

Houston Chronicle

Bigger homes from Kickerillo

By NANCY SARNOFF

The developer of Cross Creek Ranch in Fulshear is carving out a section of the master-planned community for a gated enclave of custom homes to be built by veteran builder Vincent Kickerillo. Construction on the first 20 homes will begin in the fall of 2009, a year in which at least one local economist sees trouble on the horizon for the Houston economy.

Barton Smith, director of the University of Houston's Institute for Regional Forecasting, said last week the area could lose as many as 100,000 jobs in the next 18 months if the global downturn deepens and oil stays in the range of \$40 a barrel.

And employment in the energy industry was what largely fueled the recent boom in home sales, particularly in west Houston, where many of the top oil and gas firms have large offices. Still, the chairman and CEO of Kickerillo Co. said west Houston is doing well, and people who live there are upgrading into newer homes.

"Houston is still one of the stronger markets in the nation," he said. At Firethorne, another community in the area, 200 homes are expected to sell by year's end. That's down by just 10 homes compared to last year.

While Kickerillo's company is starting fewer homes overall, its dollar volume hasn't declined because of a shift to building bigger homes, the builder said. In its new project, Lakes of Cross Creek, the houses will all sit on waterfront lots and start at 6,000 square feet in size. Prices will be as high as \$3 million.

Kickerillo said people who live in the area are still upgrading to larger homes. And many aren't subject to newly stringent lending standards.

"In the price range we build in, most folks put down large payments or are cash buyers," he said.

At 3,200 acres, Cross Creek Ranch is the largest project being developed in Fulshear, whose population is just over 700. The planned community near FM 1093 and the Grand Parkway is being developed to attract buyers seeking a small-town environment. It will have more than 400 acres of green space and hundreds of acres of lakes.

Kickerillo said he was considering buying a 500-acre tract in the area for his company's own development when he began negotiating with Trendmaker for the exclusive right to build Cross Creek's custom homes.

It will take years to develop the 380 lots planned for the new section. "We're buying time," he said. A few years out, "we think by then we'll have a strong economy."

Outside renovations best

Considering a renovation to get more on the sale of your house? Your best bet would be to put in a new deck or replace the siding, according to a study released by the National Association of Realtors.

"Because today's buyers have much more to choose from in the way of inventory, any home for sale must make a positive first impression," said the group's president Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas/Fort Worth.

The 2008 Remodeling Cost vs. Value Report found exterior remodeling projects return the most money as a percentage of cost. Wood deck additions and all types of siding replacements returned more than 80 percent of project costs upon resale. Window replacements and kitchen remodels also returned a relatively high percent of remodeling costs, the study reported.

The least profitable remodeling projects were home office remodels, sun room additions and backup power generators. The report compares construction costs with resale values for 30 midrange and upscale remodeling projects in 79 markets nationwide. Hanley Wood, a marketing and consulting firm, produced the study.

Worsening conditions

Housing market conditions "worsened significantly" over the past six weeks, said the Federal Reserve Bank of Dallas, a district that includes Houston. Builders continued to curb new construction and reported weak traffic and sales in October and early November, according to the December beige book, the Fed's snapshot of economic activity.

"There were reports of buyers walking away from their new homes, forfeiting their deposits," the report said.

Brian Binash, president of the Greater Houston Builders Association, said that while the economic slowdown, deteriorating consumer confidence and Hurricane Ike are affecting home sales in this area, "I don't see any mass exodus of home buyers."

"Things cool down during the holidays," he added.

And the Fed's report said home values have held up relatively well in Texas markets.

"We don't have the glut of inventory they have in other places," Binash said. "We still have price appreciation and job growth."