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NATIONAL PERSPECTIVES

# Adding On the Upgrades, With a Little Room to Splurge

By MAUREEN MILFORD

DOVER, Del. FOR Brittany Campbell John, the high point of buying her first home, a new town house, was the day she had to make dozens of choices involving the fixtures and finishes that would go into it.

Instead of poring over carpet and tile samples in the garage of a model home, Ms. John, 27, spent several hours alone with the builder's representative in a private showroom that resembles a high-end retail store.

Located in a strip shopping center near the Dover Air Force Base, the six-month-old Robino-Corrozi design center employs all the unconscious triggers that say Home Sweet Home. A brick-faced hearth burns in the model kitchen. In the bathroom, the walls are finished with wainscoting reminiscent of grandma's old Victorian.

"They had a whole room of wood floors and tiles; it just helps you see all the possibilities," said Ms. John, who with her husband, Gregory, 29, added \$8,800 in upgrades to their \$143,500 town house in a subdivision built by the Frank Robino Companies of Wilmington, Del. The Johns will pay for those improvements, including an upgrade to the kitchen cabinets, through their mortgage.

"We didn't want to go overboard, but we still got to splurge," said Ms. John, who is a social worker.

As the housing market softens, stand-alone design studios could give builders the competitive edge. The galleries, where dozens of options are featured in appealing room settings, add juice to the balance sheet, pump up sales and raise the level of buyer satisfaction, housing experts say.

"Anything that makes it easier for somebody to buy a product is a good thing," said Georgette Chapman Phillips, chairwoman of the real estate department at the Wharton School of the University of Pennsylvania. "Gone are the days when you put it up and it sold. Builders are going to have to start working for their dollars."

Although the nation's top builders began opening design centers in the late 1990's, the recently unveiled Dover gallery is unusual in that it represents a \$700,000 investment by an old-line local builder. Robino built some of Wilmington's first suburban subdivisions after World War II to house workers for the expanding DuPont Company and other growing businesses.

Today, Robino, with its Jack Corrozi Builder division, puts up about 300 homes

annually in Delaware, including condominiums, town houses and detached homes. Prices range from \$149,000 for a condo to \$1.5 million for a semicustom home built by Corrozi Builder.

While Robino is tiny compared with the nation's publicly traded builders, it is a sizable company in a small state whose single-family housing production in 2005 totaled 7,281 houses. With help from the design center, the company expects sales of about \$100 million in 2006, said Jack Corrozi, the managing partner who spearheaded the design center project.

Stephen J. Melman, director of economic services at the National Association of Home Builders in Washington, said: "I'm sure every builder in the Delaware market is looking at it. Builders are going to have to be able to deliver exactly what the buyer wants."

KB Home in Los Angeles, which opened its first gallery in the late 1990's, is credited with popularizing the design-center concept, said Alex Barron, a housing analyst with JMP Securities in San Francisco. KB, one of the country's largest builders, now has 30 centers and plans to open several more this year.

Today, four out of five of the nation's top home builders have these selection centers. They tend to be in shopping centers or business parks, or next to a division office.

Only Pulte Homes in Bloomfield Hills, Mich., has moved away from design centers. "We found that the majority of our home buyers were choosing the same key options over and over," Melanie Hearsch, Pulte's corporate communications manager, wrote in an e-mail message. "As a consequence, we were spending considerable time dealing with a wide array of less-popular options that were driving up our costs and reducing our construction efficiency."

Others embrace the concept. The Ryland Group of Calabasas, Calif., is pushing ahead with a retail-inspired layout for its design centers and expects to have them rolled out



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## Real Estate

### THE FUN PART

At the Robino-Corrozi design center in Dover, Del., Karin Holston, left, talks with Bonnie Embry, the lead design consultant. Jack Corrozi spearheaded the design center. Brittany Campbell John has cherry cabinets, an upgrade, in her new town house.



Photographs by Tim Shaffer for The New York Times



in all 28 of its markets in the next 12 months. "Personalization is what the consumer wants," said Eric Elder, Ryland's senior vice president of marketing and communications. "It's the high point of the purchase."

The 9,000-square-foot Dover center holds its own with the major players, featuring two dozen styles of fireplace mantels, 20 kinds of hardwood floors and 100 varieties of ceramic tiles and marbles.

K. Hovnanian Homes in Edison, N.J., has a new design center in Langhorne, Pa., that covers 6,800 square feet. Its gallery in Edison occupies 17,000 square feet.

By appealing to the buyers' desire for more choice, design centers can serve as

separate profit centers because the margins are higher on upgrades to a standard builder's package. Profit margins on options run about 50 percent, Mr. Barron said.

Daniel Guadalupe, an Air Force sergeant stationed here, said he knew he was paying a premium for the \$20,000 or so in upgrades to his \$150,000 semidetached home to be built by Robino. "But I may not be here that long and I want to avoid the disruption," he said.

Another advantage is that the options come with a warranty from the builder, Ms. Phillips said. Buying through the builder also makes it easy to finance the extras over the life of the mortgage.

Working with buyers, Bonnie Embry, the lead design consultant at the Robino-Corrozi design center, calculates how much the improvements will add to the monthly mortgage payment. "Once they know their payments are only going to increase by a small amount, it gives them a comfort level and they relax," said Ms. Embry, who works on both commission and salary.

Over all, a typical buyer at the Dover design center adds 10 to 20 percent to the base price of a house in options, Mr. Corrozi said.

Separate design studios also make the buying experience fun for customers, builders say. In surveys done by Ryland, buyers said the design center was one of the most enjoyable parts of buying a new home.

Builders even customize centers to accommodate differences in customer design preferences by geographic region.

Lisa Homiak, manager of the design center for the Charlotte, N.C., division of D. R. Horton (which is based in Fort Worth), noted, for example, how historic Williamsburg, Va., about 300 miles away, had influenced her area. "We have brick everywhere," she said. "We just don't crown mold, we two-piece or three-piece crown mold."

For buyers, the room settings help visualize how something will look in their home.

"I sort of know some things I like, but it helped to have guidance," Ms. John said.

A week after moving in, she was tickled with her selection of cherry wood kitchen cabinets. "I was afraid I was being too extravagant, but now I love it and I think I got just what I wanted," she said.