

# McLean, Koehler, Sparks & Hammond

Certified Public Accountants/Business Consultants

## Building Construction

### Does staging your property to sell pay off?



In a hot real estate market, it's easy to sell. When the market cools, it helps to get creative.

One way investors are making their properties stand out from the competition is through professional staging.

Staging – or preparing a property to sell – involves bringing in furniture, rugs, lighting, plants, place settings and other accessories to make a home or other property appear more stylish and appealing.

Staging is not a new phenomenon – builders have been staging model homes for years, filling them with furniture and other accessories to create a homey look.

But in the last few years, staging has reached the consciousness of home sellers, investors and commercial property owners.

### The reason for its popularity?

A survey of homeowners by training company StagedHomes.com found that staged homes sold for 6.9 percent more than homes that weren't staged. And they sold more quickly, too.

A 2004/2005 survey of homeowners by training company StagedHomes.com found that staged homes sold for 6.9 percent more than homes that weren't staged. And they sold more quickly, too.

In addition, a growing number of television shows, such as *Sell This House*, feature the usefulness of staging property.

On a \$400,000 house, this can mean an additional \$27,600, which more than makes up for the costs of most staging consultations. While extensive staging, such as adding rented furniture and accessories, landscaping, painting, etc., can cost several thousand dollars, minor staging is often no more than a few hundred dollars.

With profit potentials like this, interest in staging is growing significantly. As an indicator, the number of practitioners participating in the Accredited Staging Professional designation for the six months ending March 30, 2007, increased 49 percent over the previous six months.

## Why staging works

Commercial properties that aren't appropriate for furniture or accessories, such as warehouse space, can still be staged with lighting, paint and landscaping.

Staging works on several levels to raise the value of the property in the mind of the prospective buyer:

1. The buyer is able to envision rooms as they are intended to be lived in. For instance, staging a bare room to look like an office helps the buyer imagine having an office there.
2. Staging "warms up" a property, inviting the prospective buyer to linger. Investors purchase for profit, buyers buy on emotion. Staging helps create emotional ties.
3. Staging increases the perceived value of the property in the buyer's eye, even though everyone knows the items will be removed at closing.
4. Buyers buy the fantasy. Even though they won't live in the property the way it looks in its staged-for-sale condition, they'll be attracted to it because it presents a lifestyle they aspire to: uncluttered, stylish and attractive.

Even without a professional stager, there is a lot an investor can do to "stage" a property for sale:

1. Brighten up. Buyers like properties that are cheerful and bright. Open curtains unless the view is unsightly. Inexpensive window coverings that let light through can mask less than stellar views.
2. Lighten up. Lights should be left on when the property is shown, even when the sun is shining. Add lighting to rooms that are dark, or increase the wattage of light bulbs, if the fixtures will allow it.
3. Watch the temperature. Heating and cooling systems should be set at comfortable levels. A frigid property is uninviting, as is one that's too hot for comfort.
4. Pay attention to first impressions. The entry (entry door, walk, parking lot, signage) should be clean and in good repair.
5. Stage the outdoors. Outdoor living is important to most buyers. Yards, patios or decks can be inexpensively staged with outdoor furniture, making them extensions of the living area.

Commercial properties that aren't appropriate for furniture or accessories, such as warehouse space, can still be staged with lighting, paint and landscaping. And, of course, a clean property with mowed, edged lawns, swept walkways and clutter-free interiors lends an air of the property being well maintained.

When a prospective buyer or tenant compares two commercial properties that are similar in other ways, the staged one will have the advantage.

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