

# Builder

## Holding The Line

Builders in Hard-Hit Markets  
Share Secrets for Success

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# One Step



**Something Different** Blue Heron Homes offers Las Vegas-area buyers an alternative to Mediterranean-style estates.

# Ahead

Weak markets aren't keeping some builders down. By John Caulfield



How often have you heard someone say there's no such thing as a national housing market?

That old adage would have to qualify as wishful thinking during most of the last four years, as the national economy wreaked havoc on local markets throughout the country. And even as annualized estimates for permits and starts yo-yoed up and down last summer, 2011 is poised to be the worst year on record for new-home sales.

Yet some builders have managed to valiantly buck the trend, growing—or at least holding the line on revenue and making money—even in some of the hardest-hit markets. In the following pages, we profile four overachievers—Stonecrest Homes in Atlanta, ProBuilt Homes in Northern Ohio, Highland Homes in Polk County, Fla., and Blue Heron Homes in Las Vegas.

How did they do it? The companies point to flexible customer service, innovative design, consistent marketing, systems-driven operations, and land-light balance sheets. But when it comes to why these builders are on the road to prosperity even while their markets remain stuck in a ditch, the explanations are much deeper.



# Yes Man

ProBuilt Homes gives buyers what they want.

**W**hen George Davis started ProBuilt Homes in 2002, nearly 30 builders were active in Lake County, Ohio, his primary market. “Now, maybe there’s six,” says Davis. “So even though permit volume is down, the chances of being called [by a buyer] are way up.”

Between 2007 and 2010—a period when residential permits issued in the Cleveland-Elyria-Mentor metro area fell by nearly 50 percent—ProBuilt’s business rose by 37 percent, and Davis expects it to go up another 10 percent in 2011 to around \$5 million.

Davis, 38, builds about 15 homes per year that range from 2,500 to 3,500 square feet and sell for between \$300,000 and \$400,000. His company has survived by remaining true to a few business basics. For one thing, “we didn’t

go into hibernation,” he says. Davis also didn’t cut ProBuilt’s ad budget and stayed “visible” by supporting different charities, such as animal shelters, Habitat for Humanity build blitzes, and the local YMCA’s annual Dream House (ProBuilt has built three of these).

The company also invested in technology during this period. When *BUILDER* interviewed Davis in August, he was equipping his field staff with iPads. And instead of beating up his trades for lower prices, Davis negotiated for higher-quality products. “To get people to buy, you have to improve the value proposition.” For ProBuilt, that proposition includes energy efficiency. Through its “Sensible Green” program, all of ProBuilt’s houses are Energy-Star certified, but customers can select which energy-saving features they want.

Maybe the most important component of

ProBuilt’s success is its willingness to “say yes,” says Davis. ProBuilt has become more of an on-your-lot custom builder and will customize floor plans or an entire house. “We’ve become less rigid,” says Davis, and his per-unit dollar volume has risen accordingly.

On-your-lot construction offers the added benefit of keeping land off of ProBuilt’s books. “When I started out, I had a mentor [Fred White, one of Wayne Homes’ original owners] who told me to get rid of my land. That was in 2005, when I was thinking of expanding to 50 starts a year. Thank God I took his advice.”

Davis has tempered his inclination to grow, partly because to get bigger he’d need to go outside of his two-county market, and because business in his immediate market has picked up a bit. “We’re very busy and have a good pipeline.”



**Basic Approach**  
Staying visible has helped ProBuilt survive.

**“We’ve become less rigid.”**  
— George Davis,  
owner, ProBuilt  
Homes

Courtesy ProBuilt Homes