

SFGate.com

Print This Article

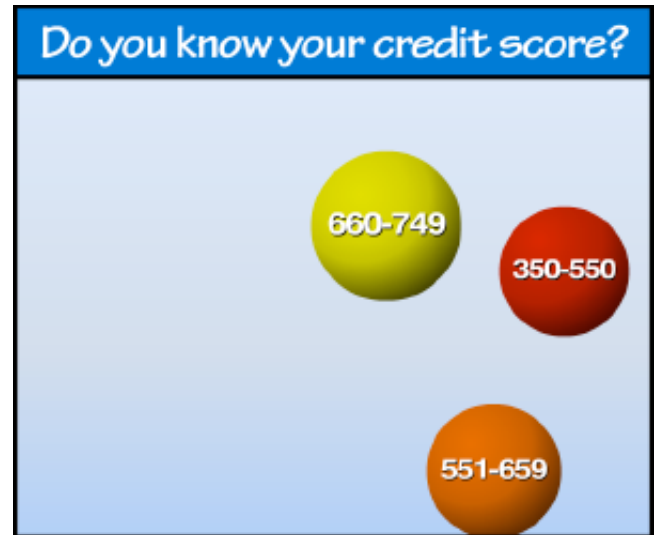
Back to

Article
SFGate.com

BUILDERS DO LOTS OF RESEARCH

Before a project is even begun, developers study buyers' habits

Judy Richter, Special to The Chronicle
Sunday, February 17, 2008



Mr. and Mrs. Homebuyer walk into a model home and say, "Wow. This is just perfect for us and the kids." They buy it.

Ms. Homeshopper finds just the right new condo in town. She buys it.

Each discovery might seem like sheer luck, but home builders invest lots of time and money on spadework before they turn the first spade of dirt.

First, they find the land. Then they figure out who is likely to buy their houses before deciding what to build. Finally, they seek official approval, a process called entitlement. Once construction begins, they start marketing, another involved process.

Tony Bosowski, regional president of the Olson Co., estimates that entitlement takes two years, and there's another year or more before

the first house is sold. Therefore, developers take great care along the way.

"You have a lot of legwork to do," said Bonnie Sharkey, vice president of sales for Standard Pacific Homes' Northern California office.

Some builders hire consultants for some of this work. Others use their own staff. Trumark Cos., based in Danville, specializes in finding land and taking it through entitlement and site planning. Then it either builds the project itself, partners with a developer or sells the land to a developer.

When its acquisition specialist finds a promising site, Trumark, like most other companies, negotiates with the owner to secure an option to buy.

An option gives the company the right to buy the land at an agreed-upon price within a certain time limit, said Garrett Hinds, Trumark's architectural director.

Market research comes next. It involves identifying potential buyers - the Homebuyer family, Ms. Homeshopper or someone else - and their budget. To find that information, researchers get demographic information from the city, the latest U.S. census and the state Finance Department.

How old are the would-be buyers? What's their ethnicity? What's

their household structure - single, couple, number of children, multi-generation? Are they first-time buyers, move-up buyers or downsizers?

Each factor influences what's built.

For example, the Olson Co. caters to first-time buyers or buyers moving up to their second home. That's why it usually builds townhouses with two or three stories, said Bosowski, president of the company's Northern California region. Younger people aren't fazed by stairs.

Companies expecting older buyers are more likely to build one-story single-family houses or one-level condos served by elevators.

Older downsizers usually need more space than first-time buyers. "They don't want to give up their treasures," said Cindy Siwecki, vice president of marketing and research for the Reiser Group, a consultancy in Alamo. On the other hand, "families need places that have some dirt under them" where the kids can play, she said.

When KB Home was planning to build at a former Del Monte cannery near downtown San Jose, its research pointed to condos and townhouses for "people who wanted that urban lifestyle," said Chris Apostolopoulos, president of its Northern California division.

Pricing was a key part of KB's planning. It wanted buyers' payments

to be consistent with local rents so it would make financial sense to buy rather than rent.

During entitlement, builders also consider environmental issues, zoning and site restrictions. They meet with neighbors and community groups to describe the plans, gain input and perhaps revise the plans accordingly. When Standard Pacific was refining plans for 73 single-family houses in Spreckels, just south of Salinas, the landowner had completed the entitlement. However, the company knew it had to be especially sensitive to the residents of this small, historic Monterey County community, a former company town for Spreckels Sugar Co.

Therefore, company representatives had meetings with them. Sharkey spent a few days there, visiting the post office, having lunch, even looking at what cars people drove. "You really get a feel for who's going to live there," she said. If there's a nearby model home complex, researchers ask its visitors for their reactions. Usually about 80 percent of buyers come from nearby neighborhoods, said Trumark's Hinds.

"You have to understand consumer ... and buyer attitudes" said Siwecki of Reiser Group.

All that information influences floor plans. Popular features today include bigger kitchens and master bedrooms, storage space, walk-in closets, high ceilings, upgraded cabinetry, granite counters, tile and

hardwood floors and advanced wiring for computers and other electronic devices. Also high on the list are great rooms and oversize garages.

KB Home allows buyers to tailor their houses by offering more than 5,000 options, Apostolopoulos said. On the other hand, Lennar Co. touted "Everything's Included" for its models at the former Mare Island Naval Shipyard in Vallejo. All features, except flooring, were standard.

The Mark Co., a consultant for such multifamily projects as St. Regis Residences, the Brannan and Potrero in San Francisco, avoids asking buyers to make many decisions. That's why "we try to keep the finishes limited," said president Alan Mark.

Another reason is that condo builders want to limit the time spent on finishing touches in order to get a certificate of occupancy sooner. Public access is restricted during construction.

Mark's advice to builders ranges from the building layout to minute details such as telling clients that when the master suite's bathroom door is open, the light shouldn't shine on the bed in case someone is still asleep.

Most builders try to plan models that suit certain types of people within their target market. Thus there's some variety in floor plans and size.

Naming the project is important, too. Many builders look at the area's location and history or something else that distinguishes it. "Walk" is a part of every Olson project's name because being able to walk to services and amenities is important, the company's Bosowski said.

Once plans are complete, they go to the planning department for review. Often there's an architectural review in addition to hearings by the planning commission and city council.

After final approval and the issuance of building permits, construction can begin, assuming the builder has secured financing. At about the same time, marketing goes into high gear.

Builders try to generate interest by erecting an on-site sign with a phone number and Web site where people can join an interest list and be updated as work progresses. "It's essential to the process," said Nancy Green, president and co-founder of Shennum Green Advertising and Public Relations in Pleasanton. She likened the process to Apple Computer Inc.'s strategy of getting people excited about a new product before it's released.

Ads start appearing in major newspapers as well as ethnic newspapers and radio stations. The Internet "is one of the best ways to get our message out there" and the most cost-efficient, said KB Home's Apostolopoulos. Some builders pay search engines to have their sites appear high in the results. Direct mail and new-home magazines are other favorite advertising media.

In marketing its Del Monte cannery project, KB Home went to big local employers and received permission to put discount offers into paychecks. It also offered discounts to city, county and health care workers.

Silverstone Communities, based in Redwood City, does "a lot of grassroots advertising" at community events like those in Millbrae, where it is building 109 condominiums on El Camino Real, President John McMorrow said. The company also contacts Realtors. "We've always welcomed brokers" because they work hard, have clients and know the area, McMorrow said.

When the sales office opens, "I think of it as a retail space," consultant Mark said. Many sales offices feature project maps, posters with floor plans, and neighborhood maps. Visitors receive brochures with that information plus prices.

Some developers open their sales office before the models are ready, offering virtual tours instead. Some go a step further and install a model home in the sales trailer, as Watt Communities did at its South City Lights condos in South San Francisco.

At the Potrero condos in San Francisco, marketing stresses the convenience of a Whole Foods Market in the building plus nearby restaurants, entertainment and services. The idea is to show that "your home is your bedroom and the whole neighborhood is your

living room," Mark said.

Decorating model homes is another key to marketing. The process focuses on the potential buyer profile and lifestyle. For example, if many Asian buyers are expected, the interior designer consults with a feng shui expert. Family photos might reflect potential buyers by ethnicity, age and hobbies.

"You want to allow the buyer to envision themselves living in the home," said KB Home's Apostolopoulos. To assist the designers at Spreckels, Standard Pacific's Sharkey wrote a three-page description of the community, starting with "Visiting Spreckels is like stepping back in time ... when life was simple and family came first."

She continued: "The model landscape, furnishings and accessories should reflect an elegant country style. ... Each model should be clearly themed, separated by different color palettes and furniture style."

For each model, she envisioned a family. For example, Hogan, Teresa and their two children would live in the four-bedroom, three-bath Plan 3. Sharkey detailed the parents' jobs along with the family's hobbies, schools and activities.

Although many developers use upgrades throughout their models, most try to show one with no upgrades. Clarum Homes went a step further with its Cherry Blossom single-family houses in Watsonville,

leaving one model unfurnished with no upgrades. Shoppers could see the basics of the house and the quality of construction without being dazzled by decor.

Most builders don't go to that extreme because most people can't envision how they would furnish and decorate a house. They can't see how spaces would work. That's why model home furniture is so important, said Siwecki of the Reiser Group. "You've got to be memorable. We help them see themselves in the house," she said.

That's what happened for Mr. and Mrs. Homebuyer and for Ms. Homeshopper as they unknowingly completed a process that had started years before.

E-mail Judy Richter at jarichter@earthlink.net.

[http://sfgate.com/cgi-bin/article.cgi?
f=/c/a/2008/02/17/REORUV921.DTL](http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/02/17/REORUV921.DTL)

This article appeared on page **K - 4** of the San Francisco Chronicle

San Francisco Chronicle Sectic

© 2008 Hearst Communications Inc. | [Privacy Policy](#) |
[Feedback](#) | [RSS Feeds](#) | [FAQ](#) | [Site Index](#) | [Contact](#)