

Crittenden Apartment Report™

Crittenden Publishing, Inc.
P.O. Box 1150
Novato, CA 94949 / (800) 421-3483

Vol. 11, No. 24

April 29, 2002

'BIG HOUSE' DESIGN WINS OVER MANAGERS

Count on **AIMCO**, **Equity Residential Properties Trust** and **Picerne Real Estate Group** to keep going back to the Big House. The Big House is **Humphreys & Partners'** design name for a multi-unit apartment building that looks like a large, single-family house. AIMCO, Equity Residential (NYSE: EQR) and privately held **Trammell Crow** have been either developing or acquiring Big House apartments around the country after seeing their popularity in sluggish markets.

Mark Humphreys, CEO of Humphreys & Partners architectural firm, brought the Big House concept to multifamily design. Humphreys first began sketching the design in the mid-1990s as a multi-unit apartment building that looks like a large single-family house. The idea quickly caught fire and now almost 35% of Humphreys' multifamily business (between \$240 million and \$300 million per year) involves a Big House.

Big Houses come with pitched roofs, dormers, front yards, a front door and a driveway leading to a garage, rather than breezeways and rows of cookie-cutter apartment units. Within each Big House are between six and 12 one- to four-bedroom apartment units. The front door is a private entrance to one of the units. The remaining apartments have their own private entrances elsewhere on the house. The garage at the front of the property has a private entry leading into a unit. Each of the remaining units has direct access to a private one- or two-car garage, located behind or on the side of the house. Units average 1,000 s.f.

Developers are seeing Big Houses rise above the typical garden apartment competition in certain markets. **The Greens**, a luxury Big House community by AIMCO (NYSE: AIV) located in the sluggish metro Phoenix market, is close to being 99% leased up. That's with no concessions or freebies. Its units are renting for 92 cents per s.f. in a market where vacancies hover at nearly 10% and higher. A garden-style, Class-A community near The Greens rents units for 78 cents per s.f. and has a vacancy rate of nearly 85%.

Picerne Real Estate Group is experiencing similarly strong demand for its year-old, 130-unit **Lexington on Central**. The property is 99% leased up and rents for 94 cents per s.f. There are a few concessions, including two to six weeks free rent and a \$75 deposit.

Picerne plans to incorporate the Big House concept at its **Fort George G. Meade** military housing project. **Chris Bicho**, Picerne's senior vice president of development and finance and managing director of the Fort Meade project, feels that Big Houses help break up large multifamily communities and create a superior neighborhood environment. That's why the Army brass jumped on the concept when Bicho proposed its use at Fort Meade. Each Big House at Fort Meade will house just three or four units, rather than the typical six to eight. They will be reserved for senior ranking enlisted personnel.

Big Houses offer a number of advantages over traditional garden-style apartments. They tend to appeal to renters-by-choice who don't want to live in an ordinary apartment complex. Because they offer the security of private garages and entrances, Big Houses tend to appeal to women, who compose nearly half of the renters. Big Houses seem to offer greater resident retention. And because Big Houses look like homes, NIMBY opposition tends to be less of a problem and it is generally easier to get zoning approvals. Big Houses take up more land – 15 to 20 units per acre in contrast to the usual 24 to 28 units per acre. They also tend to be slightly more expensive to build than normal apartments. Humphreys calculates that the extra cost can add three to four dollars per s.f. in some cases.

CONTACTS

Humphreys & Partners Architects, L.P.: 5350 Alpha Road, Dallas, TX. 75240. Mark Humphreys, Chief Executive Officer, (972) 701-9636, fax (972) 701-9639. E-mail: marketing@humphreys.com Website: www.humphreys.com
Dallas • Las Vegas • Orlando • Charlotte • Irvine • Norfolk