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## When smaller is better

More homebuyers becoming partial to smaller homes

By JOY PERRINO CHOQUETTE

Phrases like "make that a double," "super-size it" and "bigger is better" are heard just about everywhere in today's society. The belief that bigger is better has long been common: kings in ancient times strategized to grow their kingdoms further than other kings; during the Victorian Age, terms like "small" and "simple" were mocked.

While the long-held belief in the housing market has been that bigger is better, that appears to be changing. "I prefer to design with an emphasis on quality rather than quantity, and this value resonates with my clients," said Christian Brown of Christian Brown Design in Jericho.

Brown said he's noticed a trend of individuals seeking out smaller homes for a number of reasons. "Some clients are in a position of wanting to downsize once their kids have left home," he said.

Others are interested in building a home that has a smaller environmental impact. According to Brown, this is one of the most significant ways that clients can decrease their carbon footprint: by building as small as possible. A third reason to build smaller? Cost.

Lee Grutchfield, an architect with TruexCullins in Burlington, readily agrees with Brown's assessment of the current trend toward smaller houses. "We are definitely seeing more clients telling us they want a



Builders and architects are seeing an increasing demand for houses with less than 2,000 square feet.

house that is reasonably sized," said Grutchfield.

"As architects, we can help them understand the benefits of building smaller, such as less expensive, less energy usage etc., but we can also help them use space efficiently and give them something that is very satisfying," said Grutchfield. "There is an art to making small houses."

Interest in viewing smaller homes — described as those under 2,000 square feet — is a trend Katrina Roberts of Greentree Real Estate in Hinesburg has noticed recently. And, while a smaller size is important, Roberts said cost is also a factor: homes priced under \$250,000 "have been in most demand since last summer as new buyers have been

taking advantage of the federal tax credits" that were available through April, said Roberts.

Sellers also can do their part to sell a smaller home by playing up the fact that less square footage means less work for the buyer, she said. "Sellers of smaller homes can focus on the low maintenance aspect, encouraging buyers that the transition from either a condo or apartment is minimal. This same concept can be used for buyers looking to downsize," said Roberts.

"Smaller homes mean less maintenance," she said. "Other than the maintenance factor, cost can be an incentive, so the home can be marketed

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## Statistics show improving real estate market in Chittenden County

By DEB FENNELL

Statistics from the Vermont Real Estate Information Network, Inc., show the first two months of 2010 brought some positive movement to the Chittenden County real estate market.

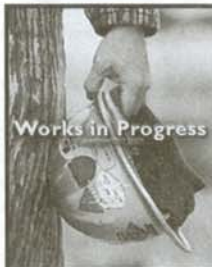
Although the inventory of unsold residential properties was still higher than during the boom times of 2003 through 2005, figures show a steady decline in inventory over the past five months as compared to a year ago.

Total new-home sales increased almost 10 percent in January and February over the same period in 2009. Total deposits also increased by the same percentage during the same time period. Total units sold increased more than 20 percent.

The average home price in January 2010 was \$369,781 in contrast with \$263,109 in January 2009. The average price in February fell slightly to \$296,222 from \$319,024 in February 2009.

The median price for new homes sold in February 2010, according to the U.S. Census Bureau's March 24, 2010 report, was \$220,500. The average sale price was \$282,600, so average home prices in Chittenden County tend to remain a

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The current trend toward smaller houses has prompted architects such as Lee Grutchfield of TruexCullins to use interior space more efficiently.

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as a stepping stone for new buyers. As for listing a smaller home, minimal furniture, opportunities for good lighting either with paint, fixtures or windows, and an open floor plan are key selling points for smaller homes that sellers can stress.

The trend toward smaller homes isn't exactly new. A book, *Little House on a Small Planet* by Shay Salomon, a green building consultant and teacher, was released in 2006. Genevieve Ferraro recently coined the term "jewel box homes" to refer to smaller, cozier living spaces that are big on beauty and cost much less than their larger counterparts. There is even a Small House Society, which promotes living and sometimes working in small houses.

"Looking back five to eight years ago, our office sold numerous build packages focusing on smaller Cape-style homes, approximately 1,600 square feet, that could option lower- or higher-end aesthetics," said Roberts. "This increase in small-[to] midsize new construction was seen in the outskirts of Chittenden County, both north and south, and we believe it was due to buyers looking for a new home and not minding a half-hour commute."

The smaller housing trend, it seems, is here to stay; at least, that's the hope of those promoting smaller houses. "I certainly hope it [the McMansion phase] is ending, but my guess

is that there will always be people in this culture who think bigger is better and who want to have the biggest house among their social circle," said Brown.

That being said, Brown added that as more and more people become aware of and interested in the impact a home's size has on the environment, the more prevalent the desire for smaller houses will become.

Just what is a larger home's impact on the environment? According to the group Greener Buildings, the average American house size has more than doubled since the 1950s, despite the fact that family units are significantly smaller now.

The energy efficiency of a house depends on how airtight it is, its level of insulation and how much exposure it has of "glazed areas to solar gain" according to the group. A house with more surface area will consume more energy for heating and cooling; a larger house — or one with more complex geometry — will use more energy.

Awareness of environmental issues and the ability to build a cost-effective home by decreasing its size has increased individuals' interest in building in a different way, said Grutchfield. "I think building smaller has always been with us. But, the current awareness around global warming and energy costs is bringing it into focus for more people."

Whether described as jewel boxes or being more efficient or cost effective, construction of smaller homes is a trend that likely will stay on the radar of home builders and buyers alike. ♦

# How value holds in the home industry

By SARA WIDNESS

Over time, where will the greater profits lie when comparing sales of luxury homes to mid-market homes, and how will the crystal ball affect today's home-building decisions? That's the question the *Champlain Business Journal* asked the experts when it comes to the housing market.

"Being a Vermonter and owning a business here, I'm familiar with the whole state," said Timothy Eaton of Lang McLaughry Spera Real Estate in Middlebury. "I wish we had 150 homes at \$150,000. That's affordable for people and what they can get into. The \$250,000 to \$350,000 price range is where builders should be in my opinion."

He said people putting houses on the market today "are more realistic regarding pricing and the houses are priced to sell." They need to consider, however, what's going on in the marketplace at the time a house is placed on the market and then where the house is located.

In Addison County, \$500,000 is the luxury benchmark, he said, with some homes in this range in Middlebury, Cornwall and Weybridge.

In and around Bristol and Shoreham there aren't many luxury properties unless they're right on Lake Champlain, and those that are in the luxury category in that region aren't moving.

"The high end isn't moving," Eaton said. "We don't have those people coming into our county looking for luxury homes," he said, noting the difference between where he works and such communities as those on Lake Champlain and around Stowe and Stratton, which attract more affluent home buyers.

Arthur Woolf of Westford is an associate professor of economics at the University of Vermont and also publishes the monthly Vermont *Economy Newsletter*. A mid-winter issue reported that because of falling housing prices in Vermont and lower mortgage rates, the median income required to finance a mid-range-priced home dropped 15 percent in 2009.

This means, said Woolf, that there's more affordability in middle-class homes with home prices falling about six percent last year.

"If you want to build your own home, this is a great time to do it," he said. "The construction industry has lost about 25 percent of its jobs in Vermont in the last two years."

"There are plenty of unemployed construction workers hungry for work. If someone has the income this is a great time to do it," said Woolf. "Probably the cost of doing all the bells and whistles on a luxury home would be less than if you tried to do it three years ago."

"I can't predict what a middle-income or low-income house will bring in future. But, an opulent house that's very unusual might be difficult to sell. It takes an unusual purchaser to buy it."

"The odder your house is in a sluggish market, whether the house is 700 square feet or 12,000 square feet, if it's an oddity the market is pretty dim right now for all sorts of houses. If yours is not a standard house, it would be difficult to sell in the near future."

John Lass is a principal with Mill Bridge Construction in Middlebury. "A year ago, I would have said high-end is a bad investment," said Lass. "Now, I would say high-end is in the middle field. When the economy recovers, it is a good investment."

"I've seen some very high-end properties sell at a large discount in the last two years, but prior to that they escalated in value," said Lass, who has been in business for over 30 years.

"The average person will see more appreciation percentage-wise, and I have actually seen this over the years," he said. "I've seen a house that was constructed for around \$200,000 excluding land price and within 10 years, it sold for \$600,000 — which is quite an appreciation — and I haven't seen high-end homes do that. The high-end million-dollar home doesn't go to three million in 10 years."

Only about five percent of homeowners fall into the luxury category, which at this time is facing the biggest challenges when trying to sell their homes, he said. "The \$200,000 to \$300,000 range tends to be more standardized and easier to sell," he said. ♦

*The median income required to finance a mid-range-priced home dropped 15 percent in 2009.*