

House of Girth

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By Daniel Akst

The rich may be different from you and me, as F. Scott Fitzgerald insisted, but they still like to read in the john.

This reassuring fact has not been lost on Toll Brothers, which from its base in Huntingdon Valley builds big, expensive houses with all the trimmings. The company is obsessed with offering its customers every conceivable amenity that might signify “luxurious,” and just when it seemed that nothing could possibly be added to its humongous, Jacuzzi-laden bathrooms, somebody had the idea that well-heeled homebuyers might want a place to stash their bathroom reading.

A recessed magazine rack, after all, would fit neatly into the 14 inches or so between wall studs. Coming up with such a niche was clever, but the genius of Toll Brothers was in first asking people if they wanted such a thing. As it turns out, homebuyers didn't. They even seemed embarrassed by the idea. So Toll Brothers dropped it.

You may laugh, but this kind of thinking has helped make Toll Brothers America's leading builder of luxury housing – a very fortunate thing to be in recent years. Despite the current economic downturn, we're in the money, we lucky Americans, and so lots of us are building great big houses – not merely spacious, but gigantic, with a flotilla of bathrooms, dedicated rooms for every conceivable pursuit, and garages big enough to house a Jiffy Lube.

Outbreaks of such homes are sparking controversy all over the country. In rural Virginia, the fashion among the rich is for castles, including one with more than 30 bathrooms and a 5,000-square-foot garage. The big-house craze has even hit Pennsylvania's anti-materialistic Amish country, where a landscaper reports installing a \$40,000 pond, and where lavish home theater systems are selling like, well, sport utility vehicles.

Of course, castles and such are what very rich people build. The merely well-to-do – those with a substantial pile to spend on a house and not a lot of time to spend it – are the kind of people Toll Brothers wants to talk to. For an average price of \$463,000 in the Delaware Valley, Toll will deliver more square footage – with fewer of the mind-boggling decisions that confound many people who build their own houses – than almost anybody, and a lot faster, too, thanks to factory construction of large sections of the structure.

As a result, Toll Brothers is phenomenally successful. Its 10-year compound growth rate in earnings from 1991 to 2001 was 32 percent – a remarkable figure for a low-tech company. Annual revenue has leaped from \$177 million a decade ago to \$1.8 billion last year. Although ignored for a while by Internet-crazed Wall Street, the company finally got investors salivating last year, when the stock price tripled to \$45 a share. For 2001, Toll Brothers is expecting both revenues and profits to jump another 15 percent – not bad in a year when most people expect a recession. This success is largely the result of a smart business plan: With the exception of the

model homes it shows prospective buyers, Toll Brothers primarily builds houses after it sells them. It's also moving to offer mortgages, insurance, Internet and cable TV connections, landscaping, and other buyer services. For older folks, it offers "active adult, age-qualified communities." In recent years, the company has expanded from the suburbs of Philadelphia to cover 20 states from coast to coast. Locally, it has more than 109 finished developments, with more in the works. Nationwide, it controls more than 33,000 building lots, mostly in desirable suburbs. It plans to build bigger homes than anyone really needs on every one of them.

The mass-produced luxury home won't fit into a time capsule, but it's the perfect emblem of our age nonetheless – an icon of affluence and consumption at a time of both unprecedented prosperity and freedom from the social constraints that in the past suppressed conspicuous display. Since Toll Brothers is the leading builder of such homes, the company seems a likely prism for gaining some perspective on this phenomenon. If these are McMansions, Toll Brothers is McDonald's, serving up the sort of fast, predictable, attractively priced residential cuisine that an awful lot of buyers seem to hanker for – even if the sight of yet another suburban McMansion going up makes other people want to retch. "Oh, God, they're awful," says architect Sarah Susanka, whose book *Creating the Not So Big House* takes a small-is-beautiful approach to design. McMansions, Susanka says, are "all about ostentation, showiness, look how much I have. But when you walk through the door, there's no substance there."

The thing is, people like them. Indeed, Toll Brothers by some lights is a quintessentially American story, its whole premise being to profit by democratizing the big, imposing-looking houses that were once the exclusive province of the rich. The very existence of Toll Brothers is a testament to the staggering fecundity of the U.S. economy, which enables so many people to entertain buying such whopper houses. Frederick Cooper, Toll's vice president of finance, notes that more than 12 percent of U.S. households earn \$100,000 annually – and that segment of the population continues to expand rapidly.

Cooper himself is a living memorial to this whole process. A former low-income housing activist in Brooklyn, he studied English lit at Brown and then got a master's degree in public policy from Harvard. On the day I visited, his car was littered with Grateful Dead tapes. Now he is Toll's vice president of finance, helping make sure there is adequate cash on hand to allow his employer to continue converting farmland into subdivisions of McMansions. When his wife's family visits from Norway, they are amazed at the size of his house.

Or consider Irene Guarino, who describes herself as "an American success story." A human resources administrator, Guarino lives in a 3,750-square-foot Toll Brothers house near Doylestown with her husband, a pharmacist. Born in Greece, Guarino was brought to this country as a four-year-old not long after her father was killed in the Greek civil war. Her family didn't have much, but with hard work, she and her husband have put their kids through college and achieved financial security. "I'm very proud to own a Toll Brothers house," she says, raving about the quality of construction – and the great investment. Toll homes that cost \$360,000 in 1997 are now going, she says, for \$500,000 to \$600,000. "A fine house was always an important objective for us," she notes.

Not only can more people afford this kind of house, but their government encourages folks to buy them – even if these Gargantuas, which gobble up land and require lots of fuel to heat and cool, are no friends of the environment. Don't forget that the home mortgage deduction remains one of the best tax shelters available. The bigger the house, the more deductible debt you can pile onto it. Thus, while some Toll Brothers customers claim to need the space for growing families and at-home businesses, an amazing 27 percent are “empty nesters” who presumably just want a really big nest.

None of this is to say that Toll houses can't be challenged on architectural grounds. The development I visited, in a once-bucolic section of Bucks County, contains dwellings erected in various vaguely historical styles, employing a design vocabulary that might charitably be called Country Vegas: Think Jay Gatsby meets Liza Minnelli. “The houses we do are houses for the populace,” explains Jed Gibson, Toll's unapologetic director of architecture. “The designer homes you see in magazines – architects do those for other architects.”

Gibson is a cheerful young man who studied architecture at Cornell University and now puts his stamp on more homes in a year – 3,555 in 1999 alone – than many architects do in a lifetime. His office puts out 700,000 blueprint pages annually, with its plotters often working through the night to keep up. In talking with Gibson over sandwiches at the gritty Toll Brothers plant in Morrisville, just across the Delaware from Trenton, I confided that a fantasy of mine was to design a modern riff on a classic Italianate foursquare. “Italianate?” he said. “Refresh my memory.”

But it doesn't matter. Toll Brothers is a conservative company, and isn't about to introduce any radical designs – not even old ones. It just builds the kinds of houses people seem to want in this price range. And what these people want is a matter of profound concern to Toll. The company's vice president of marketing, Kira McCarron, says it tried asking them what they wanted, but found it more effective to convene top-producing real estate agents in various markets to say what's selling, what's not, and what might. It's a safe bet that the name Frank Lloyd Wright is rarely mentioned at these gatherings.

If Toll Brothers houses aren't shoo-ins for House Beautiful, neither are they beacons of craftsmanship, as Woody Staub can attest. When the Johnson & Johnson executive moved back to the States from Japan, he “had about four hours to buy a house,” he says, and a Toll development going up in Doylestown seemed just right. A few months later, his one-acre plot had a big, fancy house on it – and Staub had a \$550 heating bill for his first month in the place. It turned out the builders forgot to insulate the roof.

Toll said it would pay for half his heating tab and insulated the attic, adding a couple extra inches for good measure. But Staub says there are other problems. Sheetrock seams are visible, drainage is poor, and the walkway to his house is the wrong size. “It's a year later, and I still have 30 things on my checklist,” says Staub, who paid \$500,000 for the place. “They continue to come back and try and fix it. They're nice people. But they're busy working on the next house.”

Having built a home myself not long ago, I learned a few things about construction. To me, a first-class custom home in the Northeast should have exterior walls made of two-by-six lumber

sheathed in a layer of plywood and then covered in waterproof housewrap, a tough membrane similar to the stuff used in some overnight envelopes. Toll Brothers houses typically use two-by-four studs for exterior walls, covered with a layer of Thermo Ply sheathing – an approved product, but one that looks and feels like foil-covered cardboard. Interior doors are hollow and made of fiberboard. The company is moving toward plastic plumbing instead of copper.

But does it matter? Not to most people. “The typical buyer is not aware of the quality of construction,” says David H. Lieberman, a Huntingdon Valley home inspector. Lewis Nelson iv, another local home inspector, says flatly: “The average consumer doesn't know or care.”

Toll Brothers executives themselves, while insisting that their homes are well-built, will tell you that nobody ever asks how thick the walls are, or how many cubic feet per minute the bathroom fans move. And the houses meet all building codes and regulations. As Lieberman puts it, “They don't fall down.”

William Levitt, who built the kind of post-war tract homes that helped define the way Americans live, knew a thing or two about giving folks the housing they wanted at a price they could afford. “Houses,” he said, “are for people, not critics.”

Levitt and his Levittowns came to symbolize home-building in his era, and if the economy picks up again, Robert Toll might someday occupy a similar niche in the history of ours. A blunt, energetic Philadelphian who trained as a lawyer and loves an argument, Toll, 60, understands the business he is in. He knows that unlike in times past, when “money was quieter,” the main thing his customers want are big houses that make a big impression. “We're not in a quiet era, and have not been for a long time,” he says. “People are proud and happy to exhibit their success.”

Toll may have a visceral understanding of this. He lives in a classic 18th-century farmhouse in Bucks County and maintains a fashionably sleek apartment in Manhattan, but he is descended from pious Russian Jews who were in the building trades. His great-grandfather, a teacher and rabbi, became a bricklayer, and his grandfather was a plasterer. His father, also born in Russia, built houses in the Philadelphia area.

Bob Toll and his brother Bruce, who is vice-chairman but is less active in the business, followed in their father's footsteps, constructing modest homes until they discovered in the 1970s that there was a demand in this area for fancier houses – which carry higher profit margins. Their genius was in applying tract-home techniques to the construction of high-end homes. Making walls and other parts of Toll Brothers houses in a factory saves on waste and expenses, and comes in handy when skilled labor is in short supply. It also allows for a relatively high degree of customization. Buyers can pick a lot, a floor plan, an exterior design and a great many extras – everything from a built-in sound system and wall niches for tchotchkes to a conservatory or even an elevator. The emphasis throughout is on what people can see and use.

Thanks to panelized construction and corporate penny-pinching, the company sells these large, luxurious homes at a relatively low price, given their size and evident appeal. What Toll delivers for the money is something like 3,500 square feet of habitable space, not to mention a sizable

garage and a location in a good school district. Granite kitchen countertops are standard, as are nine-foot ceilings and three and a half baths.

But price isn't the only selling point. The model houses, with cookies coming out of the oven all day long, are decorated by people who specialize in doing the interiors of model houses. Toll Brothers sells to many “relos,” or relocating executive families, and so the otherwise faceless decor might be punctuated by an Eagles pennant, as if to remind people that they really are someplace.

Edward D. Weber, a Toll Brothers vice president, notes that all the models also have some kind of “memory point,” reflecting the company's awareness that people look at lots of houses and need something to recall that will make one of them stand out. One model, for instance, had a tiny cork-lined alcove with an imitation pay phone set into the wall on the second-floor stair landing. The idea was that a buyer with a phone-hogging teenager might be struck by this.

Toll Brothers is fanatical about curb appeal as well. Its homes are usually positioned in slight variations on their sites to avoid the appearance of mass production, even though this means higher costs. Toll also pays to bring in older trees, so its developments have a more established look. “We are very cognizant of views; we want the house to make a good impression immediately,” says Toll president Zvi Barzilay.

And while a host of options is readily available, the company has some it offers only on request. It will sell you a water purification system, for instance, but Ed Weber says Toll Brothers won't bring the subject up – why suggest the water isn't pure? Security systems used to be in the same category, but not anymore.

Perhaps the most remarkable aspect of Toll's marketing savvy is its community-building efforts. The word “community” is surely one of the most beleaguered in the language, and purists will blanch at its use in the context of these spanking-new suburban subdivisions. Yet Toll's customers beg to differ. In the Oaks at Buckingham, for instance, the Doylestown development where Staub lives, there's a pink flamingo stuck in a different lawn practically every Friday evening, and that's where the party is. All the neighbors turn out, he says.

Linda Pizzico, a television producer, took time out from preparing a neighborhood directory to tell me that when she moved to Hunterdon Chase from New York, she was stunned by the friendliness. It's the kind of place, she says, where “people bake a pie for a new neighbor.”

One reason Toll communities congeal so well is that even though these homebuyers are often relocating, current and prospective residents of what might be called Toll Nation have a good deal in common, including income level and aspirations. Although Toll adapts its designs to accommodate regional variations in climate and tradition, its customers from coast to coast are more alike than different, and the company understands where they're coming from in the most profound sense of the phrase. “The reason the houses are made to look a certain way is because buyers have images and metaphors that are tied to their heritage and the indigenous architecture of their area,” says Barzilay. “We are not trying to experiment here. We are merchant builders.”

Like many of the top executives I met at Toll's extraordinarily parsimonious headquarters, Barzilay is thoughtful and well-educated, having studied electrical engineering in Israel and real estate development and urban design at Harvard. Before getting into the McMansion business, he was a city planner in Philadelphia. Although no one at Toll Brothers seemed to know about the late Morris Lapidus, the man who put the pizzazz in Miami Beach in the 1950s, Barzilay acknowledges a debt to Las Vegas: "Today, the house is not only shelter," he says. "It's a place to maintain a lifestyle, see family, entertain. It's a place to have privacy, and it's a place to impress. We spend a great deal of time implementing these concepts."

Of the fashion for soaring two-story foyers, he says, "It's also theater."

To its critics, of course, it's something closer to burlesque. And they have a point. Toll Brothers is real evidence of what Cornell University economist Robert Frank calls "luxury fever," in which keeping up with the Joneses has been transformed into a grotesque and ever-escalating spending race on the part of overworked consumers anxious to maintain status via conspicuous consumption.

But look closer, and you'll see that the argument isn't really about living right. It's about taste. Sarah Susanka, for instance, advocates small houses, but not necessarily cheap ones. She says the kind of 2,000-square-foot home she's talking about, with lush woodwork and costly architectural detail, costs perhaps \$400,000 to build, exclusive of land – a staggering sum, given that the average new house of that size costs perhaps \$200,000, including everything. If it's okay to spend \$400,000 on a small house, why is it so bad to spend the same amount on a big one, even if it is a "starter castle," in Susanka's term? Isn't this just a matter of personal preference?

Unspoken in the critique of the McMansion phenomenon is that most people who buy these homes are part of what Toll Brothers calls "the move-up market," which is modern real estate lingo for what was once disparagingly called "new money." The pretentiously wasp names of Toll developments – Providence Oaks, Concord Chase – practically scream arriviste, as if they are auditioning for a Ralph Lauren spread in a magazine. But therein lies the problem for the company's critics. Isn't new money, after all, money of the very best kind? Doesn't it imply that instead of having the good fortune to be an heir, somebody went out and earned all that dough? And isn't this something to admire – even if it doesn't always buy refinement?

Some of us may wish that Toll Brothers and its customers had more imagination, or what we might regard as better taste. Even some of Toll's own customers wish it. Woody Staub, for instance. This is a guy who once disassembled a 200-year-old barn, moved it onto some acreage near Charlottesville, Virginia, and painstakingly transformed it into an idiosyncratic house. Ask him the style of his place in Doylestown, and he cheerfully calls it "early Toll." He likes the community, but admits he and his wife have far more space than they can use. And he'd give up a third of it for a really well-crafted home.

He could have bought an old house just like that, or found a way to build a new one. But who has the time? And besides, he could get transferred and be forced to move again.

We may deplore the giant faux chateaux springing up all around us, or wish that, at the very least, new suburban communities were developed in more pedestrian-friendly ways (something governments have more control over than builders). But beyond that, really, who are we to criticize? James B. Twitchell, a social critic at the University of Florida who has written provocatively about consumer society, may have summed it up best. "I don't know why people would want to live in a big, airy, unattractive mausoleum," he says of the McMansion phenomenon. "But how can we make matters of taste into matters of moral judgment?"

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