

Santa Fe REAL ESTATE Guide

Artisan/craftsman/**builder**

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Why talk about cost per square foot?

by Kurt Faust

One of the questions I am asked most often is, "What is the cost of construction in Santa Fe?" The discussion always includes some comments about price per square foot. In Santa Fe, price per square foot measures the heated area of the home, including the exterior walls but not measuring the garage or portales, although the price does include the unheated space.

While price per square foot is a common yardstick used in this discussion, it has its limitations. First off, a house with a one-car garage and very small portales seems to gain value. Secondly, Santa Fe is a custom-home market with homes that vary greatly from one to another. Price per square foot is a more reliable indicator of value in big cities where there are vast areas of homogeneous housing.

That said, there is quite a range in what it costs to build a home in Santa Fe. The cost of many of the luxury homes being built in Santa Fe today in the 3,000- to 5,000-square-foot range is \$200-\$375 per square foot, exclusive of land and architectural design. It does include the tinted plaster, the stone floors and counter tops and the massive wall features that make up the look and feel of these homes.

The actual heated square footage can effect the price per square foot, especially as the number drops below 3,000 square feet. This is because often there are the same numbers of bathrooms and the same kitchen with solid counters and high-end appliances, creating a concentration of amenity over a smaller area. The complexity of the design also determines costs. Simple straight lines and shapes are easier to build than curves and angles and floor-to-ceiling glass captured by walls passing through to the exterior on both sides will cost more to execute than a small window punched into a large wall. The finishes themselves can create a dramatic swing in the overall cost. Just think of the difference between a simple drop-in range and a very nice cook-top with wall ovens, or between carpeting and floors of stone or wood.

The construction method also can have a dramatic impact on price. I know some houses are still being built by running the backhoe over the dirt a few times and calling it compacted. Other houses use the stucco paper or a sheet of 6-mil plastic to weatherproof the windows or the cardboard-type sheathing to infill the sides of the



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house instead of weatherproofing with a durable membrane and/or using plywood sheathing everywhere. The skill of the craftsmen used in constructing the home will also leave its mark: cheap labor, cheap house.

Another variable is the amount of homeowner input or the number of choices the owner is allowed to make. This can be as little as choices on carpet and paint colors, and as much as determination of room sizes and window placement.

The cost of insurance must be factored in as well. Worker Compensation insurance has always been expensive and the cost of liability insurance has skyrocketed in the past couple of years. Not all builders are fully covered and the liability could be transferred to the homeowner, creating a hidden cost.

Finally, don't forget about inflation. I have heard some predictions of as much as 10 percent per year for the next two years. I sure hope that doesn't come true.

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