



SCHWARTZ *Report*

DIRECT: 302-234-5202 • OFFICE: 302-239-3000
www.charlieschwartz.com

June, 2021

A STITCH IN TIME

“A stitch in time saves nine” sticks in my mind as having appeared in Ben Franklin’s Poor Richard’s Almanac but it could have originated even earlier at sea where a sail ripped by the wind needed to be mended right away lest that wind continue to damage it into uselessness. In terms of real estate, we are not so much dealing with stitching as with the general concept of preventive maintenance. The preamble to the Code of Ethics of the National Association of REALTORS states that under all is the land. Although raw land requires limited to no maintenance, usually anything built on it becomes a wasting asset soon after completion and will require continual upkeep and improvement going forward.



It is said that matter decomposes at different rates. The same is true of a neighborhood’s housing. That rate of decomposition, we real estate agents call it depreciation, obsolescence and deferred maintenance, is different depending on the level of care and reinvestment devoted to the individual properties that make up the neighborhood. County zoning, deed restrictions and homeowner association rules supply a base line minimum standard of care and upkeep. Anything beyond that is up to the individual owner’s ability and willingness to invest in their property.

My Guide to Appraising Residences published by the Society of Real Estate Appraisers states that: “The study of the neighborhood is the beginning point in gathering factual information, since anything that affects the neighborhood affects the property under appraisal as well.” The condition of the individual properties will affect the neighborhood too. You would be surprised how many homeowners think that what they do or fail to do with their property shouldn’t matter to their neighbors. Some of these folks are the ones who would happily paint a mustache

on the Mona Lisa if given the chance. There is no accounting for taste or lack thereof. A strong civic association can be of help here.

Now back to stitching. Over the years, I have heard various numbers bandied about, usually expressed as a percentage of the home’s value, of what needs to be put back into a property to keep it up to snuff. For example, a recent blog on RISMedia’s “Housecall” suggests a budget of 1% of a home’s purchase price for “month-to-month maintenance” with proper consideration for the age of the property and the climate in which it is located. This 1% figure would encompass such things as HVAC maintenance, roof inspections, gutter cleaning and repair, exterior painting, landscaping, etc. You can compile your own list but you are well advised not to ignore the small stuff. Again, it’s a stitch in time. Do not defer maintenance.

The categories of depreciation and obsolescence relate more to investment over time, although they are also a heightened form of maintenance. While your property is hopefully appreciating in the market place, it is also depreciating or wearing out. To counteract this, systems will have to be replaced, upgrades made and modernization undertaken. This is not only necessary for the comfort and safety of living there but also to keep the property competitive in the marketplace and a credit to the neighborhood should you wish to sell it.

Let’s peg that investment rate to the pace of inflation. If, for example, the Consumer Price Index is rising at a 2.5% annual rate for goods and services, investing less than that means you will have to play catch up when the need for major work comes due. Now you are hopefully not going to have to replace a heater or a roof every year but a program to address such items with sufficient available funds

requires an effective investment strategy. Upgrading kitchens and bathrooms over time is part of this long term program as well. So we are now approaching an average of about 3.5% that you should be putting aside every year for housing maintenance and upgrades.

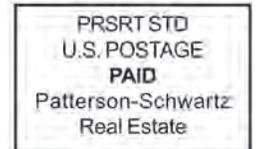
I have thrown out some intriguing percentages here. Further, building on this line of reasoning, leads me to one last stitching point that needs to be made. What happens to a neighborhood where a significant percentage of the home owners don't follow these maintenance and investment suggestions? It depreciates at a more rapid rate over time too! The rate of decline can almost be pegged in proportion to the number of properties in distress. They tend to set the tone for the whole neighborhood.

At any given time you could see upwards of 10% of even a good neighborhood's properties in need of extensive exterior maintenance and/or repair. This leads to speculation as to what might be going on inside them too. In a community of 60 homes that means that six look bad enough to warrant immediate work. Heaven help you if all six are lined up in a row on the same street or at the entry. These six will reflect negatively on and debase the whole community regardless of the pride of ownership shown by the rest. Certainly, as a real estate agent, it is hard to drive perspective buyers by such eyesores without eliciting alarmed comments or creating the immediate need to dispel a negative first impression. So for your neighborhood's sake, let's follow the 1 plus 2.5 % solutions to avoid the 10% dilemma.



Charles E. Schwartz II, CRB
7234 Lancaster Pike, 100A
Hockessin, DE 19707
302-234-5202
Fax 302-234-5212
cschwartz@psre.com
www.charlieschwartz.com

Visit my website
www.charlieschwartz.com
for a detailed overview of the current real estate markets in New Castle,
Kent & Sussex Counties, DE, S. Chester County, PA and Cecil County, MD.



FIXER UPPERS
Bargains, lowest prices. These homes need work. Call for a free computerized *list with pictures*.
Free recorded message
1-888-322-5252 ID #1048
Patterson-Schwartz Real Estate



If your home is currently listed for sale, this is not intended to be a solicitation.

27 Quick and Easy Fix Ups to Sell Your Home Fast and for Top Dollar

DE, MD, PA – Because your home may well be your largest asset, selling it is probably one of the most important decisions you will make in your life. And once you have made that decision, you'll want to sell your home for the highest price in the shortest time possible without compromising your sanity. Before you place your home on the market, here's a way to help you to be as prepared as possible.

To assist homesellers, a new industry report has just been released called "27 Valuable Tips That You Should Know to Get Your Home Sold Fast and for Top Dollar." It tackles the important issues you need to know to make your home competitive in today's tough, aggressive marketplace.

Through these 27 tips you will discover how to protect and capitalize on your most important investment, reduce stress, be in control of your situation, and make

the best profit possible. In this report you'll discover how to avoid financial disappointment or worse, a financial disaster when selling your home. Using a common-sense approach, you will get the straight facts about what can make or break the sale of your home.

You owe it to yourself to learn how these important tips will give you the competitive edge to get your home sold fast and for the most amount of money.

To order a **FREE Special Report**, visit www.charlieschwartz.com and select **Seller Tips** from the side bar menu, or to hear a brief recorded message about how to order your **FREE** copy of this report call toll-free 1-888-322-5252 and enter **1023**. You can call any time, 24 hours a day, 7 days a week.

Get your free special report NOW to learn how to ensure a home inspection doesn't cost you the sale of your home.

*This report is courtesy of Charlie Schwartz of Patterson-Schwartz Real Estate.
Not intended to solicit properties currently listed for sale. Copyright© 2017.*

