

Miami Herald, The (FL)  
2013-04-20

## THE HOME ECONOMIST: Garage sales: Is it worth it?

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Through her Pembroke Pines-based company, Sandy Tavarez advises people on spring cleaning with a financial finish: garage and estate sales. Her job has challenges but chief among them, she says, is helping people become realistic about the dollars their belongings will fetch. In addition to designer brands and high-end finishes, fond memories and an identity-attachment that can — in our minds — inflate an item's value. One of her Miami customers, she remembers, donated to charity an entire Thomasville bedroom set because no one would pay the price he was commanding.

“Usually if something has a lot of memories or attachment I just tell them to keep it,” says Tavarez, owner of Absolute Estate Sales and Appraisals. “I’d rather have them happy than make us both look silly for trying to sell something overpriced.”

Spring is here and so are our aspirations of exchanging our clutter — or even the homes in which we store our clutter — for cash. But while we may want to part with our T-shirts, our sofas, Gucci stilettos and the backyards in which we hosted barbeques, it's likely we'll place a higher price on what we already own than the price we'd be willing to pay for the very same things if we, ourselves, were on the other side of the transaction. This phenomenon happens, according to brand new research, because we tie our items to our identities — which we value tremendously.

The attachment, though, can cost us money. Arguably, even Tavaréz's customer selling his bedroom furniture would have been better off with some cash. And if you've ever spoken to homeowners carrying the costs of an overpriced property listing, well, they tend to use expletives when describing the expenses. The good news is there are ways to erase the irrationality.

“Selling something feels like a loss and when buying something there's a gain.” says Vanitha Swaminathan, an associate professor of marketing at University of Pittsburgh. “You might find it's hard to part with your possessions and that people won't value your things as much as you think they're worth.”



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Behavioral researchers have long known we overvalue our stuff, but Swaminathan found the identity link by inviting a swarm of her university students into a lab. She formed three groups, giving the first one tote bags stamped with the school logo, the second group bags with a rival school's logo and the third one bags without any logo. She ran a series of experiments but in the most telling, students selling their school logo bags demanded \$3 more than buyers wanted to pay. Students selling both plain and rival school bags demanded just over \$1 what buyers would pay. On the other side, no one was willing to pay more for their school logo tote, meaning the overvaluing effect happens only when selling stuff, not buying it.

“Goods — when they become part of you — they're seen as extensions of yourself and part of your identity,” says Swaminathan. “Things that become part of you are seen as more valuable.”

You don't have to tell Key Biscayne realtor Paola Padovan. She recently listed a condo with floors covered in a bright blue material that had been handcrafted in Brazil, where the owner had been born. The color was shocking to prospective buyers but the client refused to lower the price. He ended up carrying the place — and its mortgage, maintenance fees and insurance costs — for over a year.

“To the sellers the flooring represented their homeland,” says Padovan. “They thought it increased the value.”

And in some very unofficial research, Liana Rivas — who owns the Miami consignment store Sarah Magdalena — found the effect works in reverse: we'll devalue an item representing an identity we can't wait to unload. She recently sold for a client a coveted Hermes Birkin bag originally purchased by her ex-husband.

“She told us to get rid of it at any price,” says Rivas. “It was very unusual.”

So how can you set fair prices? For garage sales, says Tavaréz, label good condition appliances, sporting equipment and designer items for about one-third of the original price. Kid clothes should sell for \$2, \$3 and \$4. Men's shirts for \$3 and T-shirts for \$1. For furniture, sites such as ebay — which show the going rate — are your best friend.

“Never refuse a first offer,” she says. “It's usually your best.”

When selling your house, make sure your broker does a CMA — comparable market analysis — says realtor Padovan. You can add on to that amount for garages, extra bedrooms, bathrooms and pools. Condos get more expensive as they get higher, she says.

“Usually upgrades to the kitchen or bathrooms aren't as valuable as you'd think,” says Padovan. “You don't want to over-improve.”

And a trick from Swaminathan: imagine you own 10 of whatever you're trying to sell.

“You become more realistic,” she says. “And your attachment goes down.”

*This is a monthly column by Miamian **Brett Graff**, a former U.S. government economist who writes about how economic forces are affecting real people.*