

1. Location

Threat to value: Could be high; in some cases, 50% or more

What are the three most important factors in determining a home's value? You guessed it: location, location and location.

"If you build (an expensive) home in a location where it will be unique for the area," says [Danny Wiley](#), a Tennessee appraiser, "there is a good chance that the value will be much less than if you build that same home in an area where it is more typical."

Although you likely considered location when you bought or built your home, something may have changed since then: rezoning, an increase in crime or a new city dump.

Unless you plan to uproot your house and move it elsewhere, there's not much you can do about your home's location. But it is important. For example, a home near a freeway or railroad can see a 10% to 15% reduction in value, Wiley says.

So what can you do? Well, that depends on what about your location is bringing down the value. If you have a view of the city dump, for instance, you can plant some privacy hedges to make it less of an issue. Play up your home's strengths; make sure every interior and exterior detail is perfect and be patient.

2. Lack of updates

Threat to value: Low to medium; usually, at least 10%

An oversupply of homes right now means that buyers can be picky — and they definitely are. Rather than seeing the potential in an outdated kitchen and bathroom, a buyer will just move on to another home that won't require as much work and vision.

"If you don't have granite countertops, someone wants to know what's wrong," Wiley says.

The same goes for new appliances and a modern kitchen and bathroom, says [Amy Downs](#), a Dallas real-estate agent

"If your house is not updated, you might as well not sell it," Downs says.

Fortunately, you can fix this easily. For between \$5,000 and \$8,000, you can install those granite countertops, update the light fixtures and add fresh paint and carpet, Downs says. You'll likely get a return of \$15,000 to \$20,000 when it is time to sell.

3. Bad floor plan

Threat to value: Medium to high; up to 25%

"An open floor plan is huge," Downs says. "If you've got a long hallway, and all the bedrooms are off that hallway, no buyer I've shown homes to has ever wanted a house like that."

Appraisers such as Wiley consider odd floor plans when appraising homes. One home, priced at more than \$2 million, had an unusual floor plan with only a back stairway and no formal foyer, he says.

"The market would have probably accepted that in '06 or '07," he says. "Now buyers are more critical. Everybody hates the fact that there's not this big, easy access upstairs."

Appraisers classify that as a functional problem and determine value based on the market. Wiley says he has seen a bad floor plan reduce an appraised value by as much as 25% compared with similarly sized homes, "particularly right now, because of oversupply."

4. Foreclosures

Threat to value: Varies

Generally, the many foreclosures on the market are bringing down home values, but it's difficult to quantify their effects.

According to a 2009 Harvard University and Massachusetts Institute of Technology [study](#) (PDF), a home's value drops by 1%, on average, if it is within roughly 250 feet of a foreclosed home. That study was based on 1.8 million home sales in Massachusetts from 1987 to 2009.

But Rick Sharga, senior vice president at RealtyTrac, a foreclosure-data firm, says a single foreclosure on your street probably won't affect your home's value.

"Sometimes, the only way to sell a nonforeclosure property is to price it as if it were in foreclosure," Sharga says. "There is a certain point where the volume of foreclosure properties is so high that it takes the rest of the market down with it."

A home surrounded by foreclosures will lose value because an appraiser will use those homes as comparables, Downs says.

The lesson? If you're in an area that's saturated with foreclosures, and you don't absolutely need to sell, don't.

5. Rental properties

Threat to value: Medium; up to 15%

"People don't want to live near a bunch of rental properties," Downs says.

As an agent, Downs says she lets potential buyers know if an area is saturated with renters. This can affect a home's value by as much as 15%, she says.

But it's not the fact that there are rentals in the area that turns off buyers, Wiley says.

"People who rent tend not to maintain the properties as well," he says. "And absentee owners tend to not maintain properties as well."

You can't change the number of rentals in your neighborhood, but you can maintain a good relationship with landlords and tenants, and you can volunteer to help with upkeep and maintenance of those properties.

6. Major systems and structures

Threat to value: Medium to high; up to 20%

"A buyer wants to be able to walk in and say, 'I could move right in,'" says Downs, who adds that she has seen major system and structure issues kill potential deals in high-end neighborhoods. "Have an inspection done before you list your house and fix the major things."

A roof that needs to be replaced could knock 15% off the value, she says. A heating and air-conditioning system that needs repairs could cut the value by as much as 20%, and an electrical-system problem is probably somewhere between 8% and 10%.

7. Swimming pool

Threat to value: Varies

Depending on your market, a swimming pool or other water feature may boost or lower your home's value — and its appeal.

If you live in a hot climate where many homes have a pool, it's definitely an expected feature that will add value.

"You fly into some of the cities in Florida, and every house has a little light-blue rectangle behind it," Wiley says.

In regions where pools aren't common, though, buyers may not want the hassle of maintaining a pool they didn't want in the first place. Those buyers may not consider buying your home, particularly if they have young children and are concerned about safety.

8. No garage

Threat to value: Varies; usually about \$5,000 per stall

A garage definitely adds value to a home, and the key is to have the right-size garage for the home and the neighborhood.

"If I have a one-car garage in a 1,200-square-foot home in a starter neighborhood, there's a big premium for that," Wiley says. "If I have a one-car garage in a half-million-dollar home, that's a functional problem."

The added value for a garage varies greatly by neighborhood, but Wiley and Downs say that a good rule of thumb is \$5,000 per stall.

9. No fence

Threat to value: Low; 5% to 10%

Many potential buyers are looking for a home with a fence because they have pets or want their children to be able to play in the yard safely.

"When you look at standard appraisal forms, there is a premium paid for fences," Wiley says. He says porches and decks also add value to homes because people like outdoor space, especially in good climates.

10. Stigma

Threat to value: Varies

Sometimes, the history of a house or area can affect the home's perceived value. For instance, Wiley says about 30,000 homes in his community were lost in a flood last year.

"Until last year, if you had a home that was near the flood plain, that was not a big deal," he says. "But now it is."

If someone died in the home, or it was previously a meth house or haven for criminals, that can affect a buyer's interest.

Wiley says topics in the news can affect value, as well.

"Seems to me you can't sell a home near power lines whenever the media (report) a story on power lines," he says.

11. Allergens

Threat to value: Low to medium; up to 15%

Downs says a little mold under a sink killed two contracts with one home.

"(The potential buyers) could have easily gotten rid of it," she says. "But they just backed out, didn't even ask for money or for it to be fixed. If (people have) an allergy, they're going to run."

Possible problems also include cigarette smoke and pet dander. No matter how many times you clean your home, you can never really get rid of Fido.

12. Fit and polish

Threat to value: Low; 5% to 10%

How's your curb appeal? Is your lawn mowed? Is there chipped or peeling paint on the outside of your home?

"This is a sure way to negatively affect the value of a home and turn a buyer off," says Diann Patton, Coldwell Banker's real-estate consumer specialist. "The buyers wonder if (sellers) can't take care of simple items like peeling paint, what will the rest of the house look like?"

What about the inside of your home? Small things like a stain in the bathtub or a hole in the wall can stand out to buyers. These repairs may be inexpensive, but they can make all the difference when it's time to sell.

"Make sure you've got good paint and carpet," Wiley says. "Whatever you spend there is usually a good investment."

13. Clotheslines

Threat to value: Low to medium; one group claims 15%

In a 2004 article in Legal Affairs magazine, the president of the [California Association of Homeowners Associations](#) said clotheslines lower property values by 15%.

Richard Monson, who is still president of the association, was quoted as saying, "Modern homeowners don't like people's underwear in public. It's just unsightly."

If the bans on clotheslines by many municipalities and homeowner associations are any indication, he may be right.

Wiley says that in the area of east Tennessee where he grew up, everyone hung their clothes out to dry, but his current subdivision has restrictions against it.

Of course, clotheslines could be making a comeback. Some news articles in recent years have noted the "right to dry" movement, led by organizations such as [Project Laundry List](#) and [Right 2 Dry](#). In the name of energy efficiency, some state laws now give residents the right to line-dry their clothing.