



They Wanted a Place Where Friends and Family Could Stay. So They Bought the House Next Door.

A growing number of everyday buyers are snapping up neighboring properties to use as guest quarters and stop massive houses from going up

Anyone can buy a good house, but good neighbors are priceless.

That is a rough interpretation of a Chinese proverb that May [Lee](#) says guided her decision to buy and renovate the house next door to her in San Francisco.

Ms. Lee, 67, and her husband Henry Lee, both retired, have lived in their three-bedroom, three-bathroom home in the Parkside neighborhood for more than 30 years. After their children, now 30 and 34, graduated from college, they both got jobs in the Bay Area and moved back in with their parents to save money because buying and renting homes in the area has become so expensive, she says.

In 2019, Ms. Lee found out her neighbor, a renter, was moving. She hired a real-estate agent to negotiate with the owner to buy the three-bedroom, three-bathroom house for \$1.26 million. After a renovation of the house, which finished last year, her son and daughter, who paid for the down payment, moved in and now live next door.

“It was time for them to get out of the house,” says Ms. Lee. “But it’s nice to have them close.”



Billionaires and celebrities have long practiced [the art of buying out the neighbors](#), [amassing adjacent properties](#) as a way to increase privacy, security and space. It's become almost [mundane in places such as Malibu](#) and Manhattan. But lately, real-estate agents say, more ordinary folks have started to purchase nearby homes to use as guest quarters for family and friends. This creation of compounds accelerated during Covid, when more people can [work from home](#). It's seen by some as a good, long-term investment.

To make it happen, “all the stars have to align,” says Aaron Bellings, a real-estate agent with Bellings Brothers in San Francisco who helped Ms. Lee buy her neighbor's house. He says many sellers tell him their neighbors are interested, but it often doesn't work out. Like many of these deals, the Lee's transaction was private, and the house was never listed on the MLS.

Closing the deal requires delicacy, says Bob Champey, an agent with William Raveis Real Estate in Concord, Mass., where he has handled two off-market sales of a home to neighbors in the past year. The first involved a man who lived in a 3,000-square-foot Colonial: for years, his neighbors had built a close friendship and expressed their love for his property, and told him if he was ever considering selling, please let them know; when he died, he left instructions for his family to offer it to those neighbors first. The descendants put together a letter, which Mr. Champey hand-delivered; the neighbors called Mr. Champey an hour later, expressing their interest and offering \$1.8 million in cash. The deal closed the following month.

Mr. Champey's second neighbor-to-neighbor transaction occurred in February 2021, when a woman asked him to write a letter to several families living in her neighborhood, saying she was considering selling her 3-bedroom, New England-style house on 5 acres in the \$3 million range. Soon after the delivery of the letter, people living in the neighborhood had offered to buy it in cash for \$2.6 million, with an 18-month lease back. They didn't want someone else to buy it and put up a new, mammoth house, says Mr. Champey.



Preventing the construction of a new, mammoth house was also a motivation for Charlotte Huggins, a film producer. Ms. Huggins and her husband Thomas Huggins, a UCLA botanist had purchased a 3,500-square-foot house in Magnolia Woods neighborhood of Los Angeles in 2016 and spent \$300,000 in renovations and adding a pool.

After Ms. Huggins saw another nearby house sold, torn down and a large new house built in its place, she decided she needed to make sure that didn't happen to the house next door. She got to know the owner, who was in his 90s, and his daughter. When the owner died, she approached the daughter, who agreed to sell it to her off-market in 2019, all cash, no contingencies, for \$740,000, the price the daughter's real-estate agent determined was fair for the three-bedroom, one-bathroom 1,855-square-foot home.

Ms. Huggins spent \$100,000 restoring the neighboring house, getting help from other neighbors, and then rented it out, anticipating that her children, who are currently in their 20s, will have their own families and might want to move in next door one day. Ms. Huggins is considering approaching the people who live in another adjacent house to start a conversation about buying their house too. "The land is worth more than the houses here, and if I don't buy it, it will be torn down. I don't want a great big horrible house next to me," she says.

For Jennifer Davis, a 65-year-old real-estate broker, buying the house across the street in Charleston, S.C. was all about space. Ms. Davis and her second husband have six children between them, in their 20s and 30s, and two grandchildren. They came to realize that the 2,900-square-foot, three-bedroom house she bought in the city's historic district in 2002 for \$638,000 wasn't conducive to having guests.



Jennifer Davis and her two sons Jack and Henry Rauch on the porch at the home Ms. Davis bought in Charleston, S.C. in 2002 for \$638,000.

PHOTO: NORA WILLIAMS FOR THE WALL STREET JOURNAL

In February 2022, Ms. Davis paid \$720,000 to buy a 1,000-square-foot, one-bedroom, one-bathroom 1840s gate house 50 yards away, across the street. She says having a little distance between the two households is wonderful because everyone has their own space to roam as they please. It's less awkward for everyone, she says. Ms. Davis is now eyeing another small gatehouse next door. "My family just keeps getting bigger and bigger," she says.

Brian Miller and his wife Vicki Miller, who live in Dallas, bought land for \$1.7 million in a development and built a \$8 million, 8,800-

square-foot Texas limestone and reclaimed wood vacation house in Sun Valley, Idaho that was finished in December 2019. Then they started noticing lots were getting snapped up all around them and worried that their view might be impeded. So in July 2020 they paid around \$3 million for the 1.4 acre lot next to their house.



The Millers might one day build a guesthouse or a whole separate new house on the land they just bought for their kids (aged 28 and 30 now). For now, they put a large-scale ceramic sculpture by Japanese-American artist Jun Kaneko on the property and use it as an extension of their lawn—a place where the dogs run around. "It's a good investment," says Mr. Miller, who spends most

of the summer and a month in the winter in Sun Valley.

Marilyn Jentzen was also thinking about a place for family and friends when she decided to spend \$175,000 to buy the 3-acre lot next door to a house she inherited earlier this year at the Cliffs at Glassy, a development in Travelers Rest, S.C. Ms. Jentzen, 55, who owns a consulting firm, moved to the three-bedroom, four-bathroom, 3,750-square-foot house in The Cliffs in S.C. this summer from Philadelphia full time.

Ms. Jentzen intends to build another house on the lot, spending what she thinks will be around \$1 million, with several bedrooms, a game room, a garage and a music and art studio. That will allow her to have more space for guests as well as a place she can practice art. She plans to have a pathway between the two houses to create the feel of a compound.



Rosemary Miller, Brian Miller, Vicki Miller and Matt Miller in Sun Valley.

PHOTO: BRIAN MILLER (FAMILY PHOTO)

Combining properties is a practice traditionally associated with large land grabs by wealthy buyers out West. [Elon Musk amassed a cluster of six houses](#) on two streets in the “lower” and “mid” areas of the Los Angeles neighborhood of Bel-Air, Calif. between 2010 and 2016, which [he has since sold](#). [Amazon](#) founder [Jeff Bezos](#) [already owned](#) a two-house compound in Medina, Wash. when he, under Aspen Ventures LLC, bought in 2010 the property next door, a 24,000-square-foot house on 5 acres that was listed at \$53 million.

Many of the more high-profile deals in recent years have happened in California. In February 2021, Jan Koum, the co-founder of WhatsApp, [paid \\$87 million for a Malibu, Calif., mansion](#) right next door to one he already owns, according to reporting by The Wall Street Journal. In December 2019 George Lucas purchased a 2-acre beachfront property directly next door to his own on Padaro Lane in Carpinteria, Calif. for \$28 million, according to public records and people familiar with the transaction.

For Ms. Lee, the decision to buy the house next door was all about family. She says she gives her son and daughter space, but that they still come over for dinner when they haven’t had time to cook and they cook dinner for her husband and her when they have time. She knows that as she and her husband age, her son and daughter will take care of them, which will be easier living close by. She always calls before she visits them. “I don’t just barge in,” she says.

As for the Chinese proverb about neighbors, it comes from the biography of Lü Sengzhen, a general and counselor to Emperor Wu of Liang in the Northern and Southern dynasties, says Liwei Jiao, a Senior Lecturer in East Asian Studies at Brown University. Lü asked a neighbor how much he had paid for his house, and the neighbor answered “One million is for the house, and the rest of the 10 million is for the neighbor,” he says.