



## **Luxury Custom Home Price - Value Relationship**

One of the greatest misconceptions that custom homeowners have when preparing for a home design project is the relationship between price and value. It is not hard to understand why most people may think this way. It is common to hear the old saying "that you get what you pay for". This does not always translate to a direct relationship between value and price. No more than price is directly associated with superior quality. Perception of value and the buyers expectations are the x factors in the final determination of the price - value relationship.

### **Definition of Value**

Value has an intrinsic worth and an emotional significance to most people. Each individual places some degree of significance to the intrinsic and emotional value of an item or experience. Each individual will react differently to each one of these value assessment elements and every reaction will reveal some degree of transparency of their own personal definition of value. Value can be translated into monetary worth and can also be placed on the emotional experience.

Let's use the example of a popular and unique oil painting artist work. The more rare and scarce the artist work, the greater the demand and the greater the price. The value that the art work will have to one collector will be completely different than another. The true value in the oil painting to the buying collector is based on his emotional passion and his perceived future value of the work.

Without a common comparable service or commodity, it is very difficult to establish a relative price when assessing the worth of an unique source of value. In the case of art work it's common that the value is defined by the emotional pleasure that its brings the buyer. The price may not even have been a consideration in the purchase if the emotional investment was strong enough.



## **Experiences Influences Luxury Home Design**

Much like art work, another example of immeasurable value would be personal and unique experiences. An example of this would be an exotic trip to a special destination or witnessing a once in a lifetime event like the Olympics or World Cup. These types of emotionally based experiences are difficult to place a value on. Select international travel may be one of the greatest experience influencers of any. Taking in the different architectural and decorating ideas while traveling will have a substantial influence on our perception of beauty, taste and value.

When people commit to the idea to design and build their dream home they are embarking on a new and extraordinary experience. Even if the owners have designed and built a previous home, the experience and process is uniquely personal. It may not always be readily apparent that these events have had an impact on your design judgment during the time of your travels. You may not realize it until you think about what motivated a particular attraction to a design shape or color during your personal home design experience.

A word about personal experiences influencing home design. Although you are absolutely in love with an architectural feature that has influenced your design or decorating ideas, these features will likely not have the same effect on other potential owners when it is time to sell. This is a good example of something valuable to one person not always translating into value for another. This is an all too common issue with owners that overly personalize the design of their luxury homes.

## **Luxury Home Site**

The lot selection is always a major contributor to the perceived and innate value of a the proposed luxury home project. The future home site has multiple impacts on the value of the proposed home. The first of which is the rule of residential real estate values, location, location, location.... The finer neighborhoods are always in demand and historically lead the resale market in price appreciation.



The finer neighborhoods are commonly conveniently located to high end shopping and the finer restaurants. They are close to the central business district and impeccably maintained. They are highly secured areas that are routinely patrolled by security firms or local authorities. In most cases they are located in the better school districts or close to the popular private schools.

The selection of your future home site will ultimately influence the architectural shape of the homes footprint and the design theme of the home. The architectural design theme of your luxury home will also be influenced by the architectural styles surrounding the property and the standards of the imposing deed restrictions. Houston has no zoning codes so deed restrictions and architectural review committees have the final authority on the acceptance of the neighborhood architectural elevations.

### **Standards of Quality**

The standards of quality of great home design and construction are similar in principle to the valuation of an exclusive piece of art work. There is an emotional ownership between designer, builder and owner that transcends the boundaries of ordinary and by definition of luxury, has elements that are uniquely rare and scarce in its form and function. Design and construction are indeed separate activities, but are not independent of each other during the value assessment.

Standards for quality architectural design represents the sincere effort to capture the lifestyle design needs of the owner consistent with the restrictive limitations imposed by the financial resources and external influences. Great design is not restricted by size or form or resources. It is the reflection of creating a visually appealing space that serves both rich form and practical function, while incorporating the complementary unique restrictive influences into the total body of work.

The standards for quality construction design are developed for products, workmanship and performance. These standards are commonly referred to as specifications and define the minimum standards acceptable for construction results. Excellent quality construction can be measured by consistency in maintaining a higher level of quality standards for each progressive construction phase. Quality construction standards can also be defined by the finished product being sustainable and providing low repair requirements during an extended service life.



In luxury home construction, design and construction quality are not exclusive of each other, but rather mutually reliant in representing the quality final product. It is very possible to witness excellent construction quality and ordinary design and vice versa, but the highest standards of quality and value is achieved through great design being enhanced by higher standards of quality craftsmanship. Timeless value is ultimately measured by these standards of quality.

### **Professional Luxury Builders Expertise**

The professional luxury builders expertise is the artistry of the luxury home design and building process. This intangible value has more of an immediate value to the owner building the luxury home than a long term value that transfers with the property. Having the knowledge and experience to understand how to avoid design mistakes during the drawing stage or to actually build a unique architectural feature is what separates the true professionals from novices. This expertise allows a luxury home construction project to operate in an orderly and smooth procedure. The hundreds of decisions that need to be determined are systematically presented and discussed with the owners well in advance of the required conclusion. The proper professional guidance will save the owner money, time and aggregation.

The professional luxury builders expertise translates to greater value the earlier the owner can include them in the design process. Your general contractor will assist you in the due diligence in selecting and purchasing the best home site for your needs. They are an advocate for your home building and design needs. They will advise you on product reliability, special architectural feature cost and construction risk associated with your project. As with any trusted advisor, good advice and counsel is invaluable.

### **Value Based Design**

If the true value of a luxury home is the emotional attachment to the form and function of the design, the owner should understand the relative cost associated with special architectural features during the design phase, not after the fact. Understanding the impact that design features like 20 ft cascading ceilings and the relationship of under roof to living area has on construction cost helps the owner set design priorities early in the process. The



same is true for the impact that specific products like barrel tile roofs and hand tooled stone features have on cost.

Value based design is a technique that is used by owners, architects and builders that are attempting to optimize the design of a home relative to the feasibility budget. Another value based design technique is evaluating special architectural features impact on total cost and redesigning these features. This is commonly referred to as value engineering. These are all techniques to provide stewardship to the budget during the design phase of the home.

The luxury custom home price - value relationship is a complicated and imperfect science. As discussed, the owners perception of value is the determining factor at the end of the day. Aligning the owners interest and mind set with their luxury home builder is the most effective mechanism in maintaining a vigilant awareness of the price value relationship during the building of a luxury custom home.