

The Shrinking Second Home

Real-Estate Resorts Pitch Cabins, Cottages as 'Affordable Housing for the Affluent'

By [JULIET CHUNG](#)

Even in the up-and-down world of real estate, this pitch may sound a little funny: "Affordable housing for the affluent."



Juliet Chung discusses developers of high-end vacation homes, which are building smaller, less expensive houses in resort communities as home sales slump in major markets across the country.

It's the strategy developers of high-end vacation homes are devising as home sales slump in major markets across the country and inventories of unsold homes rise. They are building smaller, less expensive houses in resort communities. As a result, from Turks and Caicos in the West Indies to the Colorado Rockies, some vacation communities are getting just a bit less exclusive.

The goal is to avoid lowering the sales prices on existing homes and upsetting homeowners who paid more for their homes. The communities typically cater to people seeking a second, or third, or even fourth home as well as amenities like a clubhouse, beach access, or golf courses.

Same Island, Less Money

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SWA Architects

2010: \$1.4 million and up; 1,800 to 2,800 square feet; There are several models, such as rendering above. All include expansive patios.



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Harlan Hambright

2006: \$2.5 million and up; 2,800 to 4,000 sf; Kitchens with Sub-Zero refrigerators and Wolf ranges. Custom homes can include wine cellars.



"We're trying to get the point across that you can have a great place in a wonderful island for, quite frankly, a reasonable price," says Steve Schram, who is developing a Turks and Caicos resort community which has a new push labeled "affordable housing for the affluent."

On a private, 1,100-acre island, Turks & Caicos Sporting Club at Ambergris Cay offers members access to white sand beaches, sports fishing, scuba diving and a jet strip. This year, Mr. Schram, chairman at DPS Sporting Club Development Co., and a partner rolled out an option to build a small house, designed by architects they'd hired, that could limit a buyer's purchase of house and land to as low as \$1.4 million. That's 44% less than the \$2.5 million

required for the island's least expensive property and home previously. And it's a big comedown from 2007, when a buyer paid about \$6.5 million for an undeveloped eight-acre lot.

In central Florida, at Pine Creek Sporting Club, a hunting retreat where members shoot quail and deer and ammunition is included in homeowners' dues, new buyers can purchase cabins, starting at 1,500 square feet and \$600,000. Previously, the least expensive option was to pay about \$2 million and up for a 40-plus acre ranch site and custom home. Developer Stephen Myers Jr., who converted a ranch site into 23 cabin sites in September, says he is considering converting another ranch site into cabins.

Private wealth manager Kim Fonseca, of North Palm Beach, Fla., purchased one of the new cabins, paying less than \$700,000 for a three-bedroom cabin. His wife Nicole furnished it in a hunting motif. The house has wood beams, slate tile floors and a big moose head over the fireplace.

Since the cabin was completed in March, the FONSECAS have spent nearly every weekend there with their family or friends, and their dogs. Recently, the club's chef cooked a turkey his son had shot for their dinner.

With a smaller house, "I can lock it and leave" instead of keeping a staff on-site, says Mr. Fonseca, 55.

Pine Creek Sporting Club, Okeechobee, Fla.

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Pine Creek Sporting Club

2008: \$2 million and up; 2,500-5,000 sf; Some owners of custom homes have gun safes and are digging lakes on their 40- plus acres of property.





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Brantley Photography

2009-10: \$600,000 and up; 1,500-2,200 sf; Some cabins have outdoor fireplaces.





In some ways, the luxury resorts are acting more like typical planned communities. Some developers are making sample floor plans for the first time instead of having buyers design their own homes—often a more expensive proposition. Others are decreasing lot sizes. Developers say they're also responding to what post-boom buyers want: value and convenience, rather than supersized lots and homes.

At Marabou, a 1,700-acre ranch community near Steamboat Springs, Colo., where amenities include fly-fishing and cattle-driving, new buyers are offered incentives to purchase undeveloped lots that start at about \$1.8 million, a 20% price cut. The developer is offering to pay down points on some mortgages to lower buyers' interest rates. In other cases, the developer is offering to pay a portion of homeowner dues, which run \$24,000 annually. And for the first time since the development broke ground in 2006, prices on a few properties have dropped.

"I think our owners understand the market is tough right now," says developer Jeff Temple, who said 2009 was Marabou's worst year of sales, but that sales had picked up since.

In Bend, Ore., golf-club community Pronghorn has designed a series of homes starting at \$700,000. That's 50% less than the minimum required to buy a lot and build a custom home, the next cheapest form of ownership there.

"The whole world doesn't live in second homes that are over \$2 million," says Terry Russell, president of the development and management group at Atlanta-based Reynolds Co., which owns and manages more than a dozen developments around the Southeast. It is also adding lower-priced homes.

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Reynolds Blue Ridge

At Reynolds Blue Ridge, Blowing Rock, N.C., a rendering of a new cabin. The new styles sit on 1/3 of an acre and can include an outdoor kitchen.



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Rachel Strombeck.

A much larger custom home on two acres from 2008. Custom homes can include home theaters and wine cellars.



Peter Gatti bought into a golf development in the Blue Ridge Mountains near Blowing Rock, N.C., in 2006. He estimates he and his wife spent about \$2 million to buy two acres and build a five-bedroom custom vacation home with what he describes as "endless" views of the mountain ranges.

Reynolds bought the 6,300-acre development in December 2008 as it was going through foreclosure, renaming it Reynolds Blue Ridge and creating a system of trails leading to swimming holes. Tennis courts, a gym and other amenities are in the works. This summer, the company began building cottages a few miles from Mr. Gatti's home that are on the market for less than \$600,000.

"To some extent, anything that keeps the development moving forward, we're all for it," says Mr. Gatti, 50, who owns a tax preparation company. "We're at a different place than we were three or four years ago."

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