

Don DeRosa's

Real Estate Investing for The Real World



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Outside the Home is Where the Heart Is

One of the most delightful things about a garden is the anticipation it provides.
- *W.E. Johns*

It's been a long haul, but you've reached that glorious day when it's time to sell that cute 1957 bungalow, make a huge profit, and take that trip to Europe. The kitchen cabinets have been repainted and you've put in granite countertops. You've expanded the master suite and added a bathroom with a double whirlpool tub. You installed new copper plumbing and electric wiring throughout, put in heated terrazzo floors, and ... well, you get the idea: you've put a lot of work and money into this house!

But it was smart money, and you saved money where you could. For instance, you got that dent bumped out of the garage door so you wouldn't have to replace it. One of the shutters was broken, so you attached a new shutter that's almost a perfect match. You got some cheap plants at your local MegaDiscount store and put them in a couple of days ago. They're a little sickly, but they'll perk up soon.

And you haven't paid for any landscaping services. Why mow a lawn when the house isn't ready to sell yet? Besides, it's spring and the lawn isn't growing very fast right now anyway. In fact, you probably won't have to do much of anything to the lawn for a couple months, and by then you'll be long gone on your trip to Venice with all your profits from the sale of this house. Ok, there are some bare patches in the lawn, but you've got a mortgage payment due in two weeks and you've got to get this baby on the market. You can always scatter some seed in a few weeks if it doesn't sell.

Let's put aside my opinions about whether you've made smart renovations to the inside of the house. That's a subject for another article! What's more urgent is that you're making some serious mistakes with respect to the exterior.

Have you ever gone shopping for a house with people who aren't investors? They may be on their own, or they may be with a realtor.

Let's look at a typical couple. They've got a long list of houses that they're going to get through by the end of the day. In fact, maybe they're visiting from out of town and they've only got today to make a decision.

Out of the nine houses that they've seen so far, they've only actually gone into three of them. Why? Because they can't afford to waste time on houses that don't interest them. Some of the houses have looked unappealing from the outside, so they didn't go in. One looked so bad, the car never even came to a complete stop.

And now, they've come to your house. The garage door has been damaged and painted over. There's hardly any lawn, and what's there is sloppy. There are some pitiful, wilting flowers near the front door, and whoever planted them left a bunch of dirt on the sidewalk. The shutters don't even match! About the only thing it has going for it is a newer-looking roof.

As the homebuyers and the realtor look your showcase over, they look at the list again and do a double-take at the price. They all agree that this house is a waste of time, and off they go.

But wait a minute! What about the heated floors and the double whirlpool bathtub? What about the copper plumbing?

Yes, the inside is completely renovated, but you've forgotten one important – no, *critical* – assumption that buyers make. *A buyer will assume that the inside looks pretty much like the outside.* If the outside is welcoming, they'll have a positive opinion before they ever get inside the door – and they may even overlook some things on the inside because of it. But if the outside is ugly or unkempt, then even if they go inside they'll already be looking at the house as a fixer-upper. And nobody pays top dollar for fixer-uppers no matter how much work has already been done.

So, now you're convinced that your house needs some more work. There are two things to consider when renovating the outside of a house: the "what" and the "when."

Just what should you do to the outside of an investment house? Well, it's a lot like the inside: you want to do the least expensive things necessary to make the house "pop." You want it to be just a little nicer than the nicest house for sale in the neighborhood. Just what you do depends, in part, on the particular neighborhood. If everyone else has a perfect sod lawn, then you'd better have one, too. But regardless of the neighborhood, there are certain things that will almost always make a house look great.

The first is general upkeep. It's not just about whether a lawn is short. It's also about whether it's neat. The yard should look well-groomed, with the lawn mowed and edged and bushes trimmed neatly. Sidewalks and driveways should be power-washed. So should the house itself in many cases.

What if there are lots of weeds? Do you need to tear up the lawn and put in a new one? Not necessarily. Unless you're in a neighborhood of perfect lawns, *neat* and *green* matters a lot more than *weed-free*. Mow the lawn and see what it looks like. If you've got a consistent, attractive carpet of green, even if it's not all grass, you may be just fine. Do, though, clear the weeds out of flower beds.

If you've got a basic square house that looks almost like a mobile home, see if there are ways you can soften the profile of the house a bit by planting some bushes. They don't need to be big, but they do need to be healthy. Plant some flowers, too – you can get trays of annuals very inexpensively. Be sure to mulch around bushes and flowers. You'd be amazed at the difference just this one step alone can make.

If your grass is in really terrible shape, you may have to replant or put in sod. But don't waste your time or money by doing it wrong. You can't just scatter seed, over with straw, and hope for the best. There's a good chance the lawn will need some kind of preparation. Do the research unless you want to plant it twice. You might even want to hire a landscaper, even if it's just for the first couple of houses, to help you find the most inexpensive, but attractive, alternatives.

Here are some other ways to improve the curb appeal of your investment home: Switch out both the mailbox and the post. It doesn't need to be fancy – just new. And replace the garage door. You can bump it and paint it all day long, but dents are still going to show. Do yourself a favor and just buy a new one. It will cost about the same as repainting it anyway.

Buy new shutters, too. They're inexpensive and they really make a difference. In fact, if you have an uninteresting house without shutters, adding them might be a cheap way to improve its looks.

There's a pretty good chance the outside walls have visible algae, mildew, or dirt, and they may be peeling paint as well. Clean-up is in order, and perhaps paint. Choose a simple, appealing color scheme, like white with black trim and a red door. Put on new house numbers. Switch out the porch light for something new and clean. These are all relatively inexpensive steps that can really make your house "pop."

So what about the "when" of all this? When should you fix up the outside? My advice is to work on the outside of the house very early on in the process. In some cases, I even do it first. Here's why:

First, if you clean up the outside first, you can be generating interest before the house ever goes on the market. Neighbors, realtors, and others will notice the improvement, and they may know someone interested in the area. They'll probably see you doing inside renovations. They may even approach you with questions before they see a for-sale sign.

Second, it takes new plantings a while to settle in. If you're planting sod, you want it to look like a lawn, not a patchwork quilt. So plant early.

Finally, if the worst happens and you have to unload the house fast, you'll get a better price, and probably sell it faster, if the outside has been done. In other words, the condition of the outside is, in many cases, even more important than the condition of the inside.

Sometimes it's hard to remember that homebuyers think very differently than we do as investors. We look for potential, and the homebuyer looks for a home. The perspectives are very nearly opposite in most cases.

Make that house a home the buyer will want to come home to, and make sure she sees herself in it from the moment she spots the address. Make sure, when she pulls up to your house, that they she finds herself saying, "ohhhhh!" instead of, "ewwww!"

Don DeRosa was recognized as one of the nation's top 21 real estate investors in the New York Times bestseller The Millionaire Real Estate Investor. Don, who is a full-time investor, trainer, and mentor, offers a complete system to build and run a thriving real estate business. For more information on Building Wealth with Real Estate, visit www.donderosa.com.

Synopsis: It's just as important to fix up the outside of a house as it is to fix the inside – maybe even more important. Be sure that you keep your properties neat and well-trimmed. Replace mailboxes, garage doors, and shutters. And do it early in the renovation, so that your activities can be generating interest to potential buyers.