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OF HOME BUILDERS

Builder

Holding The Line

Builders in Hard-Hit Markets
Share Secrets for Success

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One Step Ahead

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

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

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.



Reflecting Modernity Blue Heron specializes in contemporary high-end design.

"I can't see how there's much margin at a lower price point."

—Tyler Jones, co-owner, Blue Heron Homes

\$750,000 to \$3 million. Their sleek, modern design is a counterpoint to the sea of Mediterranean-style estates surrounding them, or what Tyler Jones, Blue Heron's co-owner, mockingly calls "stucco-terranean." He adds, "There's pent-up demand for something innovative and contemporary."

Jones, 34, grew up in the business (his father builds ultra-high-end custom homes), and has worked with architects since he was 16. From the outset, Blue Heron, which Jones launched with three other principals seven years ago, has specialized in stylishly unique dwellings priced below competitors' models. It began with 23 loft homes in a project called Stone Canyon and has steadily moved into semi-custom and custom designs.

Its fourth project, Marquis Las Vegas, included the 9,000-square-foot New American Home featured at the International Builders' Show two years ago. That edifice, despite its size, demonstrated Blue Heron's commitment to energy efficiency, and, lately, passive solar. "It's all about the orientation of the glass," says Jones. "If you can get a north-western exposure, you can nail it."

As he considers new projects in Las Vegas and elsewhere, Jones thinks joint ventures such as the one with Diversified make sense because "there are a lot of broken developments, and we can come in and put together a complete sales and marketing package."

What also makes sense to him is building higher-priced houses. "I can't see how there's much margin at a lower price point," says Jones. "A customer can buy a foreclosure down the road, but it's not the same thing as what we do."

LAS VEGAS

Staying Airborne

Contemporary designs and sharp prices lift Blue Heron Homes.

In that desert otherwise known as Las Vegas' housing market, Blue Heron Homes keeps finding oases in projects and niches that can attract those rarest of birds, home buyers.

Generally moribund demand didn't stop Blue Heron last February from starting its fifth community—Marquis Seven Hills, with 33 custom lots near a golf course in Henderson, Nev. It took over this \$55 million project

via a joint venture with Diversified Real Estate, which acquired the property from KB Home after the Los Angeles-based production builder built two \$3 million models and then walked away.

This year, Blue Heron expects to generate \$25 million in revenue, or half again its 2010 sales. It had nine confirmed sales at Seven Hills as of Aug. 19. House plans there range from 3,000 to 11,000 square feet, and from

To read more about Blue Heron's New American Home featured at the International Builders' Show in 2009, go to <http://go.hw.net/bol-tnah2009>.