

The Power of Architecture

• By Dan Provost • August 1, 2011

In today's real estate market, new homes are far less common than they were just five years ago. The homes that are being built today tend to come with their own unique flavor. The buyers of new homes today don't want to live in a typical sprawling suburban subdivision. Many want to live near urban downtowns, and they want to live in a single-family home or condo tower that doesn't look like the one down the street. Despite the market, one thing is clear: **architecture still matters to homebuyers.**

Ralph Johnson, principal with Chicago architecture firm Perkins+Will, has been setting residential architectural trends since 1998. That's when the firm took on its first residential project, the Skybridge condominium tower located just east of the Kennedy Expressway in Chicago.

The Skybridge project is definitely unique, mostly because of a series of large holes sliced into its exterior for an eye-catching look. This started Johnson on a mission to design residential spaces that were anything but cookie-cutter. And today, although new construction isn't as common, one thing does remain the same: homebuyers want unique. They don't want boring residential living spaces.

"Our market is those people who want uniquely designed projects. They don't want a typical high-rise multi-family dwelling," Johnson said. "The trend that we are seeing today is toward more design-heavy homes. There is a

higher interest in demand among buyers. They are interested in the design of the building, the design of the unit. People want to live in a place that is recognized as having good architecture."

Johnson has also found that a growing number of buyers are interested in new homes that boast sustainable features. They want high-efficiency appliances, low-VOC paints and dual-flush toilets.

An example is the Perkins+Will-designed **235 W. Van Buren**, a Chicago condominium project targeted for younger and first-time buyers. These buyers are more interested in sustainable features, Johnson said, so the condominium tower contains many of them.

Curt Behnke, director of design with Perkins+Will, said that he and his fellow architects don't have to work too hard to convince developers of the importance of adding unique design touches to their residential projects. That's because those developers who come to Perkins+Will are already committed to building projects that are architecturally significant.

"Those developers interested in plain vanilla go to other architects," Behnke said. "They don't recognize the value as a marketing tool that design can have."

Johnson pointed out that it

costs developers very little to add interesting design elements to their residential projects. The marketing benefits, he said, far outweigh the extra project costs.

As an example, the architects at Perkins+Will may arrange the balconies in a condo tower in a less typical manner. While every unit will get a balcony, they'll be organized so that they don't line up perfectly up and down the building. Instead, the balconies will be located differently for each unit. This adds visual flair to a condo project, but doesn't cost developers a large amount of extra cash, Behnke said.

James DeStefano, founding principal of Chicago architecture firm DeStefano+Partners, adds that architecture can play an important role in marketing residential projects today.

The housing market remains in a slump, with many housing industry analysts claiming that the country is now experiencing the dreaded "double dip" in housing prices. This means that sellers are competing more than ever for a smaller number of potential buyers.

Anything that buyers can use to promote their homes then, including its architectural style or the architect who designed it, can help, DeStefano said. The right architect can also help older homes retain more of their value even as housing prices across the Chicago area

continue to fall. "If you can tell buyers that a home is designed by a certain architect, that is certainly a marketable thing," DeStefano said. "If it's a run-of-the-mill residence, agents and owners will instead turn to the amenities and appointments in it to help sell the property."

The challenge today for both architects and real estate agents, though, remains the lower number of buyers purchasing homes, DeStefano said.

The bad economy has led more potential homebuyers to the rental market. Agents have to work harder, then, to convince a smaller pool of buyers to consider their listings, making a knowledge of a home's architecture even more important than in past markets.

"The real older homes that have a strong presence are still in demand," DeStefano said. "But there are problems because of the financial markets. Home values have dropped so much. So many people are underwater. It's risky to buy a house today. That's why the rental market is so strong. People can't get financing. They don't want to take the risk of investing in a mortgage loan. It's simpler today for many people to live in an apartment."

For Johnson and Behnke at Perkins+Will, there is at least one bright spot in the down real estate market: it encourages



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creativity in new housing. During the boom times, when developers are trying to erect as many new homes and subdivisions as possible to take advantage of quick sales creativity often suffers, Johnson said. Developers don't have a financial incentive to add unique touches to their housing projects, he said.

That changes when housing markets slow, Johnson said. "When the market is hot, you'll see a lot more generic product out there," he said. "When there is more competition, that's when unique design becomes more important."

In the current housing market, Perkins+Will focus on creating living spaces that boast unusual touches. For instance, a project targeted toward first-time buyers might be smaller so that it can come with an affordable price tag, Behnke said. But this doesn't mean that it won't come with high-end appliances and amenities. And it doesn't mean that it won't feature its own unusual touches.

"We'll make sure that no two units on the same floor are alike in our condominium projects," Behnke said. "Your home won't match your neighbor's. You'll have that sense of identity, individualism. When there are fewer units that are cookie-cutter, you can better market them when it's time to sell."

ARCHITECTURE MATTERS

When it comes to homebuyers, it's clear that architecture style matters. But what about agents – do they have to be at the top of their game when it comes to identifying architectural styles?

Think it doesn't matter if you don't know a Georgian-style home from a Queen Anne? Think your clients won't care if you struggle to pinpoint the features that define a Cape Cod or a Victorian?

Anne Kaplan, a real estate agent with the Buffalo Grove office of Coldwell Banker Residential Brokerage, says it does, in fact, matter. She prides herself on her knowledge of architecture, and uses this knowledge to help her clients market their homes and her buyers find their ideal residences. She's also used her knowledge of architecture to help pinpoint current trends in a real estate market that's changing by the day.

For instance, Kaplan has long loved old Victorian homes, having fallen in love with their charms and idiosyncrasies. Her buyer clients today, though, don't feel the same. They prefer homes that are no more than 10 years old. And instead of the smaller rooms that come with older residences, they want open floor plans.

The reason for this? It's the economy.

Buyers today don't want to spend any money on home improvements or renovations. They want to buy a home and move in with as little fuss as possible.

"When buyers think of newer homes, they think of less maintenance," said Kaplan, an agent with the Buffalo Grove office of Coldwell Banker Residential Brokerage. "In the economy today, so many

buyers just don't have the funds available for home improvement projects. They just want a sure thing when they're buying homes."

This means that the turn-of-the-century homes available in Kaplan's market area are sitting on the market while newer-built homes in modern subdivisions are selling at a faster rate. This is a big change from 10 years ago, when buyers scooped up the in-town Victorians that Kaplan herself favors.

This helps Kaplan when she markets her client's homes. Those with more modern residences need to emphasize their open floor plans and move-in-ready conditions. Those with older ones have to work harder to appeal to the smaller number of buyers who still want an older in-town residence.

This is just one example of why it's important for agents to study residential architecture. In today's challenging real estate market, a knowledge of the various architecture styles found in the city and its suburbs can help agents keep both buyer and seller clients.

Carol Hunt, an agent with the Winnetka office of Baird & Warner, has also spent long hours educating herself about the housing styles found in her suburban market.

There's a reason for this: it helps her retain clients and earn referrals from them.

Both buyers and sellers want to work with agents who are knowledgeable. Buyers want to

work with agents who can help them find houses that meet their needs, while sellers want those agents who can most effectively market their listings. Hunt says that knowing the ins and outs of area architectural styles helps her accomplish both goals.

"I would say that educating my clients about what it's like to live in a certain type of house is one of the centerpieces of what I do," Hunt said. "With first-time buyers, especially, it's important to educate them. They need to gain a good idea of what kind of house style will fit them and their family. They need to understand the differences of living in a modern house and an older one. First-time buyers might not know the difference between a Colonial and a split-level."

Architectural styles can make an important difference in how a family enjoys a home. Buyers who are planning a family, for instance, might want a family room or an eat-in kitchen. Not all residential architectural styles allow for these features.

As with most real estate transactions, the most-informed agents help clients listing their homes make wise decisions about how to best market them. Agents can help them uncover their home's history or recognize that the home's architect is well-known to fans of Georgian homes. Savvy agents can market a vintage Cape Cod to those buyers who are most interested in this style of home.

"I think of it as a value-added service," Hunt said. "It's easy to walk people through houses.

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But if you want to establish a long-term relationship with clients, you need to do more. The more you know about architecture and construction, about what makes a good house, that really helps your buyers. This knowledge will potentially keep a deal together. We should know the basics about foundations and architectural styles. Our clients will appreciate it when we tell them something that helps them make a better buying decision.”

Thanks to her knowledge of the various architecture types in her market area, Kaplan can easily steer her clients to those properties that best fit their needs.

As an example, Kaplan points to a recent transaction that she closed with a couple that wanted to purchase a turn-of-the-century home in Evanston. She showed the buyers to a Victorian duplex in the city. These types of homes aren't unique in Evanston, but it's difficult to find a Victorian duplex in most other municipalities.

Kaplan's buyers were impressed with what they saw. They fell in love with the large front porch and the home's original woodwork and trim.

“I zero right in on those homes when that's what my clients want,” Kaplan said. “Looking for a home like that is a real job. I love homes that have a history, that tell a story. It's always a thrill for me when my clients tell me that they want a turn-of-the-century house.”

A HOME'S HISTORY

Kaplan dives into the history of these homes when it's time to help her sellers move an architecturally significant home, too. She remembers one older home she represented, where her client thought the home might have been a Sears Catalog home, though she lacked any proof of the residence's lineage. Kaplan, too, after taking a close look at the home, thought her client might be right.

As Kaplan and the owner explored the house, they found a Sears Roebuck stamp branded into the wood of one of the residence's kitchen cabinets.

“That was fabulous,” Kaplan said. “After we found that we both said, ‘Ah-ha!’ We knew what we had.”

Kaplan mentioned the Sears connection prominently in the home's promotional materials as she marketed the house. Buyers like Sears Catalog homes and the history that goes with them, which gave the house an advantage once it hit the market.

While most of Kaplan's buyers today prefer modern, low-upkeep homes, she says that this, too, will change. Older, architecturally unique homes will regain their luster among buyers once the economy and the real estate market improve.

“When people feel comfortable

again in the market, you'll see them return to homes that make a statement with their architecture,” Kaplan said. “They'll be more willing to take a risk. They're be more willing to buy a beautiful house that maybe has a front porch that isn't as secure or a kitchen that needs some money put into it. They'll invest in a house that might need a new heating system. Right now in this market in every community, we are sitting on some homes that are just amazing treasures.”

Hunt, too, has seen her business grow thanks to her knowledge not only of her market and its amenities, but to her in-depth understanding of the differing architecture styles that make up its housing stock.

This has resulted in positive word of mouth from Hunt's clients to their friends and family members, something that equals frequent new business.

Because of this, Hunt recommends that her fellow agents take the time to study not only the crime rates and housing values in their neighborhoods, but also the types of architecture most buyers prefer.

Before Hunt takes clients through homes, she sits down with them to discover what they need from their future residences, which helps determine what architectural style her clients would most prefer.

“For an agent, the best thing to do is to read a lot on the Internet. Agents need to learn about the types of homes in their market areas,” Hunt said. “The agent's job isn't just to walk someone through a house and saying, ‘Here is the living room.’ It's about saying, ‘Let's look at this floor plan.’ I'll point out the difference between a Colonial with a hallway going back to the kitchen or family room versus a Colonial where you have to walk through the living room or dining room to get to the back of the house. People coming from living in a condo don't often get how important that can be.”

It seems that any move away from the cookie-cutter approach is much appreciated, and it's what she focuses on when helping her clients sell their unique homes.

“I'll always ask my sellers, ‘What is something you love about your house that someone wouldn't pick up from walking through it?’” Hunt said. “Someone might tell me that they like sitting on a particular bench and looking out the window. That's a way that the house lives. That gives me a future description for listing sheets, Internet ads and photos.” C.A.