

# Square footage fallacies

COMMENTARY

A realtor announced recently that he thought that Sylvan Park had peaked. He actually thinks the west side neighborhood has surpassed its peak and was overpriced and that an adjustment is on the way.

Don't bet on it.

With the exception of the anomaly caused by the Tax Reform Act of 1986, residential real estate prices continue to rise in Davidson County.

One of the most frustrating experiences for homebuyers is when they cycle through a year without buying a house. As they enter their second year of house hunting, they notice that the prices have floated away from them. For example, last year a three-bedroom two-bath home with 1,500 square feet sold for \$200,000 in Green Hills after having languished on the market for 256 days. This year, however, a similar house sold for \$225,000 after only one day on the market. And the seller received five offers.

After searching through the affordable inventory, many buyers feel that they are only a smidgen away from being able to afford the perfect home. They scrimp and suffer in order to save \$10,000 and the house appreciates \$20,000. Not only can they not afford something better, they cannot afford the same house.

If the buyer feels the dream home is \$10,000 over his budget, he should investigate the inventory on the current market within his price range. Chances are the house is of no better quality than the homes within his budget, regardless of whether the higher-priced homes have a few more square feet.

Therefore, at least in Nashville, buyers have not been successful in out-saving the market. The market is too fast.

Based on that information, buyers should compromise and buy something within a reasonable timeframe, thus gaining the equity



Richard Courtney

through appreciation. By adding the appreciation and the tax savings, the buyer should be able make an upward move in 12 to 18 months.

Several years ago, the winner of the *Nashville Scene's* "You're so Nashville If..." wrote, "You're so Nashville if you could not afford to buy the home you currently own." The statement is true and works in reverse. You cannot afford the home you decided not to buy last year.

Often, the decision as to whether or not to purchase the home is based on the square footage of the home, and more times than not, on the price per square foot.

Here in Music City, buyers feel square footage rules as the determining factor in the value of the houses. This condition has exacerbated recently. As the price per square foot has increased to outrageous numbers, the accuracy of the measurement of the house has become more important.

For example, if a house is sold for \$200 per square foot, a number that is not unusual in Belle Meade, and the measurement is off by 100 square feet, that amounts to a \$20,000 mistake according to most buyers. Even though most real estate brochures carry a disclaimer stating that the information is deemed accurate, but not guaran-

teed, lawsuits are being filed due to discrepancies.

In a recent suit, a court held that as long as the property appraiser for an amount equal to or greater than the sales price and square footage, the buyer had not been damaged.

Due to the weight given the area of a house by buyers and the lawsuits concerning the square footage, many cities are not disclosing the footage.

Shirley Zeitlin, founder and principal broker of Shirley Zeitlin and Co., Realtors, took the issue head on.

"I think we put too much emphasis on square footage. Buying a home is not like buying beef by the pound," she said. "There are so many variables like quality of construction, location and volume. While square footage is an important consideration, to purchase property based solely on the square footage is not getting the whole picture."

If a buyer is greatly concerned about the area of the house, he should make the square footage verification a condition of the contract or ask the source of the information.

It has been a long-running joke on construction sites to send a newly hired on-site real estate agent on an errand to the field office to ask the superintendent to borrow a house stretcher. Unfortunately, such a device does not exist. Therefore, let the buyer beware. More importantly, buy the house if it seems right. CP

*Richard Courtney is a real estate broker with Fridrich and Clark Realty and can be reached at Richard@richardcourtney.com. He knows that the area of a right triangle is one half of its base times its height. For anything more complicated than that, he calls an appraiser.*