

SPINNAKER DEVELOPMENT

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MIKE CLOSE, *PRESIDENT*



Spinnaker Development's 4601 Perham Road features a cantilevered steel wall system that swings up out of the way in nice weather and can be lowered by a geared chain.

Landmark Builder

Spinnaker Development specializes in cutting-edge design and luxury features in single-family homes. **BY RUSS GAGER**

Waves crash against a rocky shore nearby while the sun sets on the horizon. Meanwhile, jets of water spray into an infinity pool on a bluff overlooking Newport Beach, Calif. This is the setting for just one of the cleanly designed, luxurious single-family homes built by Spinnaker Development as a spec home or for one of its many satisfied clients.

Spinnaker Development sells its turnkey single-family spec homes in Newport Beach and Corona Del Mar, Calif., with all the furnishings – not just appliances and furniture, but also window treatments, area rugs and everything down to the knick-knacks and tissue paper boxes – chosen by an interior designer and included in the home's purchase price.

"We've been fortunate in that everybody has ultimately fallen in love with the complete package," President Mike Close says. "It's attractive to them to buy a tailored product. They don't have to do a thing but move in their personal possessions and put their clothes in the closet."

This is just one way that Spinnaker Development separates itself from its competitors. "We include an extraordinarily high level of quality and finish in our development projects," Close emphasizes. "We've historically transacted at record sales marks within the respective communities of our marketplace."

Another distinguishing service that Spinnaker Development offers its homeowners is routine maintenance packages that the company's in-house field employee performs quarterly. "Our trained personnel perform and facilitate complete system checks on the home, changing out air filters, replacing light bulbs, lubricating and tightening hard-

PROFILE

SPINNAKER DEVELOPMENT

www.spinndev.com / Projected 2016 revenue: Approximately \$25 million / Average home price: \$5 to \$20 million / Headquarters: Newport Beach, Calif. / Employees: 6 / Specialty: Residential single-family homes





A large, open subterranean courtyard filters light down into a 3,000-square-foot basement filled with amenities.

ware, cleaning, polishing and protecting specialty finishes in the homes and working to a preventative maintenance checklist, making sure everything is in proper working condition and to ensure there are no defects in the home,” Close says. “There’s a quality control aspect to it, which allows us to somewhat police the maintenance efforts which are typically the primary responsibility of the homeowner.”

4601 PERHAM ROAD

Spinnaker Development’s homes have sold in the last year for prices ranging from \$11.58 million to \$13.75 million. A recent project is in the Cameo Shores Community at 4601 Perham Road in Corona Del Mar. The European-inspired modern farmhouse was designed by architect Chris Brandon of Brandon Architects in Costa Mesa, Calif., who designs most of Spinnaker’s homes. It offers unobstructed views of Catalina Island through a cantilevered, operable steel wall system that swings up out of the way in nice weather and can be lowered by a steampunk-style geared chain when necessary.

The living areas are centered on a peninsular fireplace and oriented toward the rear bluff-top grounds. The home includes a

pool and a large spa with the Pacific Ocean as a backdrop along with a large, open subterranean courtyard that filters light down into a 3,000-square-foot basement filled with amenities such as a home theater, game room, gym, guest suite, wine room and 2,000-square-foot garage.

The local zoning allowed a maximum building height of 14 feet at street level, but Spinnaker Development was able to dig down to increase the size of the home because it is situated on a bluff. “It’s somewhat unassuming from the street — a brick-clad, single-story façade that is more traditional in nature with the roof line and architecture — and then we enter the home, and it has a two-story, floor-to-ceiling steel and glass curtain wall window system and a really wild, undulating ceiling that spans the entire length of the main level. At a quick glance, you’d think it was a 3,000-square-foot home, but it expands to 9,000 square feet and goes down.”

One of the unique design elements of the home is the mix of building materials. One in particular is the use of imported brick from Spain contrasted against Rheinzinc sheet metal siding for an interesting blend of old and new.

CROWDED MARKET

Being founded during the 2009 recession was an advantage for Spinnaker Development. “It’s much different now than it was three or four years ago,” Close observes. “There weren’t many players in town developing then. I would say the number of those players has probably quadrupled in the last 18 months. Real estate values right now have quickly come back to where they were in ’06 and early ’07 and have now far exceeded those marks.”

Most of the company’s homes are built on land with existing structures on it because the area is so built-up. “These tracts were developed from the late 1950s to the late ’60s,” Close estimates. “They are hitting that 50-year mark, and the land value is so strong that it outweighs the value of the structure.”

Close has some advice for developers bidding against a person planning to build their home on a site.

“If you’re getting in a competitive bidding war with an end-user for a site, you usually lose that battle if they are emotionally invested in the home to live in vs. being a business opportunity for development, because they may not be concerned about the immediate backend value,” he maintains.

Instead, Close relies on his local contacts in the real estate community — he grew up in the area and his brother is a custom homebuilder, his sister was a high-end realtor and his brother-in-law is a local luxury real estate broker. Even his father dabbled in the real estate business during retirement. Sometimes, owners prefer to sell their properties before they even go on the market to save the trouble of cleaning up the property and listing it. When that is the case, brokers might query Close about his interest in such properties.

FIELD OPERATIONS

Spinnaker Development has two full-time project superintendents on staff who manage all the field operations for the company. The company uses approximately 50 to 80 subcontractors and suppliers on any given home. "We have a very tight, select group of subcontractors, and then we really strive to align ourselves with the top tier of tradesmen," Close emphasizes.

All of Spinnaker Development's homes are highly energy-efficient. Some have solar panels installed on them, such as a 6,400-square-foot house the company finished recently that has 39 solar panels on its roof.

For the future, Close foresees staying small at Spinnaker Development's current level of five or six projects annually. The company might build duplexes or triplexes if zoning requires it, but Close likes remaining a hyperlocal builder. "We're very fortunate to have established a strong brand image in town and a lot of opportunity — being in a nice position where we can align ourselves with what I would call more of a premier project," Close says. "Our focus is really on landmark property, something with great visibility and great exposure for the company and product."

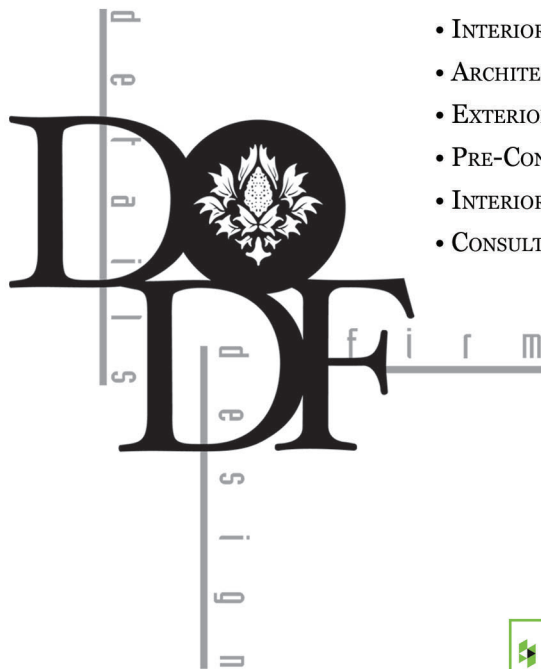
Close's wife, Danielle, also works at the company handling busi-

ness development responsibilities while managing social media on Instagram, Facebook and Houzz, among other duties, and the couple lives in the town where they build. "We love where we live and work, and are passionate about seeing new homes being built that are improving property values and encouraging the community to take older, lesser maintained homes that some perceive as eyesores and turning them into something nice and beautiful, and giving those neighbors opportunities to say, 'Maybe it's time for my house to get a facelift or to build new.'"

"It's incredibly rewarding to see your craft so prominently displayed in the community in which you live," Close concludes. "It is a very unique aspect of our business and one we're very grateful to enjoy." ■

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