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## Real Estate

# America's Luxury Homes, Downsized

Matt Woolsey, 10.13.08, 6:00 PM ET



Ross Chapin builds high-end homes that are small or, as he calls them, "sensibly sized."

A typical structure might only be 650 square feet, a size unassociated with luxury anywhere outside Manhattan. Yet the cottages, bungalows and planned communities Chapin builds through his eponymous Langley, Wash.-based architecture firm are commanding top dollar. He just sold a home in Redmond, Wash., a Seattle suburb, for \$580,000, even though it wasn't even 1,000 square feet.

Could be because sensibly sized homes are "in." But calling it a McMansion backlash misses the point, says Chapin, a leader in the "pocket neighborhood" movement of intimate communities on small stretches of land. Such cottage clusters can include as many as eight homes on two-thirds of an acre, surrounded by green space and shared gardens. The biggest draw,

says Chapin, is an unparalleled feeling of community.

"Developers aren't looking at the social dimension of home building," he says. "There are a whole lot of people who don't want to live in an over-sized house that's isolated in some 'burb.'"

Call it a sign of the times. Cookie-cutter 4,000- to 5,000-square-foot homes with grand foyers, media rooms and three-car garages stuffed on one lot litter the ranks of unsold properties in overbuilt communities from Sacramento, Calif., and Las Vegas to Miami and the Washington, D.C., exurbs. Those areas, national leaders in foreclosure filings and home price drops, show no signs of slowing their descent.

Architects and designers of the small home movement say the monolithic sameness of those anonymous planned communities typified the housing boom and that people are sick of it. According to Gopal Ahluwalia, vice president of research for the National Association of Home Builders, large luxury properties built in the last five years are now some of the most difficult to

sell."Even if people do have the money for a big house, right now it's considered to be in bad taste and inappropriate and politically incorrect," says Adam Kalkin, a New Jersey-based architect specializing in homes made from shipping containers. "We had such a period of excess and people making huge amounts of money; you got this incredible breed of vulgarians in the United States."

There are precedents for small scale, luxury neighborhoods. Balboa Island, in Newport Beach, Calif., is one--a collection of stout, compact homes resembling Monopoly houses and clustered just as closely.

Though the Los Angeles metro housing market is down 30% this year, according to the National Association of Realtors, homes on Balboa Island have surged in value. Many of the homes date to the 1950s, and the area has long been a desirable shore-front community.

Based on our assessment of the neighborhood, prices are up 32% this year, to \$2.4 million at the median, making it the 11th most expensive ZIP code in the country. Here you can get a three-bedroom, 1,300-square-foot beach-view bungalow for \$2.9 million.

Nationwide, part of the smaller luxury homes' rise has to do with the new gloss on pre-fab homes, which are rarely more than 1,500 square feet. The Museum of Modern Art in New York launched a show in July that presented the homes as pieces of art. In many places, they've cast off their trailer park connotations. Mobile homes in Malibu's Paradise Cove and in the Montauk Shores Condominium on Long Island sit on ridges overlooking the Pacific and Atlantic Ocean respectively. Not uncommon to find: a 1,050 square foot mobile home, with hardwood floors for \$650,000.

Besides being stylish, and newly chic, small homes--whether custom or pre-fab--are adored for their environmental efficiency. The smaller cottages built by Ross Chapin, as well as those built from 30 foot by 60 foot shipping containers by Adam Kalkin, use less heat and less air conditioning than bigger homes. It's outwardly obvious, but often forgotten in the rush to be green, that the less cubic space a home has, the more energy efficient it is.

The trend has yet to significantly put a dent into the glut of McMansions on the market. On average, the American home has gotten smaller in the last two years, according to the National Association of Home Builders (NAHB), but downsizing hasn't fully hit the high end market yet.

"There isn't evidence that high-end homes are getting smaller on the whole," says Ahluwalia.

"The data isn't available yet, even though I am hearing from all sides that it's happening."

***Do "sensibly sized" homes make sense? Or are they too much money for too little space? Weigh in. Post your thoughts in the Reader Comment section below.***

One reason: the formal definition of high-end homes is tied to price and size. A home in one of Chapin's pocket neighborhoods in suburban Seattle might cost \$400,000--hardly a luxury price tag on its own--leaning that Census and NAHB surveys might not consider it as high end.

But at 650 square feet, that comes to \$615 per square foot, which, while it won't buy Park Avenue, can get you into decent Manhattan neighborhoods like Yorkville or parts of the Upper West Side. In Seattle, a Victorian home overlooking the water in Lower Queen Anne runs \$435 per square foot. The most expensive downtown luxury condos run around \$700 a square foot. The city's median price per square foot is \$215, according to Radar Logic, a real estate derivatives research group.

Chapin doesn't worry too much about staying under the national radar. Anyone who doesn't recognize his compact, custom jewel-box houses as luxurious probably isn't ready to live in them anyway.

"The idea of luxury above a certain size doesn't make sense," says Chapin. "It's like saying that cars are valued by their size. You don't buy a car by the pound, and you don't buy a house by the square footage. You buy it by its livability."

## In Pictures: America's Luxury Homes, Downsized

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### New Communities

Built by Kimball & Landis and designed by Ross Chapin, the Spring Valley Cottages in Port Townsend, Wash., are a part of the area's latest pocket neighborhood, or small-scale community, in development. The smallest cottages, known as Betty Gable cottages, are 860 square feet, have two bedrooms and sell for \$269,000. For a larger 1,150-square-foot home, the two-story Alice Cottages are priced at \$359,000. Hardwood floors, gardens, custom detailing and high-end interior woodwork make them luxury properties.

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### Danielson Grove

A one-bedroom, one-bathroom home known as a "Pea Patch" cottage, this home in Kirkland, Wash., is located across Lake Washington from Seattle and has 700 square feet of interior space and a one-car garage. It is being sold through owner Linda Pruitt and is listed on the Washington MLS for \$399,000. The home has vaulted ceilings, a garden courtyard and is Energy Star certified for its low utility costs.

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### Urban Oases

You can live a lifetime in New York City and never know the community of Pomander Walk exists. The small gated area runs from West 94th and 95th Streets between Broadway and West End Avenue. It features small Tudor style homes and was built in the 1920s; it takes its name from the London play whose stage set the community was built to resemble. The homes here rarely come on the market. The last one was a three-bedroom, 1,500-square-foot home, which sold this spring for \$2.2 million.

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### Mobile Homes

Location and community mean everything. Mobile homes in Paradise Cove and the Point Dume Club in Malibu, Calif., routinely go for over \$1 million, with several touching the \$2 million mark this year. When you put hardwood floors, tiled bathrooms and high-end kitchen appliances together with a view of the beach and the intimate community of Paradise Cove, you can sell a 1,050-square-foot home like this one for \$655,000.