

## 10 Best-Selling Master-Planned Communities

RCLCO's annual list highlights the building blocks of housing's new normal.

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Credit: Courtesy Kennecott Land

Daybreak  
Salt Lake City  
Kennecott Land  
2009 net sales: 375

Designed in accordance with a “five-minute rule,” Daybreak’s land plan places all homes within close walking distance of parks, trails, schools, village centers, and restaurants. More than 70% of school-aged kids here either walk or ride their bikes to school, and commuters will have access to light-rail service starting in spring 2011. Taking sustainability to heart, the developer has responded to market conditions with small, Energy Star-rated homes incorporating renewable energy sources (solar or wind power), water-conserving features, and an advanced stormwater retention and re-infiltration system. Builders recycle more than 75% of construction waste, and several of the community’s civic and commercial buildings are LEED-certified. Large-lot single-family sales represented only 13% of Daybreak’s total home sales in 2009, while small lots accounted for 33%; townhomes and condos, 27%.

Let there be no doubt that master-planned communities took a direct hit in the downturn.

Even in the nation's best-selling communities, sales plummeted from a collective 20,000-plus homes at the peak in 2005 to fewer than 5,000 in 2009, according to the Washington, D.C.-based real estate advisory firm [RCLCO](#), which tracks master-planned communities' performance on a year-over-year basis through an annual survey of more than 400 developments. Total net sales continued to fall from 2008 to 2009 even in the healthiest communities, many of which saw their sales volume decline by between 16% and 32%, depending on the development.

But performance is relative, and success is measured a bit differently in these lean times. Cinco Ranch, the Newland Communities development outside of Houston, was this year's top performer with 887 total net home sales in 2009, followed by The Woodlands, also in Houston, which came in second with 633 net sales for the year.

In fact, four Houston communities made this year's top 10--a reflection, in part, that the oil town's economy has fared better than most in the downturn. "All four Houston communities also happen to be located in what are now considered infill locations," notes Gadi Kaufmann, CEO and managing director at RCLCO. "Three are along the energy corridor to the south and west, and The Woodlands is its own employment corridor. There is a trend reemerging of people wanting to move back closer to jobs and services, rather than choosing exurban bedroom communities that are devoid of these elements."

Equity is another key factor, he adds. "In a down market, there's a flight to quality. As buyers have become concerned with the health of the market, there's a sense that master-planned communities may be a better investment."

All of the front-runners on this year's list are in Sun Belt states. Outside of Texas, other leaders include two communities in Las Vegas, two in Phoenix, one in Salt Lake City, and one Tucson.

Absorption may not be what it once was, but the master-planned communities (MPCs) that are holding steady do share some other common attributes, according to Kaufmann. These developments tend to be established, well-known community brands offering a broad range of housing types, including smaller homes on smaller lots to meet current economic conditions. And they are apt to include a handful of lifestyle anchors that buyers consider vital, such as good schools, parks, walking trails, community pools, town centers, playgrounds, sports, and other organized activities. While no community on this year's list owes its success to a single overriding factor, these top-selling developments do tend to share several of these attributes.

This year's survey also indicated some good news about the long-hoped-for housing recovery. Roughly 60% of the RCLCO survey's respondents expected home sales to increase moderately in 2010, and 70% anticipated that prices would rebound and begin to creep back up by year's end.

What's the long-term prognosis for MPCs? "It may take years before we see a lot of new entries into the marketplace because the economics are not going to be conducive to

starting a new community until existing inventory is sold and prices rise," Kaufmann says. And when new plans finally hit the starting block, they are unlikely to be developed in the same way.

"I think the size of projects will go down," he predicts. "You won't be seeing communities of 20,000 to 40,000 acres, or even 20,000 to 40,000 units. Developers will be starting with smaller increments in five-year phases. They will want to do things in bite-size portions rather than making a huge investment and roads and sewers with no guarantee that they will end up with the rooftops to support it. We will see downsizing and more incremental types of development models."

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