

Buyers' demand for bigger, better houses shapes new generation's "dream home"

ORLANDO, Fla. -- July 10, 2006 -- When homebuyers complain they can't afford a house because of soaring prices, what they often mean is they can't buy a "decent" home -- and increasingly the definition of "decent" is four or more bedrooms, three or more baths and a three-car garage.

Rising interest rates, land values and construction costs have driven home prices sharply higher the past two years, but there is another, underlying force that has been applying pressure to the housing market: rising expectations.

"I lived in a small home growing up, in the days when one parent worked and one stayed home," said Kathy Puschmann, a 59-year-old broker-agent for Century 21 Preferred Group, who grew up in a suburb of Cincinnati. "It was a two-bedroom, one-bath, living room and kitchen, with a small porch out front. Homes like that don't exist anymore."

It's not just baby boomers demanding bigger houses and more amenities. Realtors note that many singles and young families, even couples without children, are opting for four bedrooms and a bonus room -- the type of home that previous generations might have considered their "dream" home.

The U.S. Census Bureau, which has been charting housing trends for decades, reports that from 1978 to last year, the size of the average new home rose from 1,750 to 2,414 square feet.

The percentage of homes built with air conditioning rose from 63 percent to 92 percent -- and to 100 percent in the South. And the number of homes with three or more bathrooms rose from 8 percent to 25 percent.

The percentage of homes with garages for three or more vehicles has more than doubled to 20 percent just since 1991. And to fit those larger sport utility vehicles inside, the door for a garage bay has ballooned -- from 7 feet by 9 feet to 8 feet by 10 feet.

"You have all the big toys today," said Puschmann, the local Century 21 agent. Families today have big-screen televisions and an extra motorcycle or two to store.

"Today's boomers want more and expect more. And they can afford more," Puschmann said.

In Metro Orlando, the median resale price jumped 22 percent in the past year alone to \$267,000. New homes are averaging nearly \$400,000.

Even the latest affordable-housing project in Orlando features town homes with three bedrooms and 2 1/2 baths, as much as 2,000 square feet of space, ceramic tile in the bathrooms and kitchen, and Moen faucets throughout.

Affordable expectations

"It's true. People do expect more, even in lower-income groups," said Steve Chitwood, a longtime Central Florida real-estate broker who four years ago helped launch an affordable-housing program for the Orlando Regional Realtor Association.

The program, called Art in Architecture, uses a variety of techniques and volunteer services to build stylish homes at below-market prices. It built Leona Hendricks' home in Holden Heights, southwest of downtown Orlando.

For Hendricks, who once lived in a shelter for the homeless, the home she acquired last year is truly a dream come true.

"I'm thrilled," Hendricks said of her four-bedroom, two-bath Craftsman-style house. Although her children are now grown, she puts the extra bedrooms and added space to good use for regular visits from her grandchildren, and for friends who pop in from the Virgin Islands, where she grew up.

Art in Architecture's latest endeavors -- town homes also planned for Holden Heights -- are expected to sell for slightly less than \$200,000 each by using modular construction and the free services of architects and other professionals. Real-estate fees are also waived.

Of course, those town homes could be built for even less if they were half again as small -- 1,000 square feet, tops -- and did not include central air conditioning or smooth-top electric stoves.

But that would be the typical starter home of about 40 or 50 years ago, Chitwood said. Today "people just demand more."

Chitwood, 62, recalls that his own starter home, in Indianapolis, was a cozy three-bedroom, one-bath house. But when he recently helped a daughter, Courtney Lively, 25, and her husband, Sean, move into their first home, it was a 1,750-square-foot brick house with hardwood floors on a half-acre.

They did get a deal on the Waco, Texas, property, at least by Orlando standards: It cost them \$105,000. But in Waco, the demand for housing is nowhere near as strong as it is in Orlando.

"Prices here are a lot lower," Chitwood said during a recent phone interview from Waco, where he was adding a coat of paint to his daughter's house.

Dan Strauss, a physical-education teacher at a private school in Maitland, also recently became a homeowner for the first time, at age 42 -- and has room to spare.

Though the house is not huge at 1,147 square feet, it does have three bedrooms and two baths -- more room than he needs. So he has filled one bedroom with weights and exercise equipment and keeps the other open as a guest room.

"I just got tired of throwing my money away [renting]," Strauss said of the \$155,000 acquisition, which he made in January. But there's a trade-off: To find the kind of

house he liked and could afford, he now commutes 55 minutes each way between Maitland and Deltona, where housing has remained more affordable than in many parts of Metro Orlando.

Though most families no longer tolerate sharing a single bathroom as they did a generation ago -- only 4 percent of new homes in 2005 were built with 1 1/2 baths or fewer -- porches are making a comeback.

The number of new homes with porches rose to 53 percent in 2005, up 11 percentage points from 1992, according to the census data.

Signs of a pullback?

There are signs, though, that the size of new homes may pull back, or at least take a breather, after more than a decade of solid growth.

Anecdotally, sales of the largest so-called McMansions -- 6,000, 7,000, 8,000 or more square feet -- have slowed in many parts of the country, as energy prices have spiked and interest rates have risen.

Census reports show that the average size of homes has not always gone straight up, typically taking a pause as the economy slows.

In the early 1990s, for example, during and after the 1990-91 recession, the average new home hovered at 2,050 to 2,060 square feet for five straight years before resuming the climb.

And in the early 1980s, home sizes lingered around 1,700 square feet for three straight years before pushing upward.

But any pullback in housing size now is likely to be temporary, if history is any guide, as families demand entertainment rooms as well as space for computers, games and larger furniture, industry experts say.

Census reports show that most new homes are still built with three bedrooms, as has been the case for three decades -- but the fastest-growing category is homes with four or more bedrooms. That segment grew from 27 percent to 42 percent of the new-home market from 1978 to 2005.

In many cases, more generations are now living together -- grandparents, parents and children. "Multigenerational housing is becoming much more common, as we see an influx of people from different backgrounds and countries," said Chitwood, president and owner of Realty Showcase Realtors in Winter Park.

"They need five bedrooms," he said.

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