

Builder

DAY TRIP: THE CANNERY, DAVIS, CALIFORNIA

A farm-to-table community takes off with strong momentum. The question is whether Davis will attract attention from the Bay Area vortex.

By John McManus
October 9, 2015



San Francisco just hosted the 2015 Fall meeting of the Urban Land Institute, a global network of people whose livelihoods and passions are real estate, sheltered space, and communities.

Themes of the meeting--on the residential side of the equation--ran the gamut of issues, from

affordability, to water (or the lack of it), to usual-suspect intimations and inferences on demographics, pent-up demand, urban-vs.-suburban mobility, big-vs.-small homes, walkable neighborhoods, driverless cars, Net Zero energy, and net positive internal rates or return on land parcels. Not to mention a big issue that impacts all of the above: the lack of sufficient, predictably priced labor to grow, to add less expensive units, and to profit.

Broadly, the sentiment we picked up among those who pay the bills from residential real estate and development is that the moment is one of sharp dichotomies between pieces and portions that are doing extraordinarily well and projects whose investors and developers are starting to sweat beads of anxiety over whether the deal will pencil out. It's the best of times for some; and still hard times for others.

The Bay Area's real estate dynamics are a universe of their own--where average prices on rents are up 60% in the past six years, and home prices have skyrocketed at least as much, with the high-end soaring off the charts, and the low end? There's no low end.

The equal-parts--headwinds vs. tailwinds--nature of global, national, regional, local, and block-by-block economics make pricing projects one of the tougher riddles right now. There seems to be no \$5 million and up unit--providing it's got all the rarefied features and an exclusive location--that won't sell in a nano-second. The same goes for anything that's on the relative "entry-level" part of a market's pricing spectrum.

The real challenge starts emerging in the middle-bands of a location's pricing spectrum--where it seems, people have a harder time settling on a sense of value and valuation.



Joan Marcus-Colvin, Ashley Feeney, of the New Home Company, at The Cannery

That said, we took a jaunt 65 miles or so to the east of San Francisco to check in on Davis, Calif.'s The Cannery, a 100-acre newly-launched farm-to-fork community with friends, the New Home Company chief of marketing Joan Marcus-Colvin and Ash Feeney, who oversees New Home's Northern California land acquisition, entitlement, and development efforts.

BUILDER contributor Cheryl Weber has written earlier of plans for the project, a former Hunt Wesson tomato cannery, but we wanted to see how things were going, now that 14 models have been opened to begin selling what will finish out at about

550 homes, and selling has gotten out of the gate at the community. Here's a late-September story on the initial sales pace from The Davis Enterprise staffer Jeff Hudson. Hudson wrote on Sept. 20:

"To date at The Cannery, a total of 25 homes are under contract or reserved at the four open neighborhoods," said Joan Marcus-Colvin, senior vice president of sales, marketing and design for The New Home Company.

We checked in on New Home's Heirloom highly-contemporary looking town homes priced in the \$400s to \$500s, which will amount to 72 homes in all in two separate banks of 30 and 42 three-story attached places, featuring two-car garages, bike parking, decks and patios.

Since Hudson's Sept. 20th article, each of the first two phases--each phase, five units--offered has sold out, and a third phase is taking off with momentum. Not having any comparable new construction in Davis for more than a decade makes pricing double the challenge. The initial research and expectations for the Heirloom town home project--proximate as it is to the University of California Davis campus--was that some portion of the units would sell to parents of students attending college, and as investments in one of America's quintessential college town.

That presupposition, to date, has not played out, as most of the buyers--with an average age of 52--are Davis-area locals drawn in by the community and the offerings. Understanding "the who"--the core buyer base, where they come from, where they're living now, what segmentation filters best characterize them, and what attracts them, is where Marcus-Colvin draw on research that ranges from market studies to web search analytics for clues into how the community, its products, and the pricing needs to evolve.

In a market where pricing is spiraling and dynamic in so many directions at the same time, building spec homes can serve only directionally in what the pricing will ultimately pan out as, Marcus-Colvin says.

"A built-to-order home is ultimately going to price better, but you need the specs on the ground to set a baseline for the market," she says.

Well, harvest time is near, and we expect that this community will take root as Bay Area market dynamics cause people to awaken to timeless values and serenity to the east.

###

[http://www.builderonline.com/builder-100/day-trip-the-cannery-davis-california_o?utm_source=newsletter&utm_content=Article&utm_medium=email&utm_campaign=BP_100915%20\(1\)&he=76b63ae788dc6c2e7f344553793b6524d1d700a7](http://www.builderonline.com/builder-100/day-trip-the-cannery-davis-california_o?utm_source=newsletter&utm_content=Article&utm_medium=email&utm_campaign=BP_100915%20(1)&he=76b63ae788dc6c2e7f344553793b6524d1d700a7)