

### A clash of property values

By Sarah Elizabeth Richards

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Gary Pardo had been dating his Turkish girlfriend, Ogze Eralp, for a year when he decided to tell her about one of his deepest fantasies. In a long-anticipated, soul-baring moment last spring, he drove her to the countryside and revealed his vision for their future together.

They could bid farewell to city congestion and cramped apartment living, he explained excitedly. They could buy a big house with a sprawling yard and plenty of space for kids. "Isn't it beautiful?" he asked, gazing out over the lush, flowering landscape.

"It's kind of quiet," Eralp replied. And Pardo's heart sank.

He had grown up in the country, with hundreds of acres of forest as his backyard and, although he'd spent his late 20s and early 30s in urban exile, moving from one small flat in Ann Arbor, Michigan, to another, he was now 33, a successful professional, and ready to reclaim that rural idyll with the woman he loved.

But Eralp wasn't having any part of it. She'd grown up in Istanbul, exclusively in apartments, enjoying the hum of traffic and the buzz of crowds. She was finally comfortable in Ann Arbor, a fairly small US city. But its outskirts were a different story.

Pardo wondered how he had missed these fundamental differences and worried it would mean the end of their relationship. "It's about values, about personal space and the right to do what you want," he says. "I'm a social person but on my own terms."

How could they overcome this rift? Increasingly couples with such conflicts are turning to "housing psychologists" – a new breed of counsellors focused on helping clients negotiate where to live, when to move, which type of property to buy, how much to spend and how to decorate. "Everybody knows that a housing decision makes you sick to your stomach; some people have it when they have to paint a room but when it

gets bigger, you can get paralysed,” says Lois Vitt, director of the Institute for Socio-Financial Studies in Virginia.

A house tends to be not only the most expensive purchase a person makes in his or her lifetime but also one of the most emotional. “Housing is about everything in life – the friends you make, your commuting time, where your kids go to school,” Vitt adds. “It affects our autonomy, our social identity. If you love a house and your partner doesn’t, it feels like a rejection of you.”

Indeed, more than any other issue couples fight over – sex, house-cleaning, custody of the TV channel changer – home-buying is the most incendiary. As a result, any professional who deals with purchasers – from real estate agents to investment advisers to marriage counsellors – are boning up on behavioural finance, helping clients sort through the messy feelings that can muck up what might otherwise be a rational transaction. The need for guidance is greater than ever, since low interest rates in many countries have spurred a surge in home ownership, as well as enabling existing owners to upgrade, renovate or refinance.

Vitt, author of *10 Secrets to Successful Home Buying and Selling: Using Your Housing Psychology to Make Smarter Decisions*, cites several scenarios in which counselling might bring a couple together. Take a man who’s set on living in a luxury city condominium. Perhaps it’s not just a penchant for shiny countertops and fawning doormen but a reflection of his need to escape his impoverished past. His artist partner might want a fixer-upper – not to save money but to enhance her image as someone who creates beauty from decay. Once they understand the psychology behind their preferences, they should be able to find a compromise – maybe a renovation project in a nice neighbourhood with all the best fixtures and fittings.

When partners have different cultural backgrounds, the equation becomes even more complex. Christine Hohlbaum, a marketing consultant, speaker and author from the US, discovered a big disconnect with her German husband eight years ago when they were living in Boston. He was

reluctant to buy a house before knowing where they would end up after his post-doctoral studies. But she wanted to nest, at least for a short time. Eventually she realised that her willingness to “trade up” to different houses in different places was very American, while her husband’s attitude – that a home should be purchased without significant debt and be kept in the family for decades if not generations – was typically German.

They finally agreed to buy in the suburbs after Hohlbaum pointed out that the mortgage payments would be same as their rent and that she could supply the down payment through a recent inheritance. But four years ago, when the family moved to Munich, the conflict surfaced again. She's still itching to invest the equity from the sale of the Boston home but he wants to wait until the dollar is stronger and he has a better sense of his professional future. They've agreed to put the discussion on hold.

It's hard to say how many real estate and investment professionals are now studying couple mediation techniques but anecdotal evidence suggests the issue is increasingly on the radar. A study of housing psychology has been included along with the nuts and bolts of financing in the certification programme of the Association for Financial Counseling and Planning Education for the past five years, says executive director Sharon Burns.

Counsellors must now consider non-economic factors, such as whether someone is a homebody or uses their house like a hotel. Does a family want a great room for socialising or prefer the privacy of more bedrooms? Does a couple need separate spaces so she can be messy and he can be neat? What about social status? "These things were in people's subconscious before but they didn't verbalise them or think them through," Burns says.

Brian Lewis of New York's Halstead Property says he noticed clients and fellow agents asking more questions with a psychological slant a few years ago so he now covers those topics in industry panel discussions. "There are many times where, in your job as an agent, you become a couple's default therapist," he says. "All the emotions, all the cracks and crevices in their relationship truly surface during an intimate purchase such as a home. I'm charged with defusing, managing and solving these issues on a dime or else deals don't happen."

Fred Waddell, author of *Solution Focused Financial Counseling* and a retired professor of money management at Auburn University, trains

financial advisors to have clients tackle the problem early on, listing the pros and cons of a big housing decision, rating the strength of their views on a scale from 1 to 10 and comparing notes. "If it's widely different, it's not a good decision," he says. "That's a definite sign that you need to keep looking or talk about it more so one of you doesn't feel slighted."

Couples counsellor Evalyn Collier agrees that clients must figure out what they want, what they're willing to give up and how to communicate it. "They butt heads but then I ask: 'What's your dream? Can you have both? What's most important?'" If a wife gets a nice kitchen, can her husband have a media room? If one person makes an important sacrifice, can the other hold sway during the next big decision?

Two years ago, Shareka Van Eaton, an educator at the Center for Home Ownership in Winston-Salem, North Carolina, started sending couples home with worksheets asking them to list their housing histories so they could later discuss how their pasts affect their current views on finances and lifestyle. "It brings up things that haven't been discussed," she says. "For some, it can get more intense than they thought." She now trains other counsellors, lenders and underwriters in these techniques although she emphasises that none are able to act as marital therapists.

William Shookman and his wife, Dawn, only realised how important it was for them to own a home after sessions with Van Eaton. A city employee, he was worried about the expense of moving his family of six out the cramped mobile trailer they had occupied for 12 years. But "we were coached on the feeling of accomplishment and place in society [we would have] from not renting," he says. He thought about the pride he would take in cutting his own lawn, while Dawn imagined not feeling embarrassed when the nurse of her special-needs child came to visit.

Identifying those dreams was the groundwork for agreeing on financial sacrifices, such as getting rid of their cell phones and cutting down on restaurant meals. When Dawn, a stay-at-home mother, balked at downgrading their cable package and cancelling their internet service, the counselling reminded them of their goals. "We had to realise: 'Do we want this bad enough?'" Shookman says.

Like Van Eaton, California real estate broker Linda Knapp says she started using a questionnaire with clients a few years ago. "What would happen is that buyers would tell you their criteria but, when you showed them something, they would say 'Absolutely not!'. I find that buyers start out thinking they want something but needing something very different."

That's because consumers can't isolate the rational parts of their brains, says David Laibson, a Harvard University professor specialising in psychology and economics. Neuroscientists still don't know which parts of the brain ultimately guide complex decisions but the latest understanding is

that there are multiple systems at work. The analytic part, located in the cortex, takes into account all the long-term costs of home ownership, such as taxes and maintenance, while the emotional component, found in the limbic system, is all about the immediate gratification of, say, entering a nice room or imagining being a happy homeowner.

It's unclear how the two parts fight it out. But emotions shouldn't be discounted, since they're a useful gauge of a property's perceived value, says Barry Schwartz, a behavioural economist from Swarthmore College and author of *The Paradox of Choice: Why Less is More*. "There's nothing wrong with going into a swoon over a house and then acting on that basis. But you should cool off a bit before writing a cheque," he says. When there is disagreement between one person who has more of a cold financial eye and another who has fallen in love with a home, Schwartz recommends letting the more emotional person drive the decision. "It's more important to them," he says.

Vitt adds that couples must approach this conflict differently from other relationship dilemmas. Rather than have one partner acquiesce or come to an unsatisfying compromise, they must find a way to accommodate both sets of housing values. "If you have a real need, you can never negotiate it away," she says.

Jean Landis, a researcher who lives in Bethlehem, Pennsylvania, discovered that she and her husband had different residential ideals just after they married 20 years ago. She loved the diversity and activity of urban life, while he craved the tranquillity of the boondocks. Although their current home, their fifth together, accommodates his desire for a pool and hers for a laundry in the basement, the underlying conflict remains unresolved. "Now we're in the suburbs and no one's happy," she says. They may try a small town next.

So what does the future hold for Gary Pardo, the American who's a little bit country, and Ozge Eralp, his city-loving Turkish girlfriend? They're currently experimenting with a rented apartment on the quieter side of Ann Arbor. Eralp likes it, so Pardo is now lobbying for a move to a less

expensive area further out. Still, he knows he can only push so far. "All I know is what I grew up in," he acknowledges. "The only way we can meet in the middle is for me to know where she's coming from."