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In a bad market, Parade of Homes stresses affordability

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This undated photo provided by The Carlyle Group on Thursday, Aug. 12, 2010, shows Daniel F. Akerson, the managing director and head of global buyout of The Carlyle Group. General Motors Co. CEO Ed Whitacre said he's stepping down Sept. 1, 2010. Whitacre said he will be replaced by Akerson, GM board member. (AP Photo/The The Carlyle Group) NO SALES.

South Jordan • Colleen Densley, of Magna, would like to buy a new home, but like many homebuyers these days, she's on a pretty strict budget.

Densley discovered a number of affordable possibilities from a rather nontraditional source — the Salt Lake Parade of Homes.

It's that season again, with the Salt Lake Parade of Homes running through this weekend. But like everything else marketed to recession-weary consumers, the housing showcase this year is more about affordable style rather than pricey mansions.

Densley, for example, was wowed by a \$195,000 townhome with a spacious main-floor master bedroom, a gourmet kitchen, dramatic vaulted ceilings and huge windows. Built by Sego Homes, it is among seven homes in the parade this year in the Daybreak community in South Jordan.

“For years, the Parade was about big homes with all the bells and whistles and seeing things people really couldn't afford,” said Cameron Jackson of Kennecott Land, developer of Daybreak, which is Utah's largest residential community.

But then came one of the most stubborn downturns Utah — and the homebuilding industry in particular — has ever seen.

Daybreak's offerings in the Parade this year start in the mid- to high- \$100,000s-plus for townhomes and the \$200,000s for single-family homes. Builders include Ivory, Sego, Rainey, Holmes, Garbett and Bangerter Homes.

At the height of the market, easy financing and adjustable-rate loans paved the way for dwellings, priced from \$700,000 to more than \$1 million, to sell before the Parade even started. But that changed in 2008, after the residential downturn began. By the time the Parade took place in the summer that year, home loans were much more difficult to come by and homes above \$400,000 began to languish.

Today, the greatest sales activity is under \$300,000.

Some participating builders just two years ago are not even in business; some homes priced at more than \$1 million that year remain unsold.

“Price is the most important thing to buyers right now,” says Rene Oehlerking, of Garbett Homes, which is marketing a solar-powered, energy-efficient home that starts in the mid-\$200,000s. Even with a completed basement and fully furnished, the home costs only \$289,000.

Many touring the Parade — and those who have bought homes featured in it — say they were pleasantly surprised at the lower prices. Homebuyer Julia Andrus, under contract for one of the solar-powered

Garbett Homes, said she figured she would have to pay a significant amount of money more to get a “green” home.

While many homes this year are affordable, those who want to see out-of-reach luxury homes won’t be disappointed, either.

CD Construction in Heber has a \$4.2 million villa at 677 N. Northland Drive (1200 East) in Salt Lake City.

But unlike luxury homes constructed for the Parade at the height of the market, this is not a home built on speculation. Scot Davis, owner of CD Construction, built the 9,311-square-foot home on a lot valued at about \$1.5 million only after he inked a contract for a buyer.

Over at 10446 South Sage View Way (3975 West) in South Jordan, Harold Irving, of Sandy-based Building Dynamics Inc., is using the Parade to market his townhomes, which start at \$210,900 without a finished basement.

The townhomes are similar to single-family homes — with two-car garages, basements and covered front and back porches. But to keep the price low the homes are built in high-density fashion, with each unit sharing a wall with a neighbor.

Irving said price-conscious buyers are willing to forgo buying a single-family detached property to get so much space — nearly 2,200 square feet — as well as granite countertops in kitchen and bathrooms and tile floors.

“This is the price range that’s affordable for most people right now,” he says. Like many builders, Irving says he thinks a lot about the fact that home sales are still sluggish — even though houses are more affordable than they have been in years and interest rates are at historic lows.

“Interest rates are so low, but people are just reluctant to buy,” he said.

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If you go

P The Salt Lake Parade of Homes runs through this weekend. For more information, go to saltlakeparade.com.
