

Open House: More home buyers are choosing to go smaller

by *Jim_Woodard*

Smaller is better. That seems to be the opinion of home buyers and builders in today's market.

In a recent survey taken by the American Institute of Architects, it was revealed that most consumer preferences call for smaller homes. The survey focused on overall home layout and use.

"This is the first time in three years that respondents (AIA members) said homes were decreasing rather than increasing in size," said AIA chief economist Kermit Baker. "It appears that households are putting less focus on the amount of space in their homes and more focus on how that space is being used. Many households are finding that improved use of existing space in their homes reduces the need for more square footage."

The survey report noted that the strongest trend is homeowners' desire for accessibility. This is probably due to baby boomers being interested in making homes more accessible to themselves as they grow older, or as they care for parents, Baker said. Accessibility generally means wider hallways, fewer steps and a single-floor design.

About three-quarters of the architects responding to the survey reported their clients' interest in greater accessibility. A focus on outdoor living space and on informal space came in second and third places, it was reported.

Home building organizations are, of course, taking note of the trend toward smaller homes. KB Home, for example, recently rolled out a new line of smaller, more affordable homes that it hopes will jump-start sagging sales. Their move comes at a time when a housing slump is causing major problems for many home builders, and could well continue for several more years, according to analysts.

"Smaller homes generate lower revenues, but they sell faster, therefore the cash returns are better," said Jeffrey Mezger, KB Home's chief executive. "Affordability is a real issue today in most markets. We're going to an average smaller-sized home."

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Q: Who makes the most home buying related decisions - men or women?

A: Most home purchase and decorating decisions (87 percent) are made by women, but those decisions usually reflect some key preferences of men. For example, men are increasingly insistent on having their own space in a new home, and they want that space to be decorated in a specific way.

This was revealed in a national study, showing that 28 percent of fathers wanted a room dedicated for their own purposes. The most frequent requests were for their own office-study, a media room, a workshop in the garage and an exercise room. About 72 percent of dads claimed their own space within a recently purchased home. These spaces were primarily an office, workshop, game room and media room.

As for the preferred decoration in their space, men wanted it to include personal memorabilia (e.g., college items), sports related items, vintage pieces (cars, tools, photos) and animal or other nature motif. Men may not appear to be the primary decision-maker, but they are often insistent on certain elements in the home that satisfies their personal needs and desires.

However, most brokers will affirm that it's usually a family decision when it comes to purchasing or not purchasing a home. One family member may lead in the decision-making process, but both husband and wife usually have input - even the kids, in some cases.

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Q: Is auctioning homes on the increase?

A: Yes, with home sales in a sluggish mode, more owners are turning to the auctioneer to sell their property. The selection of homes being auctioned range from small fixer-uppers to large luxury residences.

Sheldon Good & Company, a major auctioning firm, expects to run 44 residential auctions this year - twice as many as in 2004. Among the firm's recent sales were 21 condominiums in the New York City area and fractional shares of units in a Jackson Hole, Wyo., resort.

Another auction firm, Hudson & Marshall Inc., specializes in selling foreclosed single-family homes. They recently auctioned 300 properties in Texas and 300 others in California. This month the company plans to auction 400 bank-owned properties in California and 400 others in Ohio and Pennsylvania.

About \$16 billion in residential real estate was auctioned last year, according to the National Auctioneers

Association, a trade group. That's up by 39 percent over year 2003.

Auctions have been used for years to sell upper-end homes and other properties that are particularly difficult to value. Auctioning is also often used by owners who must relocate soon and need to cash-out on their existing home quickly to purchase a home in their new community.

However, most of the recent growth in residential auctioning comes from lenders seeking to unload foreclosed properties, and builders and developers needing to move unsold inventory.

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Here's this week's most unique property: The Bran Castle in Romania, better known worldwide as Dracula's Castle, has been turned over to a private investment firm, Baytree Capital, to create a strategic plan to capitalize on the tourism-related potential of the property. The castle's fame dates back to 1897 when the classic novel "Dracula" was published.

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