



Design / Build / Renovate



Secrets of a Luxury Custom Home Builder

A luxury custom home represents the pinnacle of personal success for most people. The question is what constitutes a luxury home. Is it the neighborhood? Is it the size of the house? Is it the most recent trending products featured throughout the residence? In order to effectively answer these relevant questions, one needs to personally determine their own definition of what makes them have that special feeling that you experience buying and owning a luxury product.

One of the misconceptions of a luxury custom home is that it must be large. I am here to tell you that luxurious comfort is about quality, function and appointment of lifestyle. Yes if you have a large family your space needs for size will be much more demanding than an empty nesters requirements for their family during holidays and extended visits. Lifestyle means how do you live day to day. Do you like to entertain? Do you like to cook? Do you require your personal space or have specific hobbies that require special facilities needs like a wine collection or arts and crafts room? It is through observing how we live and what brings us joy that provides us direction and insight to our lifestyle.

When it comes to luxury, being unique is what counts, not any comparison with an alternative selection. Luxury is the expression of a taste, a creative identity; luxury makes the bold statement “this is what I am”. It is identity that gives a brand that particularly powerful feeling of uniqueness, timelessness, and the necessary authenticity that helps give an impression of permanence. Identity is not divisible, it is not negotiable– it simply is. Luxury is superlative, and not comparative. It prefers to be faithful to an identity rather than be always worrying about where it stands in relation to a competitor. Let us begin by understanding the different classifications widely used in describing luxury custom homes.



Semi-Custom Builder vs One of a Kind Custom Builders

If you do a search on the internet these days, you will immediately find a wide and large swath of various homebuilders claiming they build custom luxury homes. The range of builders includes production homebuilders who historically build from a collection of predesigned plans with multiple elevations, to the "one of a kind" builder, which may on occasion build a spec home in an exclusive gated community. There are in fact 3 very different types of builders that claim title to luxury custom homebuilder. 1) The production builder that allows the buyer to pick color and samples preselected by the builder. 2) The semi custom builder that allows a buyer to make changes to a predesigned home plan. 3) The one of a kind custom home builder that works with an architect and creates a home design to fit every need that the client wishes. There are indeed significant differences in each of these builders methods and approach meeting a home buyers expectations.

The principle difference is that most semi custom builders will make adjustments to a base plan and offer multiple options and product upgrades for each of their homes. Whereas with an one of a kind custom home builder, a buyer can build a plan that has been uniquely designed by an architect and has never been built before. This home plan design process can meet any request that the homebuyer may desire. The one of a kind general contractor builds to accommodate sustainable initiatives driven by structural features designed into the home. These homes are also built to accommodate specific type of products that require advanced planning prior to implementing, such as a hard to get exclusive exotic material from a foreign land.

Another significant difference is who the owner will be interacting with during the construction of their new home. When doing business with production builders or semi custom builders, the buyer will frequently negotiate with a sales representative during the design and purchase phase. They will then be transferred to a field supervisor (project manager / superintendent) for the construction phase of the home. Then again to the warranty department for post construction concerns. In the case of the one of a kind builder you will likely be interacting with the principle throughout the entire process.

Both types of builders are good options and each can deliver a great new home for you. Much of the decision will rest in how many choices you wish to make and how personalized you want your new home. It also depends on how much design input you'd like to have while partnering with your builder during your home's design and construction phases. At its core the difference between a semi custom builder and a custom builder is simple:



A semi custom builder simultaneously builds multiple homes based on a library of home plans. Each home is customized in several key respects. Buyers personalize their home by selecting products in many categories (such as appliances, cabinets, countertops and flooring) from a menu of options offered and pre-chosen by the builder.

A custom builder typically creates a one-of-a-kind home that offers even a greater range of design choices, including a home site selected specifically for the home being designed. This difference in approach and methodology between custom and semi custom builders will help determine what product and design choices you'll make during your custom home building experience. The fundamental differences will also shape how you and your builder will work together.

For the purposes of this information source and due to the complicated nature of this topic, we will restrict most of the information shared to one of a kind luxury custom home builders. Although we will share relevant information concerning the general home construction market in Houston throughout this document.

Design Build Plans or Pre Designed Plans

Another critical element of evaluating building a new custom home is determining if the home plan design fits your family's lifestyle. This is a very important consideration due to the benefits and limitations that each of these builders processes present. Although both of these design process methods may involve an architect and structural engineer, that is about all they have in common. As previously mentioned, a semi custom builders have a library of plan designs that they will typically be agreeable to make changes to. They will treat these changes as one of a kind designs when it comes to the add on pricing, but the home plan will still be the plan that has likely been built before.

In contrast when you undertake your home design with a custom builder he will present you an all in construction price one of two ways. He will either contract directly with the architect under a design build agreement or the custom builder will present a bid to build your new home based upon the plans and specifications of the architects that you hired directly. Conventional wisdom suggest that it is in the owners interest to directly hire the architect. This often is not the case when you analyze these two methods in comparison. When you hire an architect directly and then take bids from a general home contractor, the bids are based on the plans and supporting documents. If unfortunately there are design



errors or omissions in these documents, it becomes the owners problem. In addition if there is a grey area in the allowance schedule or documented plans that leads to an incomplete design feature, this situation places the owner in the middle of the builder's and architect's general denial of responsibility.

There is a better and more efficient method referred to as the *design build approach*. In the design build approach the owner contracts directly with the custom builder who in turn hires the architect. This creates a collaborating effort between general contractor and architect. This process of design has many great advantages and benefits for the owner.

- The most important benefit for you as the owner is the builder becomes fully accountable for design and construction of the home.
- This collaborating effort of the design team results in more control by the owner over the actual design process and construction budget. This benefit is achieved through the builder taking ownership of the construction budget created and verified through the plan design phases . For the builders role in design build is a incremental part of the design build process. He is responsible for providing cost estimation verification of the construction cost at different phases of the design process.
- This ownership usually results in reduced design errors and change orders.
- The design build process also leads to greater cooperation between architect and builder and overall lower design cost from the nature of the efficiency in this method.

Critics of this design method claim that the design build process ultimately leads to higher overall project cost to the owner due to the lack of competitive bidding. There have been multiple studies conducted on this subject. Their conclusions found just the opposite took place. The studies revealed cost savings as follows;

- Design Build reduces design errors and omissions resulting in fewer change orders
- Through this collaborating effort cost savings were generated through value, engineering and the introduction of introducing innovated methods to achieve similar design results ,
- That the design build process reduced both design and construction time, hence saving money and time.

These studies concluded that the advantages generally outweighed the disadvantages resulting from the fore mentioned cost saving factors.

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Popular Architectural Themes for Remodeling Home in Houston

Various architectural designs have influenced **the house remodeling scene in Houston for many years.**

Here is taking a look at the most popular themes used for remodeling the houses.

THE CRAFTSMAN'S THEME:

It combined multiple materials like stone, shingles and wood to create a house that looks artistic and bright.



THE RANCH STYLE THEME:

The sleek mid-century houses, straight out of the 1950s and 60s. Includes open floor plans, skylights and patios.



THE TRADITIONAL THEME:

The typical house with symmetrical windows, foyer and porch. This is the most recurring theme of all.



THE EUROPEAN THEME:

Imitates the architectural design of houses in France, Italy and England. High quality stone floors, oversized fireplaces and plaster walls are the key features.



THE MEDITERRANEAN THEME:

Eclectic and vibrant, these houses feature wood ceilings, vivid colors and stunning doors. Architecturally designed with columns and arches.



THE MODERN THEME:

These houses are minimal with geometric alignment. The houses are highlighted by the numerous windows to let natural light in.



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Summarizing the design build process leads to less financial risk for the owner through greater cost control and less exposure to design errors and omissions. This method of design also allows the owner sufficient time to determine if the custom builder is the proper fit as the construction partner for the home construction project. If both parties come to the conclusion that this is not a good working relationship, the owner can conclude the terms of the design build contract and place the plans for bid with other possible builder partners.

Relevant In Demand Luxury Home Design Features

Architectural Uniqueness is not easy to obtain. A good design team will listen to your wants and needs and provide you with several conceptual ideas. The artistry of this process is architecturally defining a specific statement of uniqueness that will transition into the neighborhood where the front elevations of other homes is a significant selling point of the area, your front home elevation design should not be so unique that its shocking.

Ceiling Heights create a greater sense of space and volume. This is an excellent way to create uniqueness and openness in the floor plan. Mixed with natural light, high ceilings add a great deal of excitement to the space.

Unobstructed Views and Natural Light is no better way to capture the purity of a design than by adding an abundance of natural light and breathtaking views from various positions throughout the home. These two features introduced to a home design extend the design beyond the borders of the homes envelope.

Location, Location, Location is the first rule of any real estate transaction for a very good reason. The location drives the privacy, convenience, lifestyle factors and most of all the future price value of the home.

Open Functional and Assessable Floor Plan Design will provide you years of exceptional pleasure and service. There is a growing popularity for incorporating universal design practices into home planning. The benefits are that as one reaches a maturing age, homes that have not made proper design provisions for bathroom safety and eliminating potential fall hazards. Fall hazards from required climbing that results from overreaching and slippery floors can lead to future remodeling expenses and worse, future medical issues from accidents.



Technology advances in new homes are dynamic and widely popular in today's homes. The use of the internet, home entertainment, wireless devices not to mention the remote controlling of lighting, temperature control, home security has become every day occurrences. The future holds common use for health monitoring devices, home energy intelligence and integrated home sensors for routine functions. Technology is becoming essential in a home for the future.

Gourmet Kitchen regardless of your passion or culinary skills, the kitchen has become the heart and soul of the home. With the openness of home floor plans, kitchens have become the center piece in home design. They are collectively where everyone assembles during any gathering.

Spa Room are one of the more recent most have's. They are also called wet rooms and can be incorporated into an extension of the home gym and master bathroom. Many of the features that are used in a spa room have been previously used in the high end master baths, such as whirlpools, saunas, multiple showering features. The advantage of a spa room is that they can be used by guest and family members without giving up the privacy and intimacy of the master bath.

Oversized Bedroom to Fit Any Size Bed may sound like a small impact feature in modern design but it has a major impact on secondary bedrooms that have higher ceilings. These rooms can be used for future multi generational lodging or useful for family members returning temporarily to the nest.

Advanced & Integrated Security Systems are a must in high end homes. The need for early response has never been more important especially in metro Houston. The need for surveillance cameras at entries and exits is a small price to pay when it comes to your loved ones safety. A growing need with our clients is planning hidden rooms for valuables or to use as a safe room in case of intruders.

Tasting Room and Wine Cellars continue their popularity among collectors and novices alike. Many of these spaces have also been adapted to provide exhaust systems for cigar smoking and compact kitchen areas for preparing hors d'oeuvres or just serving fruits and cheeses.

Home Office are almost a required part of everyday business. The newest home offices are equipped with multimedia equipment, oversized computer screens and access directly to the business location to work from home remotely.



Home Gym have made it increasingly easier to work out at the convenience of our schedules in the privacy of your home. People are continuing to understand the value of remaining physically fit. The home gym concept has expanded with the popularity of the spa room often placed adjacent to or incorporated within the home gym's design.

Storage is always been a required element of home living, just look at the growth of mobile storage units. Instead of piling everything we can not fit in the cabinetry, owners are planning special areas such as holiday rooms and keep sake closets for storing items for long periods of time.

Luxurious Dressing Area's are still a required feature in high end homes. They are often equipped with hardware devices that allow for clothing items to be easily reached at the higher levels of the shelves. This provides greater use of the upper space of the closet and gives owners a easy storage solution for rotating seasonal clothing accessibility.

Second Master Bedroom Suite are increasingly in demand. This is driven by multi generational living, older adults not sleeping together, spouses not wanting to share their personal space and conflicting schedules interrupting each others sleep.

Understanding Price / Value

Understanding the price value relationship for high end residential design and construction is a function of the envelope's design for the homes shell, product components selected and the magnitude of the general condition expenses. This information becomes essential when preparing the schedule of values for your home budget. We will examine these factors and discuss their financial impact and relationship between price and value.

Residential construction costs are not overly complicated unless you really want to make them that way. They are categorized into traditional accounting cost buckets of direct or indirect cost. These terms are also referred to in home construction as hard and soft cost. In more descriptive categories we will refer to them as direct construction cost (hard cost, sticks and bricks), indirect cost (soft cost ie finance cost, professional fees, ect) and general conditions (cost associated with the lot & location of site).

When starting to plan for a construction budget, there are some items that you should plan on including in your budget. These general conditions would include items specific to the conditions of your general location and the specific building site :



- Providing utilities to the site including yard lines and meters,
- Site Preparation (clearing away trees, stabilizing soil, cutting and filling to grade the site, etc.)
- Demolition (if there are structures currently on the lot)
- Special Equipment Rental, Site Security,
- Permit Fees, Professional Fees, Site Security, Surveys,
- Hardscape (exterior built items i.e. sidewalks, driveways, patios, pools, etc.)
- Landscaping, Irrigation, Sod

During the early stages of the design phase it is common for architects and builders alike to use square footage values to establish perimeters for budget estimates to communicate with each other and the client. We use these costs per square foot references all the time during the schematic and design development phase and it's rather remarkable how often they bear out. After concept drawings have been approved by the owner and toward the tail end of the preliminary drawing stage, the general contractor will implement unit component pricing for a detailed and higher confident confirmation of the budgets schedule of values. Lets discuss these concept pricing mechanisms;

\$150 per Square Foot Range Up

- This is the lowest amount that production builders generally design to for a 2 story home that contains at least 2,500sf. \$150/sf will get you a brick & siding house, composition shingle roof, aluminum windows, premium counter tops, and a slab on grade foundation.

\$200 per Square Foot Range Up

- This is the cost where most semi custom builders projects fall just north of \$200/sf. This price point will get you Brick house with front window cast stone features, upgrade roof shingles insulated windows, hardwood floors, high ceilings and upgrade finish products like appliances, plumbing fixtures and designer features

\$250 per Square Foot

- \$250 will get you a brick house, or masonry stucco, standing seam metal roof or tile roof, clad/wood windows and hard surface floor materials. You will also be at the point where you should expect premium built-in appliances, designer plumbing vessels, and some extremely custom fabricated pieces i.e. steel framed entry doors, specialty feature lighting, and exposed floating staircases.



\$300 per Square Foot

- At \$300/sf, the exterior of your choice, concrete tile roof, whole house integrated art and audio visual controls, custom steel windows, etc., specialty energy features like decorator wall features, exotic stone and handcrafted block paneling, framing ceiling details, etc. Typically the interior has extensive millwork and multiple ceiling architectural features, with a premium lighting package.

\$400 per Square Foot & Up

- At \$400/sf, the exterior can be entirely 4" thick cut Hadrian limestone panels on copper flashing, true slate roof, whole house integrated art and audio visual controls, custom steel windows, etc., specialty energy features like geothermal, handmade tiles, handcrafted furniture grade built-ins etc. The artistry of building goes past normal thresholds of just using over the counter products, the components become handmade and the craftsmanship becomes very tightly defined performance standards.

It is worth pointing out that these square foot prices include builders fees and are represented by air conditioned square footage of the home, not by under roof footage. When you add garages and additional under roof outdoor areas to the structure, the results can affect the pricing matrix by \$50 to \$100 square foot. These budgetary square footage unit pricing mechanism do not address vast privacy brick walls, resort style pool and spas or the cost of the building lot.

Know that we have provided a basis for developing the construction budget we should discuss the cost associated with the building site. The Metro Houston area current land cost represents a range of a low of \$40/sf in near West Houston to the a high of \$120/sf in Rivers Oaks. This a very wide range with the average cost of \$80/sf in such neighborhoods as Tanglewood and Memorial Villages. This suggest that for a 1/4 acre lot you will pay nearly \$1,000,000 for these address locations. There are surrounding subdivisions that will yield you a lesser price but will also yield less when it is time to sell one day.

It is important to note that your selected lot has a huge impact on the price / value perspective. Your address has a substantial financial impact on your new housing investment decision. The property values in Houston radiate from the apex of the highest priced neighborhoods. The land values for these areas have historically increased steadily during economic expansion periods and maintained their values during contractive periods. Home values in Houston have not only preserved their values but have steadily increased over the past 30 years.



Home Site Selection

Although we have focused on land required for the building site, this important topic warrants even greater attention. That is due to the long term overall contribution that the right building lot can contribute the design, lifestyle and ultimate value of the property. A great location for the building site can offset many negatives of a less than well designed home. Design problems with a home can be overcome by good design, but a bad lot is nearly impossible to fix.

In the Houston metro areas, the lot inventory consist of building sites that homebuilders have purchased to construct homes under contract for the intended purpose of future home buyers to purchase a lot and home package. These builders purchase obsolete homes that get listed on the market, commonly referred to as tear downs, understanding the importance of premium lots to selling future custom homes. Once purchased the existing obsolete home is demolished and haul off to the land fill. These premium lots are not frequently available, whence the need to begin your building lot search early enough to select the best available when you are ready to build. During expansive economic periods it is common to experience lot shortages due to the high demand for premium future building sites. Outside of the metro area, developers provide building lots for clients in gated communities where they can choose from a small hand select group of authorized custom builders preapproved by the land developer to construct your home on their lot options.

The acquisition of a building lot is completed through many different methods. You can search for property yourself if you know the neighborhood that you are interested in or you can contact a well known realtor to conduct a defined search. The most effective method to reduce the chance of unwelcome surprises is to engage a general contractor to assist you with this process as an advisor or design build consultant. Whichever course you take you should start your search well in advance of your need to build. You should prepare for the lot selection timeline to take nearly as long as it takes to build the new home.

Some of the advantages of using the general contractor is that he can research the deed restrictions and building restrictions that may affect what you ultimately are able to build on your new lot. There are always setback restrictions, easements and building restrictions imposed by the building department and deed restrictions. Another great advantage is that your builder can stake out the rough layout of the concept footprint so you can actually get a feeling of the views from your proposed home plan. This practice also aids in understanding privacy needs and the unanticipated potential loss of mature trees that were not always accounted for during establishing design perimeters.



Selection of a Builder

This may be the most important task in building your unique dream home. After all if you have selected the right builder he becomes your adviser and partner through every step of the homebuilding process. He can make the homebuilding experience exciting and a stress free experience or he can cause you to regret that you ever considered the idea. The essential point is that you need to hire a builder that you can trust and effectively communicate with during both disagreements and frustrating periods. Someone that will listen closely to your ideas and openly share the impact on the budget and the feasibility of implementing unique ideas.

This relationship is more than traditional customer service, it is more of a professional trusted adviser in all matters of the homebuilding process. His function should include being an advocate for the owner by assisting them in matching their personality with like minded design team members. The bottom line is, does he make you feel comfortable and do you trust him? It's much like dating and marriage, you should get to know each other before you consider marriage.

Your custom homebuilder should be highly experienced and extremely knowledgeable. Having the right partner in your corner really pays off when faced with adversity. How does he handle the conflict? How quickly does he react? How well did he interact with you during a stressful period? The real value of a professional partner, if it be your attorney or accountant, is how did their advice pan out during a challenging time.

The best way to interview you builder candidate is by preparing for a detailed interview. Ask him questions about the quality of the products he uses in the structure, that you cannot see after construction. Ask him about the types and style of homes he personally has experience building. What were some of the methods he used to do dangerous work will tell you how he feels about job site safety. Discuss the process for selecting subcontractors and how he vets them. Have an open discussion about contractual methods he is willing to structure the business agreement.

It is also a good idea to have some conversations with clients that your builder has worked with in the past. It is not always possible to see a high end builders finished product but you should be able to have a conversation with them. Ideally, you would like to discuss what their experience was like interacting with your builder during good and bad times. Secondly, have a discussion with a client that has been in one of the homes he built 10 or 20 years ago if possible. Time is the ultimate test of quality.



Builders Contracts & Insurance

There are many different ways to enter a legally binding agreement with your custom homebuilder. As we have already discussed the use of a design build contract, which has many benefits for owner and the builder, foremost mentioned a good opportunity to work with one another before entering into the construction agreement. When it is time to enter into a contract with your builder you should explore the best contract for your needs as the owner. We will review the many options available to engage the building process.

The most commonly known contract is the Fixed Price Contract. This is just what it sounds like, consisting of a detailed scope of work for a fixed price. This contract usually references the design plans and supporting documents. If there are any deviations from the plans requested by the owner, a change order will be created for an additional expense. The benefits for the owner is that they are usually more comfortable with a fixed construction price and their lender understands the total will not exceed this amount. The drawbacks of the fixed sum contract for the owner is that the general contractor builds in contingencies for such operating risk as material price increases and estimating errors.

The second most popular option is the Cost Plus Contract, which is a flat rate fee as a percentage of the total cost of the project. The general contractors role is still responsible for maintaining the construction cost through competitive bidding and document control of the project. This contract is often used on large complicated projects where a fixed contract amount is not reasonably attainable due to such things as design unknowns or irregular scheduling/timing or possible logistics issues due to the location.

The benefits for the owner is that full disclosure is required under this agreement. The owner reviews all project invoices and expenditures through monthly payment applications. Since the builder is paying the bills, they have more direct control over the project cost and provides the owner with more flexibility over the project scheduling and changes that occur on site. In special situations this agreement can actual cost less than other contract agreements.

The disadvantages to an owner is the lack of order and control because of the volatility and changing conditions of the projects plans. Without the appropriate contract stipulations, the builder is not incentivized to keep cost down but rather to spend freely because he is paid on the total project cost.

The Cost Plus % Fee, a Not to Exceed Contract provides the owner the benefits of a fixed price contract through the benefits availed by the not to exceed feature, while benefiting from a negotiated builder fee. The disadvantages to the owner is if the fee does not have an overhead allocation this can create issues between the owner and builder when the owner



is billed separately for such items as builder staff meeting time, accounting preparation, cell phones, travel ect.

A Cost Plus Fixed Price Contract is principally a cost plus contract with a fixed fee instead of a percentage of total cost. This agreement has basically the same advantages and disadvantages of the cost plus contract except the fee is fixed.

A seldom used contract that can be a useful to owners wishing to engage a home general contractor for specific service agreements, such as acting in advisory capacity or special inspection services or even construction agreement, would be a Construction Management Agreement. This is more of a personal service agreement than the construction services performance standards as with the previous contracts mentioned.

A good general contractor will maintain the proper levels of insurance including general liability and workman's compensation. This is important because if someone gets hurt or the property is damaged by a subcontractor vehicle and the builder is uninsured, the owner becomes responsible by default. The owner should also be made aware that unless the builder owns the property, the owner is responsible for carrying builders risk during construction to avoid risk associated to construction risk loss.

It is also best that the builder properly administrate the subcontractors insurance carefully to avoid the acceptance of additional exposure from the subcontractor being uninsured or not properly insured. Either the lack of or lapse in insurance of a job site working subcontractor can lead to unwanted insurance claims or law suits from accidents that take place on the project site.

In conclusion, the luxury custom home building experience is a complicated process with many moving parts. It is advisable for a serious new home construction buyer to commit a generous amount of their time in their preparing and planning for such an endeavor. It will pay great dividends in organizing and making countless decisions through this entire experience. Marwood Construction would welcome the opportunity to assist you with your needs in designing and building your new luxury custom home.



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