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Why Homes With Open Space Command Big Bucks

Homes built in land-conservation developments sell for 29% more than homes built in traditional rural developments, a Colorado study finds

By SANETTE TANAKA



A study that shows that homes in neighborhoods with protected open space sell for 20% to 29% more than neighborhoods without open space. Sanette Tanaka has details on Lunch Break. Photo: Kerri McDermid/School of Global Environmental Sustainability.

Call it the flora-and-fauna effect: Home buyers will pay a premium to live near open, undeveloped land. So much for good neighbors.

That's the conclusion of a Colorado State University study of home prices in conservation developments, where residential real estate is limited and a substantial amount of land, usually 50% to 70%, is set aside as open space.

"That could mean wildlife habitats, agricultural lands, important cultural sites, open space for scenic vistas," says Sarah Reed, co-author of the study and associate conservation scientist with the Wildlife Conservation Society.

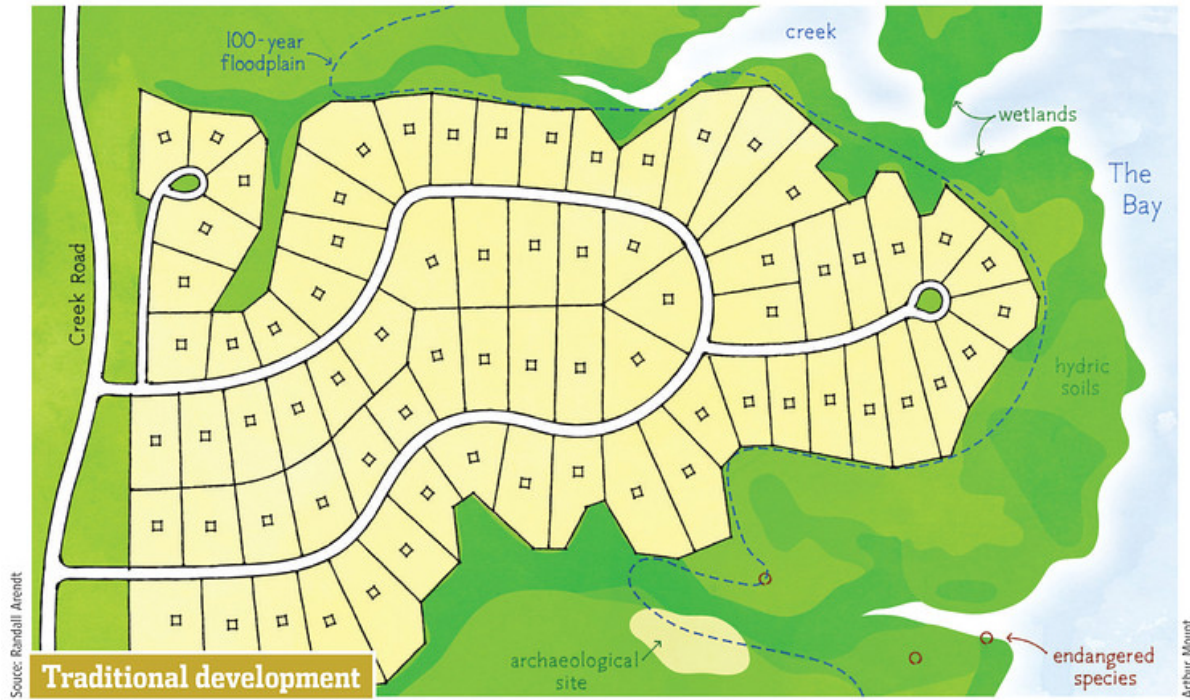


OPEN In a conservation development, 50% to 70% of the land is typically left open. Home lots are depicted as yellow blocks.

Randall Arendt

OPEN: These illustrations show two possible models for a development site in Sussex County, Del. In a conservation development, 50% to 70% of the land is typically left open. Home lots are depicted as yellow blocks.

Researchers compared 2,222 home sales in five counties in Colorado between 1998 to 2011. The conservation developments set aside an average 64% of land as open space, while traditional rural subdivisions set aside 4.9%. Based on the analysis, homes in conservation developments sold for 29% more than homes located in conventional residential projects.



LESS OPEN In a traditional rural subdivision, much less land is set aside as open space.

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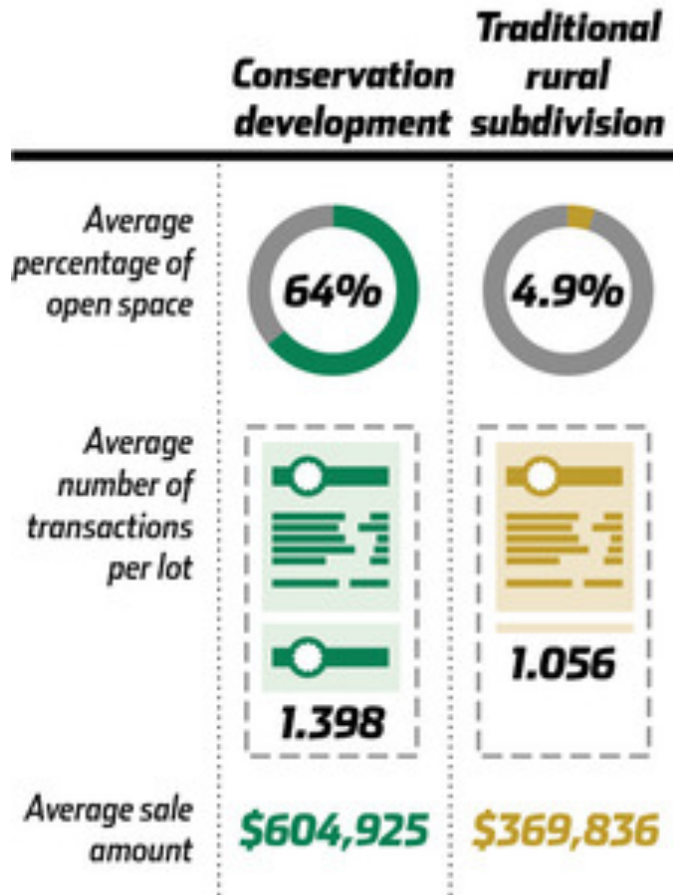
"For a homeowner, this means that the value of their home will be greater just by being in a development with open space," Prof. Reed says.

Increasing lot size in an undesignated conservation development raised the market price by 38 cents per square foot or \$16,662 per acre, researchers found. In nonconservation developments, a bigger lot size translated to only 9 cents per square foot, or \$4,062 per acre. The study, funded by the National Association of Realtors and CSU's School of Global Environmental Sustainability, was published in December 2012 in the *Journal of Sustainable Real Estate*.

A 2011 study in the journal *Conservation Biology* estimates that roughly 310,000 acres have been developed in the U.S. as conservation subdivisions, where anywhere from 30% to 70% of land is protected as open space.

Open Secret

Researchers evaluated 2,222 home sales in five counties in Colorado from 1998 to 2011. The findings: properties located conservation developments sell more frequently and for a higher price than those located in traditional developments.



Source: Journal of Sustainable Real Estate, 2012
The Wall Street Journal

More subdivisions probably qualify, but developers haven't sought designation by the county as official conservation developments.

Regardless, the price perk is still there: Homes in undesignated conservation developments sell for 25% more than those in conventional subdivisions, the Colorado State researchers found.

Open-space living often appeals to active, outdoorsy buyers—"tree-huggers,"

says Rosanne Sledz, a real-estate agent with Weichert Realtors McKee Real Estate. One of the premier conservation developments, Prairie Crossing in Grayslake, Ill., about an hour north of Chicago, designates more than 60% of its 677-acre site as protected open space.

"You can walk out your back door and start jogging on a trail that takes you through miles and miles of forest preserves," Ms. Sledz says.

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