe that all the agent does is put the home on the MLS and then wait for the money to roll in.

Agents find it more difficult to compete in today's market. They need to find a differentiating factor to compete – a reason for a seller to choose them to list their home and in fact earn the commission that the sellers have become more reluctant to want to pay. This in fact is why many agents took up 'staging' (cleaning, organizing and decluttering) to begin with. Today they not only compete with other agents, but compete with the seller selling the home themselves.

Buyers seem to have the biggest advantage here – frequently even in a seller’s market. What used to be an attempt to find the home that most closely matched their needs in a given price point or location now turns up literally dozens or hundreds of ‘acceptable’ properties. Buyers can tour the homes through multiple photos or virtual tours without ever stepping foot into one. What may have taken weeks to visit every home before now only takes a few minutes. Frequently the determining factor, after sale price, location and size has become appearance – what does the home look like? Simply cleaning up the home, organizing and reducing the clutter is no longer enough. Now, even in a seller’s market, buyers can frequently choose one home over another based on wall color, wall paper, carpet

or hardwood, etc. Price is no longer king! Move-in ready has dethroned the traditional ‘we will make it home’ mentality.

Of course many societal changes are to blame for this shift. In addition to the readiness of photos and visual tours, most homeowners move every 3-5 years (and that number is actually shrinking!). The fast-food mentality and fast paced lifestyle has created the desire for closing on Friday, unpacking on Saturday and a BBQ with 50 of their nearest and dearest friends on Sunday. With the frequency of move and lack of time in our ever busy schedules, ‘home-making’ has become a dying art form.

Still with this discrepancy of what agents used to know about staging and today’s market realities, there are a number of misperceptions

and myths. It's time to shed the light on what staging is today... not what it was a 10, 5, or even 3 year ago.

Staging Fiction: Staging is....

- Cleaning & Decluttering – As we just discussed, this used to be true. Today, staging has progressed far beyond this limited use.

- Baking cookies or adding fresh flowers – While scents can play an important role in staging a home, these types of activities can often trigger the wrong impression today. Fresh, clean scents are the rule of the day.

- Decorating – this is perhaps the biggest fallacy of the industry. Staging is often the opposite of decorating. Decorating is specific to a single family or personality. Staging is more generic and has broader appeal.

Staging Fundamentals

So, what then is staging now?

Staging is about creating a model home feeling in any home regardless of age, occupancy status or price point.

Let's go over that statement.....

“model home...” What do we mean by a model home? We've all seen them or you wouldn't be

in this class. Model homes are typically new construction. They are fully staged or designed to create the *feeling* of lifestyle for potential buyers so that they fall in love with the flow, floor plan and neighborhood and want to live here. They've never been lived in and they have no baggage. We'll talk more about this later.

“regardless of age...” This means that it doesn't matter if the home is new construction or 50 years old. Our job, as a professional home stager, is to make this property *feel* like a model home.

“regardless of occupancy status...” This means that it doesn't matter if the home is lived in, vacant or somewhere in between. Our job, as a

professional home stager, is to make this property *feel* like a model home.

“regardless of price point...” Staging works for any home, in nearly any location. (The exception would be for a home that is sold ‘as-is, where-is’ or for land value only.) Whether dealing with a multi-million dollar home or a mobile home (yes, we’ve staged those before too!) any home that needs to sell at fair market value, needs staging.

Have you noticed that I’ve italicized the word ‘*feeling*’ or ‘*feel*’ in the above definitions? It’s because selling a home is all about the buyer’s connection to the home. Buyer’s buy on emotion, not rational thought. A home is very personal. If the buyer does not emotionally

connect to the house, it will never be purchased. Our primary job as a professional home stager is to bring about this connection.... Our job is to create the feeling.

Staging Fiction: Staging is....

- Only for vacant homes (or only for occupied homes) – Today staging can help any home wherein a homeowner wants to get fair market value (or better).
- Only for pre-owned homes – wrong answer! Today staging works for new construction, pre-existing, flip and even rentals!
- Only for [fill in the blank] price point – Agents who deal with high end homes may

believe it is only for middle income homes, lower priced homes may think it is only for higher priced homes and middle priced homes may think it's only for someone else-

What's the point? Everyone always thinks their home is the exception – it's not! Their home is the RULE!

Model Home Psychology

Why the model home? What makes it so special? Why is this the standard?

Imagine the last model home you saw. If you can't – you should make an appointment to go see one in your area. Get a good look around. Pay close attention to what the builder is trying to get you to feel. What kinds of things did

they do to create the emotion in you? What has been left out of the home? Model home designers are particularly good at understanding what makes a buyer buy. It's more than just designing a beautiful home – if it is done properly.

While you are thinking of the last model home you saw, imagine the typical home buyer. Imagine their life. Why are they moving? For most people, whether they are moving because of a job transfer, a change in household size (new baby, empty nest, etc) or change in life (medical conditions, marital change, etc) they want a home that is just a little better than what they had before – at least in some areas. Few people are willing to purchase a home that is either a downward or lateral move. This means that they will be looking with the

concept of having better or having more. What they see in the model home must reflect this if they are to emotionally connect and purchase one of the builder's floor plans.

Walking up to the front door there is anticipation of what they will find. The lawn is well manicured and landscaped. The front porch (if there is one) is set up for casual living, everything is comfortable and attractive. The buyer is excited to enter. It is this excitement that will help control what they think and feel as they tour the home. Imagine how this feeling would differ if the lawn had not been maintained or if the weeds were overtaking the landscaping?

As the buyer progresses through the home they find it well maintained, orderly, and beautifully

decorated; open with lots of floor space. There is just the right amount of furniture, art and accessories. Buyers can immediately see the potential of the property, how it would flow with their furniture in it and determine whether they could live their lives here. What's more, they WANT to live their lives here because everything is so comfortable and inviting. There are no messes. There is no disorganization. There is nothing undone or out of place – no 'honey do' lists.

Now, compare this to many homes that are currently on the market – unstaged. Closets are overflowing, pantries are a disorganized mess, garages cannot fit even one car, let alone two. Most homes are also stuffed with oversized furniture, hand-me-downs, random selections of belongings gathered over the

decades and unfinished tasks, chores and projects. How do you think this feeling compares to the model home we just discussed? Which do you think will sell faster? Which do you think they will pay more for?

The fact is that most new home communities sell for more money than resell homes and offer fewer upgrades for the money. Buyers are fine with that because they feel that this home will better meet their needs, wants and lifestyle. In other words, they feel this is a better value.

Understanding Silent Signals

What was it about the pre-existing home that led buyers to believe the more expensive home with fewer upgrades was a better value? Let's

look at the silent signals many sellers unwittingly send off.

- Overstuffed & Overcrowded – This screams “not enough space”! Homeowners need to clean out their homes, garages and closets then make them neat and tidy. Advise sellers to pack up what they aren’t using or won’t need and take it to storage. (It is typically not in their best interest to store items on-site.) If buyers feel they won’t have enough space, they will not buy this property. Organized storage is one of a buyer’s highest ranked priorities when looking for a property.
- Negative Odors – Most people become accustomed to the odors in their home.

Often they do not even smell them anymore. Pet, smoking and strong cooking odors are the worst. Having carpeting, upholstery and area rugs professionally cleaned is often required. While using an odor controlling or fresh smelling product is OK, be sure it does not give the impression that you are attempting to mask a negative odor, or create another strong smell. Fresh and clean is the impression you want to leave, not foody or floral.

- Unfinished Projects and To-do Lists – This conveys the image that the property has not been well maintained or cared for. Buyers will wonder what repairs and improvements they will need to do after

- they own the property. For many, this will keep them from making an offer.
- Messy and Dirty Homes – The home needs to be SPOTLESS (white glove clean). Everything must be meticulously, squeaky clean. If there is animal fur, dust, mess around the tub or toilet, potential buyers will simply turn and walk away. Pay particular attention to bathrooms, windows, air vents and appliances. Messy and dirty homes convey the message that the home has not been maintained or cared for. They will wonder what is in store later.
 - Family Photos & Memorabilia – While most families live with their lives spilled all over their home in the way of photos,

memorabilia and artifacts, unfortunately when selling these items often remind buyers that this home is YOUR home, not theirs. One of my favorite examples of this is the old TV show Cheers (Season 5, Episode 120 “A house is not a home” <http://www.youtube.com/watch?v=kz1U5jhosYQ>)

- Religious or Sports Themes – Believe it or not, religious icons, decorations and sports memorabilia can be a significant turn off to buyers. If they are not of the same mindset they may not be able to get past the symbolism. Remember, we want the buyer to imagine themselves in this space. We do not want the current homeowners to create a strong

impression of their personality, family or beliefs. These items should be put away.

This is not a comprehensive list, but a list of the most common silent signals that sellers neglect. Addressing these issues will help buyers see past the daily life of the seller and see their own potential life here.

Making Recommendations

A tremendous part of helping homeowners and agents understand the recommendations we provide is helping them to understand WHY we recommend them. This section will discuss staging fundamentals broken down room by room along with why we recommend these standards.

Remember, these are general recommendation and will not apply to all homes. Vacant recommendations are for an 'average' home and may significantly vary depending on size and needs.

Front and Back yards – Paying attention to curb appeal is extremely important. If a buyer pulls up to the property and is disappointed upon first sight then it is unlikely that they will be pleased with what is inside. They will be more critical about everything. On the flip side, if they see a beautifully landscaped yard, clean porch, etc they will be excited about what is to come and likely be more forgiving on any imperfections. Back yards are also important because they are typically family or

entertaining spaces. Here are some things to look for and corrections to make in these spaces:

- Mow lawns often – keep a manicured look. Replace sod in areas if necessary.
- Store hoses, yard equipment, etc. Make sure these items are all in a place of their own. If needed, purchase a stand for the garage, or a hose caddy for the side of the house.
- Trim plants and shrubs, replace any that are dead, dying or sickly.
- Make sure toys, bikes, extra vehicles, etc are stowed away or removed from property.
- Clean pet messes.

- Sweep front porch and rake leaves often.
- Shovel snow from sidewalks and driveways.

We want buyers to feel like Renee Zellweger in Jerry Maguire, **“You had me at Hello!”**

Entry Ways and Front Porches – The buyers have pulled up to the property and are very happy with what they’ve seen. Everything was well manicured. They stand at the door with their agent waiting. This is their first look at the property... what are they seeing as they stand here?

- Clean lights – make sure there are no dead bugs and that they sparkle!
- Front door – does it look clean and freshly painted?

- Wreath – Is it too homeowner specific? Is it worn or faded? Does it work with the current season or is it from last Christmas, but it is currently Easter? Generally speaking wreaths and other door decorations are not ‘current’ and should be removed. If it is not dated, faded, or too homeowner specific it may be OK to keep.
- Welcome mat – most feel that a fresh clean mat is welcoming. Again, make sure that it is not too worn, homeowner specific or seasonally out of date.

GREAT! Now the buyers have made it in the front door. They have already had a great first impression, don’t disappoint them now!

Foyers and Entry Ways – Buyers usually are leaning one way or another by the time they get to this point in the house. They will spend the next 5-15 minutes walking through the home. What they see at this moment will ultimately decide how they spend their time. If they love what they see, they will spend the rest of the time supporting their feelings. If they don't like what they see, or are not sure, they will spend the rest of the time supporting their feelings. Examine everything from this vantage point with a critical buyer's eye.

- How is the paint color – is it neutral? Absolutely no wallpaper. (Remember, if it's too much work for them to remove it, buyers will feel exactly the same way!)
- Is it clean and uncluttered?

- Keep the furniture to a minimum.

Family and Living Rooms – For living areas, where families gather, it is important that they feel roomy, comfortable, ‘homey’ and that potential buyers can understand how their furniture will work in this space. Often homes with open floor plans cause the most concern to buyers as many think their furniture must be placed against a wall. When living rooms and dining rooms are in the same rectangular room, it can create confusion particularly in vacant homes.

Occupied Properties:

- Reduce furniture

- Minimize accessories (keep one or two bold pieces, remove small ones that can look like clutter)
- Check lighting – light is extremely important – add lamps if necessary
- Reduce and pack most items on bookcases, TV stands, end tables, etc
- Fluff pillows, dust and clean thoroughly
- Remove unhealthy plants or large plants crowding room

Vacant Properties:

- Sofa and one or two comfortable chairs
- 2 end tables
- Coffee table

- Several pieces of art in varying sizes
- Soft throw and pillows (remember less is more, particularly for modern looks)
- 6x9 or 8x10 (or larger) rug
- Minimal accessories for tables
- Silk plants and/or large potted tree
- Books and accessories for built in bookcases

Dining Rooms – People of nearly all backgrounds and finances enjoy entertaining and the dining room is typically where we do this. Most people have too much furniture throughout and this tends to be particularly true in dining rooms. It also becomes a catch all space because it is used less frequently than other spaces in the home. Some homeowners

will even remove the dining table and chairs altogether to create a home office, playroom or other space instead. **Generally speaking rooms must always be returned to their original function.**

Occupied Properties:

- Remove all furniture except 4-6 chairs, table, rug and possibly china cabinet/hutch (remove leaf from table unless it is a very large room, only chairs that can easily fit under the table, without crowding – any additional furniture is just too much!)
- Minimize amount of accessories, china, glassware and decorative objects in hutch and other furniture pieces.

- Art should be kept minimal – keep clean clear lines
- Dust, thoroughly clean glass and china. Everything should sparkle and shine!

Vacant Properties:

- Dining Room table and 4-6 chairs
- 8x10 rug
- Centerpiece or place settings (understand your area's demographics – modern style staging typically will not have place settings – if entertaining is a key element then you may need to.)
- One large, or several pieces of smaller artwork (minimum)

Kitchen – Large, well organized kitchens with a lot of cabinet and counter space are some of the most sought after features for today's buyer. Women in particular typically look for great kitchens. Unfortunately what is found in occupied homes tends to lean toward cluttered countertops and pantries. Vacant kitchens on the other hand are often cold and unwelcoming. It is important to show the kitchen as a relaxing food preparation and entertaining space. We must learn to balance appliances, knick knacks with usable counter space. We must also make sure that this is one of the most up to date areas of the home.

Occupied Properties:

- Remove all appliances except those used daily

- Remove knife blocks (for safety reasons)
- Pack and remove all dishes, appliances, cookware from cupboards that are not needed or regularly used. Roomy cabinets will make storage appear abundant.
- Remove everything from every surface of the refrigerator
- Clean very thoroughly, pay particular attention to cabinet doors, appliances (inside and out if conveying), floor boards, pet bowls. This area must be particularly clean and sparkling.
- Only minimal decorative pieces should be left on countertops – everything else must go.

Vacant Properties: (suggestions only – actual pieces will vary)

- Cook book & stand
- Eat-in table and chairs (if large enough)
- Canister set
- Bowl with fruit or other decorative items
- Silk greenery/plants
- Salt and Pepper shaker

Bedrooms – The master bedroom in particular is extremely important. These are viewed as important by both men and women. When staging occupied properties all bedrooms need to be paid attention to. When staging vacant properties, typically only the master is required – unless you are staging a model home, if the

home/rooms are small or bedrooms are awkward.

Occupied Properties:

- Closets should be sorted, packed, minimized and organized
- Reduce furniture to bed set, night stands, dresser and possibly a chair
- Clean or paint walls
- Linens - make sure they are neutral and attractive – multiple bed and throw pillows should be used. Bed should be made.
- Minimize accessories, perfume bottles, books and magazines
- Add fresh flowers to master if possible

Vacant Properties:

- Mattress Set and Frame – headboards in master suite are recommended
- Nightstands & Lamps – it is OK for 1 nightstand only in twin rooms
- Bed pillows (K=4, Q=4, F=4, T=2)
- Throw pillows (several)
- Decorative items for nightstands and dresser
- Dresser in larger rooms
- Chair with table and lamp in larger master bedrooms

Bathrooms – Much like the master bedroom, bathrooms may make or break a sale. This is particularly true of master bathrooms. These rooms must feel relaxing, inviting and luxurious. They must also be white glove clean. *There are no exceptions to this rule!*

Occupied Properties:

- Very thoroughly clean tub, sink, shower – pay attention to soap scum on glass shower doors. This is an important room to have ultra clean.
- Only minimal decorations should be left on counter and tub area.
- Keep only minimally necessary shampoo bottles and personal care items.

- A decorative plant, fluffy neutral-colored rugs and towels will go a long way in this space to create warmth and a spa-like atmosphere.

Vacant Properties: (These will largely be decorative objects.)

- Fluffy, neutral-colored towels and rugs
- Shower curtain, rod and rings
- Flowers or greenery
- Decorative jars, soap dispensers, candlesticks, etc

Hallways and Landings – These are often overly decorated or cluttered spaces. Hallways should be completely clear of all furniture. Buyers

should be able to walk freely through hallways. Landings, if large enough, can be functional spaces. Consider staging these are potential offices or reading nooks.

Laundry Rooms – Don't remind buyers of work to be done. Instead these spaces should be clean, organized and work-free.

- Consider adding baskets or totes for organization
- Keep hangers, clothes and baskets out of sight.

Offices – Polled by many agents, offices are now one of the most sought after spaces in homes today. Staging a functional, organized office could add real value to many properties.

Occupied Properties:

- Clean thoroughly
- Surfaces should be clear of clutter, stacks and piles
- Remove any equipment not regularly used
- Personal photos, awards and other decorative objects should be removed or kept to a minimum

Vacant Properties:

- Desk & chair
- Desk lamp
- Accessories for desk and built in bookcases

- Chair, table and lamp (if room is large enough)

Closets, Cupboards and Drawers – Overcrowded is typically what we find in occupied properties. Minimizing and organizing will make the space feel larger, making the space more appealing for today's buyer.

- Sort, pack and minimize
- Clean or paint
- Wipe down and add shelf paper if needed
- Organize (group like items together and face forward)
- Neatly stack
- Add organizers

Garage and Driveway – While many homeowners don't seem to care about keeping the garage clean when they are living in the home, they are still important when buying. Because of this, they must be neat and organized when selling.

- Reduce, declutter and remove everything that won't be needed before the home sells.
- Clean any stains on surfaces, consider painting garage walls and floor if they are very dirty or unfinished
- Add shelving or pegboard to store anything you are not packing away
- Make sure recycle and garbage is kept neat, orderly and odor free.

- Get rid of unfinished projects. Chances are they will not have time to finish them – they are moving!

Helping clients understand the why is very important. The more they understand the more likely they are to do what you need them to do. Resistance is typically a result of lack of information and education. Homes that have been property staged appeal to the general public, allowing buyers to more easily imagine themselves living there. They appear less cluttered, less personally specific and typically more 'current' for today's buyer.

Statistically Speaking

If you want to work in the staging industry, you had better get proficient at not only knowing and reciting industry statistics, but also gathering your own. While national statistics are helpful to the new stager, there is nothing better than local statistics provided by your own company.

Here are some national statistics that you'll want to familiarize yourself with:

- Homegain.com released a 2010 survey that stated that home staging had an average return of 586%
- 98% of home buyers look for homes online – 2010 National Association of Realtors (NAR)

- Staged properties sold in only 2 months after having previously been listed for an average of 7 months non-staged (total 9 months). - Real Estate Staging Association 2010
- 78% of expired listings are vacant - NAR
- 22% of US homes as of December 1, 2009 have experienced at least one price reduction – Trulia 12.2009
- Average national price reduction slightly increased to 11% - Trulia 12.2009
- Luxury homes listed at \$2M plus see an average of 14% cut vs 10% cut for homes listed under \$2M – Trulia 12.2009
- Staged properties sold 78% faster after staging than the same homes listed prior to staging. – RESA 2009

- Vacant homes listed previously then staged sold in 60 DOM, staged prior to listing sold in 42 days (30% less time). – RESA 2009
- Occupied homes listed previously then staged sold in 53 days, staged prior to listing sold in 39 days (26% less time). – RESA 2009

Aside from these national statistics you will want to learn how these translate into a monetary benefit for your clients. This means a little math – practice so you get proficient!

Let us use the Real Estate Staging Association's Statistics for this exercise. (You will want to use your own statistics when you have them.):

Average Home Sale Price in US - \$249,500 – US Census Bureau 5.26.10

Mortgage Payment amount $(249,500 \times .0075) =$
 $\$1871.25$

Carrying monthly costs (HOA + utilities) = $\$200$

Total monthly costs = $\$1871.25 + \$200 =$
 $\$2071.25$

Average DOM saved (7 months) x TMC
 $(\$2071.25) = \$14,498.75$

Average price reduction if left unstaged (10%) =
 $\$24,950$

Total average amount saved by staging
 $(\$14,498.75 + \$24,950) = \$39,448.75$