

BUSINESS



From Spec to Spectacular Seven ways to sell spec houses faster and for more money

BY CAROLYN ANDERSON AND CHELSEA MULLEN

At one point or another in their careers, most builders and remodelers are tempted by the prospect of building a spec house. But there's more to being a successful spec-house builder than just having a background in construction.

To be a worthwhile venture, a spec house needs to sell in a timely fashion, which means it needs to create a great first impression that elicits a positive gut feeling in a prospective buyer. Key to making that happen are certain value-added features that don't add a lot to the cost of building the house, but that do turn lookers into buyers and minimize or eliminate negotiations over price. As a bonus, satisfied buyers are likely to tell other people how great the house is and how impressed they are by your attention to detail, your thoughtful design, and your excellent implementation—thereby boosting your reputation and ensuring an enduring enthusiasm for your brand.

1. PLAN THE SITING

Never underestimate the importance of building the right house for a specific lot. Spec-house builders commonly use “tried and true” stock plans, believing them to be a safe investment. How-

ever, if using those plans results in an unintentional view of the neighbor's HVAC unit from the family room, the money you saved by using “safe” plans goes out the window—literally.

Site orientation. Investing a small amount of time to consider both sight lines and orientation can increase the appeal of the house and add thousands of dollars to the selling price, while cutting the time that the house spends on the market (see *House Siting for Views*, page 32). Even the smallest consideration, such as using a mirror image of the plan on a particular lot, can make a tremendous difference to potential buyers when they walk into the house.

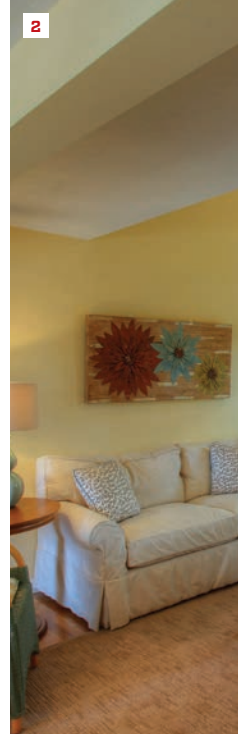
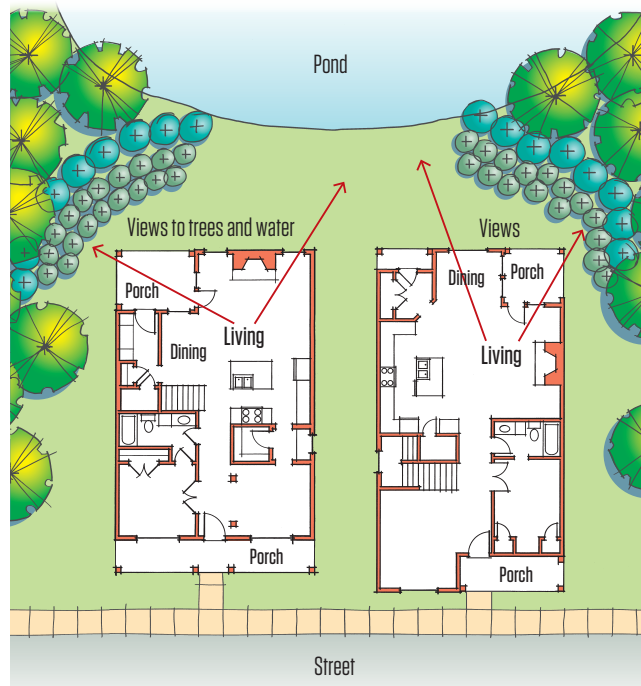
Room views. Ask yourself what the views will be from the living spaces. The two best answers are trees and water (1). Invest in plantings that enhance the views from inside the house or make the most of that retention pond behind the property.

Select house plans that can be oriented on the site for the most advantageous views. That might mean rearranging plans to put the living spaces in the front of the house or facing the side. As you review the plans, be sure to check the views from the master bedroom and bath. If those areas look into private areas of the neighboring house, you might want to rethink the plan. The bottom line in most



To create the best impression for prospective spec-house buyers, site the houses and arrange the floor plans so that public spaces inside the houses look out on natural settings instead of looking at adjacent houses. Ideally, the views from the living room and dining room should be of water or trees, as in photo (1), above.

House Siting for Views



cases is that open vistas are far more desirable than views of adjacent houses.

2. PUT THOUGHT INTO FLOOR PLANS

Elegant plans don't necessarily cost more to build, so choose and arrange a plan that is comfortable to live in.

Daylight. Room orientation is part of choosing the right plan for the lot. Be mindful of daylight for specific rooms. Offer plans with master bedrooms facing east or south (ideally both) to capture morning light, and place the secondary bedrooms with north- or west-facing windows wherever possible, so kids don't wake up at dawn and show up in mom and dad's room before the alarm goes off.

Furniture. Regardless of region, price point, or demographic, furniture should be a major consideration when sizing and laying out rooms. Some rooms—like bedrooms—are even named for the furniture that goes in them. If a bed doesn't work in a bedroom, change the plan or lose it. It's not uncommon to see bedroom plans that don't provide adequate wall space for a bed or that don't allow enough space for closet doors to open properly with a bed in the room. Similarly, most dining room furniture includes a hutch or sideboard. Always make sure, and never assume, that there will be ample space for the furniture that is likely to be in a given room.

Closets. People need closets. Too-small or misplaced closets are a quick turn-off to buyers and can be a reputation buster for the build-

er. Coat closets are fairly common but might not be a value-added feature if the closet is near a formal entry door while the most-used entry is at the opposite end of the house. In that case, consider replacing the traditional coat closet with a drop zone outfitted with a bench and coat hooks near the entry door that is most likely to be used. The additional cost of trim work will be offset by eliminating the closet door and hardware. Make sure there is a broom closet for a vacuum and mop and a linen closet near the laundry room, with shelves at least 15 inches deep.

Wall space. Artwork is not just for upscale homes. Most folks want to decorate their walls—whether it is with an heirloom tapestry or with their kid's hand-print turkey. Nothing is more troublesome than a thermostat that's placed in the middle of the wall or an HVAC vent that interferes with hanging art symmetrically. Always be sure there is room on the plan for wall decorations and that functional features such as switches and controls are placed with forethought.

3. ENTICE WITH COLOR

Color drives emotional responses and, as a result, has a huge effect on sales. After the architecture itself, color is the most noticeable element of any building, so it always has a major impact on perceived value. Get it right, and the house will sell quickly and for more money. Get it wrong, and you may sit on it for a long time.

Illustration: Tim Healey



And while painting is one of the fixed costs of building a spec house, repainting a house to sell it can be expensive.

Regional preferences. Each region in the country has its own preferred palette that reflects the local environment of that region. Coastal, temperate areas tend to feature blue, aqua, tan, and white prominently in their landscape. So cooler, lighter colors are usually preferred in these markets. Conversely, in colder, mountainous areas, the topography and expanses of mature trees inspire the use of grays, greens, and browns balanced by warmer, richer colors such as red, orange, and yellow. These palettes should apply throughout the house, both inside and out.

Color combination. Consider how the colors of interior elements, such as countertops, floors, and cabinets, will blend and complement one another. Don't just select the least expensive cabinets and granite slabs and "pallet specials" of tile and then lump them together in a boring sea of beige and brown. Houses that have striking colors and a particular design sense sell faster than those with a generic, "lowest-price-tag" appearance (2). If you still have doubts, leaf through a recent copy of a design magazine targeted to your area of the country. The buyer preferences for colors in your market for both exterior and interior surfaces should come across loud and clear in the photos.

Professional assistance. If you are not confident working with colors, a color consultant could be a wise investment. You

already hire specialists for many of the other phases of building, so it makes sense to add someone who knows color to your team. Don't automatically expect your painting subcontractor to be this person (although some painters might be). If you don't have access to a color consultant, visit several homes that are for sale in your area and that are priced at three (or more) times your target asking price. If you mimic the colors you see there (adding value without cost), your homes will likely have immediate increased appeal.

4. PROVIDE LOTS OF NATURAL AND ARTIFICIAL LIGHT

Most people thrive on natural light, and well-placed windows can sell a house almost as quickly as a gourmet kitchen. Buyers will feel alive and uplifted as they walk through a house with lots of natural light. The size and placement of the windows are key factors for first impressions, and, like color, these factors are driven by the natural environment of your region. Again, look at images in local design magazines for ideas for the size and placement of windows.

Natural light. Window arrangement should be compatible with the furniture placement that's typical for any given room. In the master bedroom, allow for enough space between windows for a king-size bed. In the dining area, install small higher windows flanked by larger ones that provide ample daylight and privacy, while leaving a space below for a sideboard. Windows in children's bedrooms should be 30 inches or more off the floor to prevent accidental falls and to allow for bookcases or desks under them.

Artificial light. Well-thought-out artificial lighting is also important in a house. Resist the temptation to install fluorescent fixtures even if the price seems too good to pass up. Fluorescent lighting is no longer considered the best option for energy efficiency, and fluorescent fixtures in a kitchen will detract from the value and design of your house. LED bulbs are more efficient, last longer, and have less negative impact on the environment. But just as important, the color of LED bulbs can enhance your design. Invest in warm white (2,800K to 3,000K) LED bulbs everywhere in the house, and include information about them in your sales pitch. It will be an investment your buyers will thank you for when their electric bills come in.

Fixtures. Potential buyers are most likely to walk through a spec home in the daylight hours, so the fixtures themselves will be what they notice first (3). Light fixtures that are on trend and also provide pleasing light don't add much cost; many big box stores and online suppliers have excellent choices with good pricing. Because lighting trends are always in a state of flux, this is one area to monitor carefully, updating your selections year to year. One place to monitor the trends is a specialty-lighting store that caters to high-end clients. Often, trend-setting fixtures trickle down to larger outlets.

Flush-mount fixtures in common areas say "Builder Grade" loud and clear. Use strategically placed recessed cans on flat ceilings, specifically-designed ones on angled walls and cathedral ceilings, and pendants in entryways. Finally, install dimmers wherever there



is overhead lighting, especially in the dining room. This simple, relatively inexpensive upgrade is a value-added feature that your buyers, for as long as they live in the house, will thank you for.

5. MAKE THE KITCHEN A FOCAL POINT

The kitchen is the biggest emotional button likely to change a home browser into a home buyer. Kitchen location, size (a kitchen should occupy at least 15% to 20% of the first-floor living space), color, appliances, plumbing fixtures, and finishes should be at the top of your priority list. And keep in mind that good color costs no more than bad color.

The kitchen must be commensurate with the style of the house and the demographic of your buyers. Don't be tempted to use "builder-grade" materials for any part of the kitchen. That doesn't mean you need to spend 20% of the budget in this room; it simply means that if you skimp, this is where it will be most obvious.

Appliances. Most important in a kitchen is that the appliances are the best quality and most up-to-date relative to the price of the house (4). If gas is a sought-after feature in your market, include it. Next, use finishes that are striking, on-trend, and in keeping with the style of the house.

Counter space. Another sought-after kitchen amenity is ample counter space. Currently, the trend is for large islands with flush countertops and space for seating, rather than small islands

meant just for cooking. Potential buyers also look for smart work areas. While symmetry might look great, it makes for awkward cooking. Don't place a sink directly across from a cooking surface, or two people will find themselves back-to-back while working in the kitchen.

Traffic flow. Establish an easy traffic flow from the entry door to the kitchen, and provide a landing space for groceries near the refrigerator and pantry.

Lighting. Finally, pay close attention to the lighting. You've already been warned not to use fluorescent lighting in a kitchen. If your budget allows for pendants over an island, make them memorable (5). The difference between a \$50 fixture and a \$100 fixture could mean thousands in the perceived value of the home. The same is true for hard-wired under-cabinet lighting. It can cost as little as \$50 per line, so add it. Your competitors likely won't.

6. ADD IRRESISTIBLE BATHS

Bathrooms—especially the master bath—are also elements that can trigger the sale of a house. Set your priorities in this order: master bath, powder room, any other bathrooms.

Master bath. The layout for the master bath needs to allow two people to use it comfortably at the same time. A whirlpool bath is no longer a priority, while a large shower has become more important (6). Re-allocate the cost of the tub to the shower stall,



increasing its size and tiling its walls all the way to the ceiling. Make the shower the focal point of the room. If the house is in a middle- to higher-price bracket, include a frameless glass shower surround to let in plenty of natural light and offer natural views of the outside.

With a spec home in a higher-price bracket, place a freestanding soaking tub near a large window that looks out at a private natural setting, to create the feeling of an intimate oasis. Windows in any bathroom should never face a window in an adjacent house. The ideal location for the master bath is on the side of the house that is the most private and offers a view from the shower. A toilet room is desirable in a higher-priced spec home and is best placed close to the bathroom door for easy access.

The master-bath vanity should have two sinks if space allows and at least one bank of drawers for storage. For the look of a more expensive house while actually saving money, install two framed mirrors—centered over the sinks with single sconces flanking them—rather than a slab mirror that extends over the entire counter (7). Plumbing fixtures should be on-trend and reflect the style of the house. And the color of all finishes should coordinate with each other and harmonize with the colors in the master bedroom.

Overhead lighting and vanity lighting in the master bath should be dimmable. Quiet and efficient ventilation equipped with an automatic timer also adds perceived value to a house, at very little additional cost.

Powder room. Don't underestimate the positive effect that an attractive powder room can have on potential buyers. It might be the first room they ask to see after walking around all day looking at houses. Make sure it's not placed in or adjacent to a room where people gather. A better option is an out-of-the-way place where sound won't be transmitted and where people feel less exposed while using it. Don't be afraid to dress up the powder room with high-quality finishes, dramatic color, and a unique sink to set it apart from a standard bathroom. The room is usually small enough that the cost to create a dramatic effect is minimal (8). In fact, a piece of finished reclaimed wood on brackets with a vessel sink on top makes an impressive statement for less than a vanity would cost.

A window in a powder room is a value-added feature, but remember the rules about sight lines through that window. If it is an interior room, pay close attention to ventilation. Install an exhaust fan that is quiet yet powerful enough to eliminate odors quickly. The powder room is another place where lighting can have a positive effect. If space allows, sconces are a better and often less-expensive alternative to an overhead vanity light.

7. GET SMART WITH TECHNOLOGY

We live in an increasingly connected world, and homes that include "smart" features will be perceived as being cutting-edge. But this industry changes quickly, so in three years any features



noted here will probably be out of date. Streaming and Wi-Fi have already rendered cable TV jacks obsolete for most rooms. Instead, re-allocate those dollars to more future-forward features so that you can market yourself as a “smart-home” builder. Instead of relying on your electrical contractor, partner with a low-voltage provider to keep pace with what’s coming down the pike for cheaper and more-efficient connectivity.

Charging ports. Some currently available features are simple to install and don’t require a significant investment. If there is a particular space in the home where it makes sense to mount a TV on the wall, add a conduit behind the drywall for wires that connect the TV to other devices, so the homeowner won’t ever see wires dangling down from the TV. Duplex outlets with USB charging ports cost less than \$30 and should be placed in convenient locations around the home, such as in the kitchen, in the drop zone at the main entrance, or in an office or study.

Wireless devices. Placing routers and modems in a structured wiring box can significantly diminish signal strength and will frustrate homeowners in their daily wireless use. Instead, invest \$200 or less in a good wireless access point that helps to eliminate wireless “dead spots” in the home.

Wi-Fi-enabled “smart” thermostats add a lot of tech for the dollar. For less than \$600, you can equip an entire house with smart, zoned, and energy-saving temperature control. Add a keypad for the

garage door or a phone-enabled digital lock system at the main access door for the homeowner. All these items immediately increase the home’s value and are features your sales agent can include in the MLS listing and talk up during house tours.

BUILD YOUR REPUTATION

You’ve implemented many or all of the tactics outlined here, so your house will likely sell quickly, and you’ll be on to the next project. Now, how do you keep new clients beating a path to your door? The answer is simple: Develop a stellar reputation as the builder of houses that remain comfortable and easy to live in long after the punch list is cleared.

Don’t let up on your attention to detail, and don’t balk at investing a little more in the spec houses you build. The trick is to implement these ideas boldly and strategically to make your houses stand out in your market. As your turnover improves, you will elevate your reputation to “Builder of Choice” status. Your homes can command higher prices, and your bottom line will increase.

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