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Builders look for success in a slow market

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By **JIM JAWORSKI**

Although pockets of success are now hard to come by in this market, developers are still trying to bring in the buyers.

Statistically, not much has changed in The Doings coverage area over the past six months, according to data from A.L. Wagner, a real estate consulting firm that publishes studies of DuPage County activity. In fact, over the six months most towns have seen no increase or only a small one in the amount of time a home is on the market.

"In reality, everybody is being hit hard," said Chip Wagner, president of A.L. Wagner.

Wagner said there should be a small drop in the days-on-the-market numbers when the weather begins to turn around. The snow and cold weather have delayed the usual spike in sales that comes with spring. But even though things will improve, Wagner doesn't predict a huge difference.

So how do developers succeed in this market?

"Areas that aren't seeing a lot of new construction are not being hit as hard, like Hinsdale and Burr Ridge," Wagner said. "There are some teardowns in Hinsdale, but there just isn't as much competition (among developers)."

As of March 1, homes in Hinsdale and Burr Ridge, along with other affluent communities like Oak Brook and Clarendon Hills, stay on the market for 220 to 260 days. Meanwhile, homes in Darien -- where the average house sells for one-third of what it does in Hinsdale -- stay on the market for about 150 days.

Wagner said that does not suggest the market for lower-priced homes is better. The market remains oversupplied everywhere, and the cheaper homes move faster, no matter what the state of the market is.

So with selling as difficult now as it was when the real estate market took a nose dive, developers look for ways to keep the buyers coming.

Custom homes

Luxury builder Nick DiCosola insists things are great.

He deals in teardowns. His main selling point is customization, working closely with affluent clients to create dream homes.

"A lot of people think that if you buy an existing home, you are going to get a deal on it," he said. "What you are really getting a deal on is the land."

He thinks this is a good time to scoop up lots and build fresh. He has seen his profits go up as well. In 2007, he had \$1.4 million in gross sales, but he already has \$5 million in signed contracts this year and expects about \$2 million more before the year is over.

DiCosola doesn't build starter homes. His custom builds range from \$900,000 to \$4 million, with the average somewhere around \$1.8 million. His clientele are often high-level corporate executives, doctors, lawyers, **etc.**

"These guys are smart," he said. "They have the resources ... and if you have the resources, this is the time to take advantage of (the market)."

Luxury downsizing

The Hamptons of Hinsdale is a multi-unit development near downtown Hinsdale. Some buildings are still under construction for the 16-condo, 93-townhouse development, and about 55 percent of the development's first phase has been sold. Owners will start moving in early June, said Don Price, a partner with developer GSH Development.

Such a development is unusual in Hinsdale. The village has a long history of being exclusively single-family homes and in the past officials have resisted higher-density housing. Nevertheless, the Hamptons is being built and Price is trying to sell people a little bit of Hinsdale.

"The community itself is very attractive to people who are coming from places like Oak Brook and Burr Ridge," said .

Most of his company's clientele are either divorced or empty-nesters, Price said. They come from affluent areas and no longer need large homes. Price said they want to downsize but still want to live in a high-end community. The price tag, starting in the upper \$700,000s, fits the bill.

DiCosola maintains business is booming; Price is a bit more modest. He admits he is making less than he expected when the project started three years ago, and the selling price is now "as low as we are willing to go."

But he is still profiting because the units are still selling. Ultimately his margins are thinner, but that means a value for the consumer. Price and DiCosola agree completely that to generate sales, the builder has to provide the exact options that people are looking for.

"The buyer has a lot of power, really," Price said. "You have to give them what they want."



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