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HOME IMPROVEMENT

The great American backyard buildout

All the money that people are pouring into their backyards is doing more than just pumping up the real estate market -- it's creating an entirely new luxury-goods industry.

BY MARGARET WEBB PRESSLER

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WASHINGTON - Steve Graham is sinking nearly \$100,000 into renovating the backyard of his Olney, Md., house, complete with sunroom, new deck, multiburner stainless steel grill, hot tub, furniture, outdoor lighting, koi pond and landscaping. As a real estate agent selling high-end houses in his county, he knows he's not alone.

"I'm seeing a lot of people putting a lot of money into their homes -- buying hot tubs, redoing their decks, tearing off decks and building patios," he said, adding that it's not just great for entertaining, it's wonderful for resale. "People will just come in and go, 'Oh, my God, this is so beautiful.' "

But all the money that people are pouring into their backyards is doing more than just pumping up the real estate market; it's virtually creating an entire new industry. Those uber-patios, after all, need the amenities of home: seating, rugs, refrigerators, counters, lighting, heat, music and television, all of which must be impervious to wind, rain and sun. Businesses big and small are rushing to meet this demand, or perhaps stoke it, as is the case with Open Air Designs, a new company based in Bensalem, Pa., that makes weatherproof artwork to hang on the outdoor walls of your outdoor room.

"Right now the demand for it isn't as great as it will be this time next year," said Vice President Jason Kubach. "We're known throughout the outdoor room industry. From September of this year to September of next year, we're spending our current advertising budget on going to the consumer."

The idea of creating living space outside the house began showing up in exclusive shelter magazines about five years ago, but those glossy spreads largely depicted the homes of the wealthy in zones of great weather. But as happened with so many home improvement trends before -- in-ground pools, professional kitchens and home theaters, for example -- what was good enough for the rich very quickly becomes good enough for the masses.

RETAILERS WELCOME

So now, the first thing a visitor sees on Walmart.com is everything needed to create the ultimate outdoor room: patio furniture, fire pit, grill and hot tub. It doesn't matter if you live in Connecticut, either, a state that just got its first store from Australian retail chain Barbeques Galore.

"In the last year I've had a number of instances where we're basically moving into markets I wouldn't have expected," said Michael Lindblad, chief executive of the company, which now has 75 U.S. stores, or roughly double the number from five years ago. "The biggest part of our business has been people seeing (built-in barbecue) islands and saying, 'I didn't really think I could do this.' "

Of course, Lindblad has had no trouble convincing people that yes, indeed, they can. He and others say outdoor heaters, in particular, are opening up the market for longer seasons in colder climates.

The outdoor room phenomenon is being analyzed and characterized by a growing number of surveys, most commissioned by the very industries that are gaining tremendous business from the great American backyard build-out. But together, they paint a telling picture of the popularity and scope these projects have taken on.

The Propane Education and Research Council, for example, claims that the number of homeowners with an outdoor living space will double in the next two years. Outdoor spaces, meanwhile, are second only to kitchens as the top renovation projects in people's homes, the report says.

The Hearth, Patio & Barbecue Association (HPBA), based in Arlington, Va., says 31 percent of households are considering improving their outdoor grill area, with the most popular steps being a new or better patio or deck, new outdoor furniture and upgraded landscaping. Eight percent of those owners say they plan to add a built-in island for grilling, much like those designed for indoor kitchens with cooktops and counters.

Outdoor furniture maker Laneventure reports that 60 percent of "industry professionals," such as designers, architects and real estate agents, say an outdoor living space adds 10 to 30 percent to the value of a home.

And the Weber-Stephens Products Co., maker of Weber grills, has these facts in its survey: Thirty percent of outdoor room owners use it daily in the spring and summer months and 74 percent of the outdoor room crowd say their "rooms" can comfortably accommodate 10 or more people.

All of this, of course, costs serious money. Though HPBA says it's possible to start an outdoor room with a relatively modest investment of about \$2,000 for a grill, patio furniture and an outdoor heater, the typical expenditure is a lot higher.

NOT A MINOR EXPENSE

"The dealers that we are talking to tell us that is usual for people to spend anywhere from \$15,000 to \$100,000 on the outdoor room," said Donna Myers, a spokeswoman for the trade group.

HPBA's fact sheet on outdoor rooms suggests it's at least a \$10 billion business, with Americans spending well over \$3 billion on grills and accessories last year, another \$3 billion or more on hot tubs and spas and yet another \$3 billion on all-season furnishings.

Surveys and magazines generally consider the outdoor room as a defined section of yard or porch equipped with three things: cooking equipment, such as a grill; living and lounging furnishings; and a dining area. But the industry has become much more than the basic amenities. The outdoor room is now being marketed, and bought, as something that should be every bit as comfortable as anything one might have indoors.

Those involved in marketing these products say there's a spiral effect going on: As more products are improved and marketed, more people want them and more companies create new products to satisfy growing demand. Now there are home builders offering built-in outdoor fireplaces as options, or even as standard features in some models, said Ross Johnson, business manager for outdoor products for Hearth & Home Technologies, a fireplace manufacturer.

"It's the massification of luxury items. People are getting things that before were only for the rich and the famous," Johnson said.

Manufacturing executives say they know there's an aspirational aspect to the outdoor room trend, with less affluent customers emulating the looks they see in high-end catalogs and popular home design and remodeling shows. Retailers, meanwhile, are getting smarter about quickly offering inexpensive but well-designed knockoffs.

The backyard build-outs are getting a boost from another fundamental factor, too: a boost in property value.

'You can easily drop \$25,000 into one, but you figure, `I can get it back in the resale,' " said Dale Ekdahl, managing director of the National Association of Real Estate Appraisers in Alexandria, Minn. Because people seem so infatuated with outdoor rooms right now, adding one is an easy way to improve a home's marketability.