

The Landscape-Enhanced Home

Good landscaping enhances home value from the consumer's perspective according to a recent consumer landscaping study by Michigan State University.

By Bridget Behe

Homeowners can make a range of home improvements, and numerous sources will tell them how much of that home improvement can be recovered. Yet there isn't much information available to show how much value landscaping adds.

Motivations for improving a home vary widely. For the resident of a newly constructed home, the exterior landscaping may serve as a "frame" to the home, enhancing its aesthetics. For the resident desiring to sell a home, landscaping could enhance market value. Still others may simply want to enjoy the benefits of gardening or the outdoors.

Realtors can show the value of a home is enhanced with the renovation of a kitchen, bath or bedroom or with the addition of a deck or patio. Estimates of recovered costs show that 94 percent of a mid-priced bathroom addition can be recovered, 74 percent of the cost of window replacement can be recovered and 79 percent of the cost of a family room addition can be recovered, according to a Sept. 2003 article in *Remodeling Online*.

Our goal in this study was to identify how much value a good landscape adds to a home from the consumer's perspective, to identify the aspects of a landscape that homeowners value and to see how that value varies across several markets.

Defining Factors

We used three factors to define each landscape: plant size, design sophistication and plant material. The plant size levels were defined as small, medium or large. Small was the smallest available size for the product, large was the largest available size for the product and medium was the intermediate size between large and small. There were three design sophistication levels:

1. Foundation planting only.
2. Foundation planting with one large, oblong-



Top: When determining what consumers wanted in their landscapes, the study had four levels of plant material preferences. Level four included evergreen and deciduous plants, 20 percent annual or perennial color, and the addition of a colored brick sidewalk entrance. **Bottom:** All states shared the same most-preferred landscape: A sophisticated design incorporating large deciduous, evergreen and annual color plants and colored hardscape.



island planting and one or two single specimen or shade trees in the lawn.

3. Foundation planting with adjoining beds and two or three large island plantings, all incorporating curved bedlines.

There were four plant material types:

1. Evergreen only.
2. Evergreen and deciduous plants.
3. Evergreen and deciduous plants with 20 percent of the visual area of the landscape beds planted in annual or perennial color.
4. Evergreen and deciduous plants, 20 percent annual or perennial color, and the addition of a colored brick sidewalk entrance.

Planning Ahead

A researcher photographed a 2-story, newly built home in a Delaware suburb as the test home. A landscape architect prepared 16 flat plans, incorporating plants whose hardiness extended from USDA plant hardiness Zones 4-7. Computer-generated color perspective images of the home and landscaping were prepared from each flat plan, depicting the home and landscaping as viewed from the street. Between April and July 1999, visitors to home and garden shows in eight markets throughout the eastern and central United States were surveyed: Delaware, Kentucky, Louisiana, Michigan, Mississippi, North Carolina, South Carolina and Texas.

For each survey site, the same materials and method were used for the survey. Visitors were recruited to participate in the survey as they passed the display table on which the photographs were displayed. Participants were asked to view a photograph of the "test" home with only a lawn and a straight-poured cement walk and driveway. They were told the home value as estimated by local realtors in each market and also the county in which the home was hypothetically located.

Researchers also stipulated in writing that the home was in a subdivision with similar new homes and that the home was a 4-bedroom, 2½ bathroom, 2-story structure located on a half-acre lot (approximately 100x200 ft.). Participants were asked to look at the photographs and, considering the

price of the home assigned by realtors, asked to assign a value to each home. They were not given any details about the landscaping but simply were asked how much the home was worth.

The Analysis Showed...

The data analysis showed researchers created a good model, since more than 94 percent of the variation in home value was due to changes in the landscape. For most of the eight states, relative importance of factors increased from plant material type to plant size to design sophistication (See Figure 1, right). Design sophistication was the most important landscape factor in seven states, accounting for 40-45 percent of the value added to the home. Michigan was the exception where plant size was most important. Relative importance of plant size was of intermediate importance between design sophistication and plant material, and ranged from 40.2 percent in Michigan to 30.6 percent in Delaware.

Plant size. Generally, plant size importance appeared to decrease as the plant growing zone number increased. For respondents from all states, the diversity of plant material type installed contributed the least to the value added to the home landscape. In all states, plant material type contributed 16-22 percent less to the added home value than did design sophistication. Generally, plant material type was perceived as having half the importance of design sophistication and less important than plant size.

Across all states, smaller plant sizes reduced perceived home values, while larger plant sizes increased perceived home values. The medium-sized plants produced virtually no change to existing home values. The greatest increase in perceived value due to plant size was seen in North Carolina, where the base home value was \$220,000. When the smallest plants were used, perceived home values decreased by 2.3 percent. When the largest plant sizes were used, perceived home value increased by 2.8 percent.

Louisiana showed the smallest difference in perceived home value due to plant size. The estimated

home value for Louisiana was \$176,000. When small plants were used, perceived home value decreased 1.2 percent, while the use of the largest plant sizes increased values by 0.6 percent. In Northern climates, plant size will increase at a slower rate than in more southern climates.

Landscape design. For respondents across all states, the simplest design (foundation-only plantings) decreased perceived home value by an average of 2.1 percent, while the most sophisticated landscape design increased home values by an average of 1.9 percent. Island plantings added to

Consumer Landscape Preferences				
State	Plant material	Plant size	Design sophistication	Average percent increase over base home value
Delaware	24.8	30.6	44.6	6.8
Kentucky	20.8	36.4	42.8	8.7
Louisiana	23.4	32.9	43.7	5.5
Michigan	23.3	40.2	36.5	12.7
Mississippi	23.9	34.1	42	10.8
North Carolina	24.4	34.5	41.2	7.1
South Carolina	23.3	34.1	42.6	11.4
Texas	21	39	40.1	10.2
Average (mean)	22.4	35.9	41.7	9

Figure 1. Relative importance percentages of three landscape attributes for participants from eight states and the average percent increase over base home value for the highest level of each factor in the landscape design.

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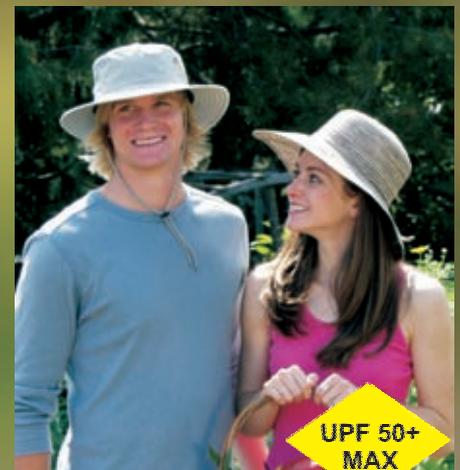


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foundation-only beds had virtually no effect on perceived home value. Texas showed the greatest range in perceived home value due to design sophistication. The estimated base home value for Texas was \$125,000.

Foundation plantings. Foundation-only plantings decreased perceived home value by 3.3 percent,

while sophisticated designs increased perceived home values by 2.6 percent. Louisiana had the smallest variation between foundation and sophisticated plantings. Foundation plantings decreased home values by 0.9 percent, while sophisticated plantings increased home values by 0.8 percent. While foundation plants can add to

the value of a home, more value is realized when a more sophisticated design is used. Curving bed lines is an inexpensive way to increase perceived value, and adding island beds can also help. These dimensions add to the level of sophistication without much increase in cost to the landscape designer or installer.



Plant material. Generally, the additional diversity of plant material increased perceived home value. Data from respondents across all states found that material levels one and two decreased home values, while material level three increased perceived home values somewhat. The use of materials described in level four increased perceived home values most.

Mississippi, with a base home value of \$150,000, showed the largest fluctuation between material levels one and two when compared to designs containing all four material levels. Material levels one and two decreased home values by 1 percent, while levels three and four increased perceived home values by 1.7 percent. Louisiana showed the smallest variation in perceived home value; material levels one and two decreased home value by 0.7 percent, while the addition of all four levels increased perceived home value by 0.1 percent.

For Louisiana and Texas, the addition of material levels three and four to existing levels one and two increased perceived value by 1 percent and 1.5 percent, respectively. In these locations, the addition of material level four decreased home values in comparison to the landscape containing only material levels one, two and three. However, the addition of material level four to existing material levels 1-3 in the remaining states (Delaware, Kentucky, Mississippi, North Carolina and South Carolina) increased base home values by an average of 1.2 percent.

Most horticulturists would rather use or install interesting plant material. However, from the consumer's perspective, this dimension doesn't add as much value as design sophistication or plant size. Viewed from the street, there may be few differences in the plants used in this survey. Still, individual homeowners may derive great satisfaction from enjoying unique or diverse plants in a more up close and personal manner. For a new home where the new owners may reside for a while, adding some unique plant material may pay dividends not seen here.

Sophisticated design. All states shared the same most-preferred landscape: A sophisticated design incorporating large deciduous, evergreen and annual color plants and colored hardscape. The percent increase in home value from the least valued to

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Opposite: Across all states, smaller plant sizes reduced perceived home values, while larger plant sizes increased perceived home values. **Above:** Foundation-only plantings decreased perceived home value by 3.3 percent, while sophisticated designs increased perceived home values by 2.6 percent.

the most valued varied among states from 5.5 percent in South Carolina to 12.7 percent in Michigan.

We found in all markets consumers preferred the largest, most sophisticated and colorful landscape design. The sophisticated planting category consisting of a foundation planting with adjoining beds and two or three large island plantings, all incorporating curved bedlines, increased home values by an average of 1.8 percent.

This indicates that consumers in the states tested could increase home values by \$2,375-3,648 depending on the initial base home value and cost of materials and installation of the plants. Return on investment wasn't calculated here but becomes a good investment once an owner sees how an investment of half the return can yield big dividends.

Percentage ranking. The order of state rankings of the percent increase from the least favored to the most favored bore no resemblance to the rank order of the base price of the house. In other words, large percent increases in home value were not associated with larger base prices. Even if realtors and home appraisers didn't see the value in landscapes professionally installed, consumers appeared to see it.

This research should provide evidence for the landscape professional that, from a consumer perspective, a well-designed and well-installed landscape can add real value to a home and compete as a home improvement for some of the owner's discretionary home improvement dollars.

Conclusions

Results of this study indicate that a "good" landscape adds, depending on region of the country, from 6 to 12 percent to the base value of the home. The landscape attributes that contributed most to the increase in perceived home value were, in order, design sophistication, plant size and plant material type. Clearly, the investment in a good landscape can be recovered and increase the perceived value of a home. The minimalist landscapes, with small plant size and little

sophistication, even detracted from the perceived value of the home.

The landscape company manager now has concrete data to show that a good landscape adds to home value and is a home improvement that will increase perceived home value and, unlike most home improvements, appreciate over time. 🌿

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