

# LAWN CARE INDUSTRY

## Landscapes boost property VALUES



New studies provide powerful evidence of the monetary value of thoughtful site design and landscaping.

*Photo courtesy The Danter Co., Columbus, Oh.*

**Separate studies confirm what landscape pros have known but don't often emphasize—the financial benefits of their work.**

■ New studies give landscape professionals further basis to tell clients that well-designed, installed and maintained landscapes make good financial sense.

What's exciting is that these new and unrelated studies document the value of good landscapes in percentages and, in one study, dollars and cents.

In the summer of 1994 Dr. Mark Henry, a professor in Ag Economics at Clemson University, published the results of a study showing the relationship between landscape quality and the sales price of homes. The bottom line: nicely landscaped properties sold for more than those that weren't.

Later in 1994, The Urban Land Institute published the book, *Value by Design, Landscape, Site Planning and Amenities*. It contained case studies of 11 real estate developments, both residential and commercial, and documented the financial value of site planning and landscape design at each development. (See the related article in this section.)

Landscape pros can use this powerful new information to educate clients, including property managers and developers. It gives the green industry another solid marketing tool.

**Getting the message**—The public is recognizing the financial value of good landscapes and lawns, says a survey conducted last year by the Gallup Organization. It was conducted on behalf of the Associated Landscape Contractors of America (ALCA) and the Professional

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Lawn Care Association of America (PLCAA). About 1700 people responded.

But respondents didn't list increased market value as the primary reason for desiring attractive landscapes. People want nice lawns and landscapes for more personal and intangible reasons.

The top five benefits of a well-maintained landscape, according to the ALCA/PLCAA Gallup survey, were:

- to beautify the neighborhood (60.7%).
- to provide a place of beauty and relaxation (53.8%).
- to reflect positively on the owner (50.3%).
- to increase real estate value (48.1%).
- to provide a comfortable place to entertain, work or visit (48.1%).

Joel Lerner of Joel M. Lerner Environmental Design, Chevy Chase, Md., says he focuses on the aesthetic benefits that clients will derive from his efforts.

"I seldom play on the property value unless the client asks," says Lerner. "The statistics are hard and cold, and I have that information in my hip pocket, plus some other anecdotal information about the financial benefits their landscapes will provide.



**Most contractors stress the emotional rather than the financial value of a beautiful landscape.**

*Photo courtesy The Danter Co., Columbus, Oh.*

"For instance, I can tell them that plants increase in value as they mature. Therefore, a nice landscape is the best home improvement they can make for their property.

"But I would rather my clients understand how enjoyable it's going to be to

come home every night after work and enjoy their landscapes," says Lerner.

"What sells people on a landscape is its emotional value, and your own enthusiasm and confidence in delivering something they will love."

**More education needed**—James

## Good design creates \$\$\$ value

■ Is landscape design valuable? You bet.

Lloyd W. Bookout, assisted by Michael Beyard and Steven W. Fader, provides real-life examples of its dollars and cents worth in the book, *Value by Design, Landscape Site Planning and Amenities*.

The book is the culmination of several years of research by the Urban Land Institute (ULI), which focused on 11 real estate developments across the country. These included single-family and multi-family developments, suburban office complexes and two retail centers.

The question it sought to answer: does quality site planning, landscape, and amenities contribute both quantitative and qualitative value to real estate development?

Yes, it does, says the well-documented book. Its researchers tracked the costs of each real estate project, concentrating on site development costs (including landscaping), and then charted the success of each of

the real estate developments in the marketplace.

Bookout, primary researcher and author for the book, says what was learned in the case studies demonstrates that landscaping and design amenities:

- Give developers a competitive edge and increase the pace of a project's occupancy.
- Help developers win public support for a proposed project, especially in contentious situations.
- Establish an image, identity, and sense of community for development projects.
- Influence decisions to buy or rent in both residential or commercial markets.
- Encompass, in the minds of residents and tenants, highly valued environmental protection features.
- Contribute substantially to

the market's perception of security, privacy and place.

□ Increase the long-term value of a project as a financial investment in the minds of residents.

□ Contribute to employee productivity, morale and job enjoyment.

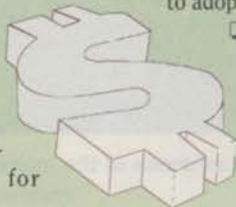
□ By example, cause other developers to adopt a higher standard of design.

□ Reduce the need for publicly funded improvements on site and off site.

The non-profit ULI, based in Washington, D.C., was supported in the project by the American

Society of Landscape Architects, and also by the American Association of Nurserymen and the Associated Landscape Contractors of America.

To order the book, call (800) 321-5011 and ask for Catalog Number VO5; the price is \$25.95 to ULI members and \$32.95 to nonmembers.



Wilhite, operator of Wilhite Landscape, a small design/build firm in Tyler, Tex., agrees somewhat. "I don't know that you can convince somebody to appreciate the value of their landscape if they're unconvinced to begin with," says Wilhite.

Generally, he believes, managers of commercial properties understand the financial value of landscapes more readily than homeowners. But in both cases "there is only a certain amount of money in their budgets."

Wilhite says some developers make it difficult for new homeowners to get the full financial benefits of their outdoor environments. Developers sometimes view landscaping as just another trade.

"By the time we get to the site, it's usually too late to work with any natural terrain," he explains. "You're left with something that has been backfilled, leveled and scraped."

The most common improvements for new home buyers are landscaping, and the building of outdoor structures such as patios and walks, according to the U.S. Bureau of Labor Statistics.

These improvements either hold their value or appreciate in value. In some cases, they can even raise the market price of the properties around them.

That was one of the findings of Dr. Henry's investigations of single-family housing. His study analyzed nearly 300 single-family homes on quarter-acre lots sold from 1991 to April 1993 in Greenville, S.C.

In Henry's study, professional landscape designers evaluated the landscape of each of the homes. The designers rated 18% of the properties as having excellent landscapes, 30% as good, 29% as average, and 23% as poor.

The study discovered that there are three areas in which the quality of landscaping is likely to affect the sale price of a house:

**1) In the surrounding neighborhood:** Homes in neighborhoods with overall excellent landscaping typically sold for 7% more than similar homes in other neighborhoods.

**2) On adjacent lots:** Homes sold for more when they were located adjacent to excellent landscaping.

**3) On the lot of the house itself:** All else being equal, when the landscaping of a home was improved from average to good, the resale price of the home rose 8 to 12 percent. When it was improved from good to excellent, it rose 4 to 5 percent.

There were several other eye-opening findings in Henry's work. For instance, having a better landscaped property than neighboring properties does not provide

## Landscaping creates value for apartments

■ Good landscaping means good business at multi-family developments, says real estate consultant Kenneth Danter. He's been saying so for more than 20 years.

But, Danter, president of The Danter Co., Columbus, Ohio, went further than this. He generated data to back this belief. Then he published the results in his real estate research newsletter, *Apartment Resources*.

Several years ago, Danter created an index which measured how much value landscaping provides to apartments in a typical suburban market.

The Danter Co. surveyed all of the modern multi-family developments in that market. Then it graded each development for unit amenities, project amenities, and also aesthetic amenities to measure curbside appeal.

Putting a numerical rating to aesthetic amenities is admittedly objective, says Danter. This category includes the quality of architecture and also the quality of landscaping and the maintenance and care of the grounds.

Each of these factors—unit, project and aesthetic amenities—is rated on a scale of 1 to 10 to give a total rating of up to 30.

Using a computer program to create a regression analysis, the company then plots the median rent at each amenity index level. This produces what Danter calls its rent/value index for each community in that market.

Danter then developed a separate landscaping index (separate from the

the same jump to the resale price as improving the lot to the excellent rating of surrounding lots.

Admittedly, the study focused on a single market, but it does suggest that properties with sub-par landscapes, particularly, in nicely landscaped neighborhoods, sell for less than they could.

Landscape pros have always known



"aesthetics" category). Again he graded it on a 30-point scale: 10 points for uses of trees and shrubbery, 10 points for flowers and 10 points for general effect.

Using the same computer program, The Danter Co. discovered that the eight facilities scoring highest on the landscaping index consistently rented for more than other developments in the that particular market area. In fact, they commanded rents \$39 higher than the median.

Adding \$39 per month per unit should result in an extra \$3,000 per unit in loan potential, says Danter, while the costs for a well-landscaped unit might only be \$500 per unit.

"Most within the multi-family industry are continually failing to take full advantage of the tremendous power of landscaping, which provides the opportunity to rent based on value instead of cost," says Danter.

"Landscaping is loaded with intangible values. Good landscaping gives people pleasure. People want to live in attractive places, and good landscaping is one component, along with architectural and continual building and grounds maintenance of a multi-family community that is attractive to residents.

"Potential residents are attracted by the quality of your landscaping, making your units easier to lease, and increasing the flow of potential tenants."

Adds Danter, "We have found that good landscaping can also provide a tangible (dollar) value."

this. Increasingly they can back this assertion with a growing body of unbiased, substantive data.

("The Contribution of Landscaping to the Price of Single Family Houses: A Study of Home Sales in Greenville, South Carolina" appeared in HRI Journal of Environmental Horticulture, June 1994. Contact HRI at (202) 789-2900.)