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Younger Buyers Want Better, Not Bigger

By GRACE LICHTENSTEIN

AFTER their marriage nearly four years ago, Kathryn and Dan Drury decided to move out of their condominium in an Atlanta suburb and build a house. It was "the kind you think you're supposed to," as Ms. Drury described it, "a home you could live in, raise a family and compete with the Joneses."

But after they moved into their new 4,000-square-foot home, they realized it was not what they really wanted. "It was a big beige box in a typical subdivision," said Ms. Drury, 29, who has a degree in architecture and interior design. "We got tired of maintaining a big home, cleaning it, keeping up the yard." One monthly electric bill was \$300, she said, "and we are two professional people and a dog!"

The Drurys decided to sell the house and find something more suitable. They wound up with a house half the size, yet offering more of what mattered to them: high-quality architecture with high-tech touches, a neighborhood feeling, hiking trails nearby and a diverse population with whom they could feel connected.

Their latest home is in Tributary, a master plan community in Douglasville, 14 miles from downtown Atlanta and 12 miles from the airport. The Drurys think it is the perfect location, especially because Mr. Drury, 36, is a product marketing manager who often travels for business. Tributary home prices range from around \$200,000 to \$800,000. The Drurys paid \$280,000 for their house, less than their previous home.

Reach Advisors, a market-research firm in Boston, would argue that the Drurys are not alone in their thinking, and that there is a disconnect between affluent "Generation X" home buyers and the home builders and land developers who are supposed to be catering to them.

James Chung, president of Reach Advisors, said he believes there is a "generational shift," with buyers ages 25 to 39 demanding features that are different from what their parents, the baby boomers, have sought. "Yet, most home builders are reluctant to change the formula that made them so profitable over the past 10 years," Mr. Chung said.

Based on 6,800 interviews conducted for five different studies on 25- to 39-year-olds, Mr. Chung contends that affluent members of that generation, despite household incomes of \$100,000 and up, are determined to spend thoughtfully rather than embrace living large. He says they are less interested in the bragging rights over large spaces and more involved in family time. The younger buyers prefer layouts that emphasize family space rather

than humongous master suites and are more attuned to the concept of neighborly interaction fostered by dog parks and sidewalks.

The demands of people born in the 1970's and late 60's are important because even though they make up only 26.8 percent of total American households, they are more mobile. More than 42 percent moved last year, and they are at "the 'high migration' ages builders are eyeing," said William H. Frey, a demographer for the Brookings Institution.

The top four destinations for this group are Atlanta, Denver, Dallas and Phoenix, Mr. Frey said, whereas baby boomers, those born in 1946-64, were prone at the same age to be drawn to "pricey, cosmopolitan coastal areas." The younger generation, Mr. Frey said, is more practical, less attracted by glittering, expensive cities. "While serious about their decisions, they will not be as uptight as boomers were about their one big purchase," he said.

They see buying a house more in the way boomers saw buying a car, he added, as "a utilitarian purchase they need for shelter and long-term investment, with the prospects of many trade-ins."

One of the elements of Prospect, a "new urbanist" development in Longmont, Colo., that most appeals to Tom and Christie Evenson is the easy interaction with neighbors from their front porches, backyards, sidewalks and children's play dates.

Such preferences make adults in the late 20's and 30's prime clients for the "new urbanism," Mr. Chung said. Defined as a return to traditional neighborhood design, these communities are built to resemble, in spirit, older, more varied and more connected residential areas and to seem less like suburban subdivisions.

The Evensons, both software engineers, paid \$450,000 for their three-story house in Prospect in 2000, when they were newlyweds. Now, with a 4-year-old daughter and 2-year-old son, they continue to be delighted about living in a color-splashed environment where no two houses look alike. And they appreciate that it was also designed to encourage social interaction.

"My mom didn't want to live that close to her neighbors," said Ms. Evenson, 36, whereas she and her husband were attracted to Prospect in part because of that.

When the Evensons take weekend walks, they contrast their own neighborhood with a typical suburb next door to Prospect. "They have yards two or three times bigger than ours," Ms. Evenson said. "But you never see anyone unless they're mowing the lawn."

At least one major luxury home builder, Toll Brothers, believes there are "seeds of truth" in Mr. Chung's findings. Toll builds for every demographic, said Kira McCarron, chief marketing officer, but the company realizes that many young adults are seeking "more of a sense of value than 'splash and flash.' "

An executive for the Centex Corporation, a nationwide builder based in Dallas, acknowledged the demands of such buyers for smaller homes in more neighborhoodlike cluster was a "really strong niche" not yet addressed by his company. "We haven't been as quick to adapt to the market as we should have been," said the executive, who requested anonymity to avoid being seen as critical of his company.

Options aimed at that age group were deliberately built into the Village, the first phase of Tributary, where the Drurys live near Atlanta. Richard Mildner, chief operating officer of Douglasville Development, the developer, had spent "25 years marketing almost exclusively to baby boomers," but now he aims for a share of the next generation. "I have basically done a three-year crash course in understanding these people," he said.

In surveys and focus groups, the younger home buyers told the company that they wanted the latest technological innovations, alongside amenities on a smaller scale than a huge community pool or a golf course. Mr. Mildner said he listened.

One buyer told him, "I want to have a reasonably good chance that I will know the people in the chairs next to me." Thus, the Village has a scaled-down pool with a simple clubhouse and a fire pit — plus wireless Internet in all public spaces.

The sense of connectedness — both human and technological — was a facet of Tributary that won over the Drurys. Indeed, shortly after moving in, Ms. Drury quit her previous job, got a real estate license and became a sales agent for the developer. She is especially pleased that buyers represent diverse ages, races, ethnic backgrounds and sexual orientation.

"We didn't want to raise our kids in a place where everyone is the same," said Ms. Drury, who is part Cuban. "We wanted a melting pot."

She says she hears her lifestyle choices echoed in the comments of the buyers she has met and the residents who get to know one another around the fire pit, on the hiking trails or at the gym. "It's like, let us get back to the grass roots, what you should be doing on a Saturday instead of hanging out at a mall for six hours," she said.

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