30 YEARS OLD...AND BROKE (P. 76) GOLF AND THE BUSINESS LIFE (P. 123) The McGraw·Hill Companies **NOVEMBER 14, 2005** www.businessweek.com How the Swedish retailer became a global cult brand **BY KERRY CAPELL (P.96)**

Housing Affordable Homes



BY REENA JANA

S "AFFORDABLE, stylish house" an oxymoron? It may seem so in a still-overheated real estate market. The median price of an existing American home in September

was \$212,000—up 13.4% from the same period last year, according to the latest figures released by the National Association of Realtors.

But a new generation of sleek prefabricated housing suggests a cost-efficient alternative. This fall, *Dwell*, the trendy San Francisco shelter magazine, launched

a new line of prefab houses called Dwell Homes that targets its design-yet budget-conscious readership. "Cost is a big factor in why prefab is timely," says Allison Arieff, *Dwell's* editor-in-chief and author of the book *Prefab*. "In my own experience hunting for a house in the San Francisco Bay area, I've been shown shacks for \$650 per square foot." In contrast, Dwell Homes average \$175 to \$250 per square foot—about \$530,000 for a two-level, 2,500-square-foot abode.

The seed for Dwell Homes was planted two years ago when the magazine invited an international group of innovative architects to design streamlined homes that could be constructed from low-cost, prefabricated materials. In 2004, *Dwell* built the winning design in Pittsboro, N.C., an airy house with bold

lines from New York firm Resolution: 4 Architecture, headed by partners Joseph Tanney and Robert Luntz.

"When 2,500 visitors showed up to the viewing—far more than we had expected—we realized there is a viable interest

on a larger scale," says Arieff, who adds that she has received nearly 10,000 e-mails asking her advice on how to purchase a prefab modernist house.

Fascination with prefab has also been brewing in Europe. A partnership between Ikea (page 106) and Skanska produced the first BoKlok prefab home in Swe-

den in 1997. More than 2,000 units have sold to date. In a study released in September by Britain's Standard Life Bank Ltd., 29% of those surveyed would consider a prefab home. The bank estimates

\$32,900 1,150 sq.-ft. LV Home by Rocio Romero



\$541,875

2,550 sq.-ft. house by Resolution: 4
Architecture for Dwell Homes

the size of the British market at \$2.8 billion, with an annual growth rate of 30%.

Buyers of Dwell Homes have three floor plans to choose from, designed by Resolution: 4 Architecture; Lazor Office in Minneapolis; and Empyrean International (formerly Deck House) in Acton, Mass. The latter is also the manufacturer and licensing partner of all the designs. Each option echoes the clean geometry of classic buildings by Frank Lloyd Wright and Buckminster Fuller, both early proponents of prefab housing.

Resolution: 4 Architecture's offering is a version of the design that won *Dwell's* 2003 competition. The L-shaped plan includes a large first-floor living/dining space encased in glass and an upperlevel roof deck with an exterior fireplace.

OPENNESS AND PRIVACY

LAZOR OFFICE'S DESIGN grew out of architect Charlie Lazor's own quest to find an inexpensive modern home for his family. A variety of materials, from steel to bamboo to sandblasted glass, lend textural complexity to an otherwise simple rectangular structure. The house's name, FlatPak, and modular style have much in common with the assemble-it-yourself furniture designed by hip home furnish-

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2,768 sq.-ft. FlatPak house by Lazor Office for Dwell Homes

\$536,775 2,526 sq.-ft. NextHouse by Empyrean

International for Dwell Homes

ings label Blu Dot Design & Manufacturing Inc., which Lazor co-founded.

Empyrean's home, dubbed NextHouse and designed by architect Joel Turkel, features an interior courtyard-like space of wall and glass that extends through both levels of the house, so the second floor can be seen from the first. Despite the openness of the plan, private spaces are tucked into opposite sides of the central living room. The master bedroom has a deck.

Buyers must already own land for the installation, so prices for the homes don't reflect the cost of property or local labor, which can vary wildly from market to market. Empyrean, which has a 57-year history of manufacturing homes, assigns a project manager to serve as liaison between the buyer and the architect as well as the local construction team.

Clearly, even the most chic modernist prefab homes are basically cookie-cutter designs. But Dwell's Arieff likens purchasing one to buying a hip car, such as a Mini Cooper, that is mass-produced yet customizable to a degree. The smallest Dwell home in production measures 1,000 square feet, the largest 4,000. Customers can add or subtract a porch, deck, or garage, among other details.

While figures from the Manufactured Housing Institute show that sales of manufactured homes in general (defined as factory-produced single-family houses) are down-representing 9.8% of singlefamily housing starts in the U.S. in 2004, compared with 14.8% in 2002-the market for modernist prefabs seems to be experiencing brisk sales. Michael Harris, president of Empyrean, says the company projected sales of 60 units in the first year. Fifteen have been sold in the first month.

Dwell and Empyrean aren't alone. Rocio Romero, an architect in Perryville, Mo., has been designing modern prefab houses since 2002. She sells two cubeshaped, loft-like homes: \$32,900 for 1,150 square feet and \$40,050 for 2,800 square feet. Without any direct tie to a larger brand-and even before The New Yorker profiled her in early October-Romero sold 10 prefab homes in 2004, the first year they were available. So far this year, she has sold 15 and expects 2005 sales to be double last year's.

DETAILS, DETAILS

GEOFFREY WARNER OF Alchemy Architects in St. Paul, Minn., didn't set out to sell prefab homes. But his weeHouse prototype, intended as a \$50,000 cabin for a single client, met with surprising demand. Warner thought he could supply requests in the most cost- and time-effective way by coming up with a prefabricated model. "We've been seriously offering the prefab version for about a year and have about 10 houses in the production process," he says.

The trend toward modernist prefab defies popular preconceptions that manufactured housing is of poor quality and lacks style. But as Dwell's Arieff points out, factory-controlled, mass-produced components can allow for "a lower margin of error compared to wooden beams hammered by hand." In addition, designconscious details-such as the steel, sandblasted glass, and bamboo in Lazor Office's FlatPak design-can be included within a relatively modest budget if the overall costs of a house's structural elements, such as pre-engineered, massproduced framing, are kept down.

The U.S. market is still young, but with demand outpacing expectations for stylish prefab homes, more choice-and more buyers—are sure to follow.

-With Aleta Davies in New York

756 sq.-ft. weeHouse by Alchemy Architects

