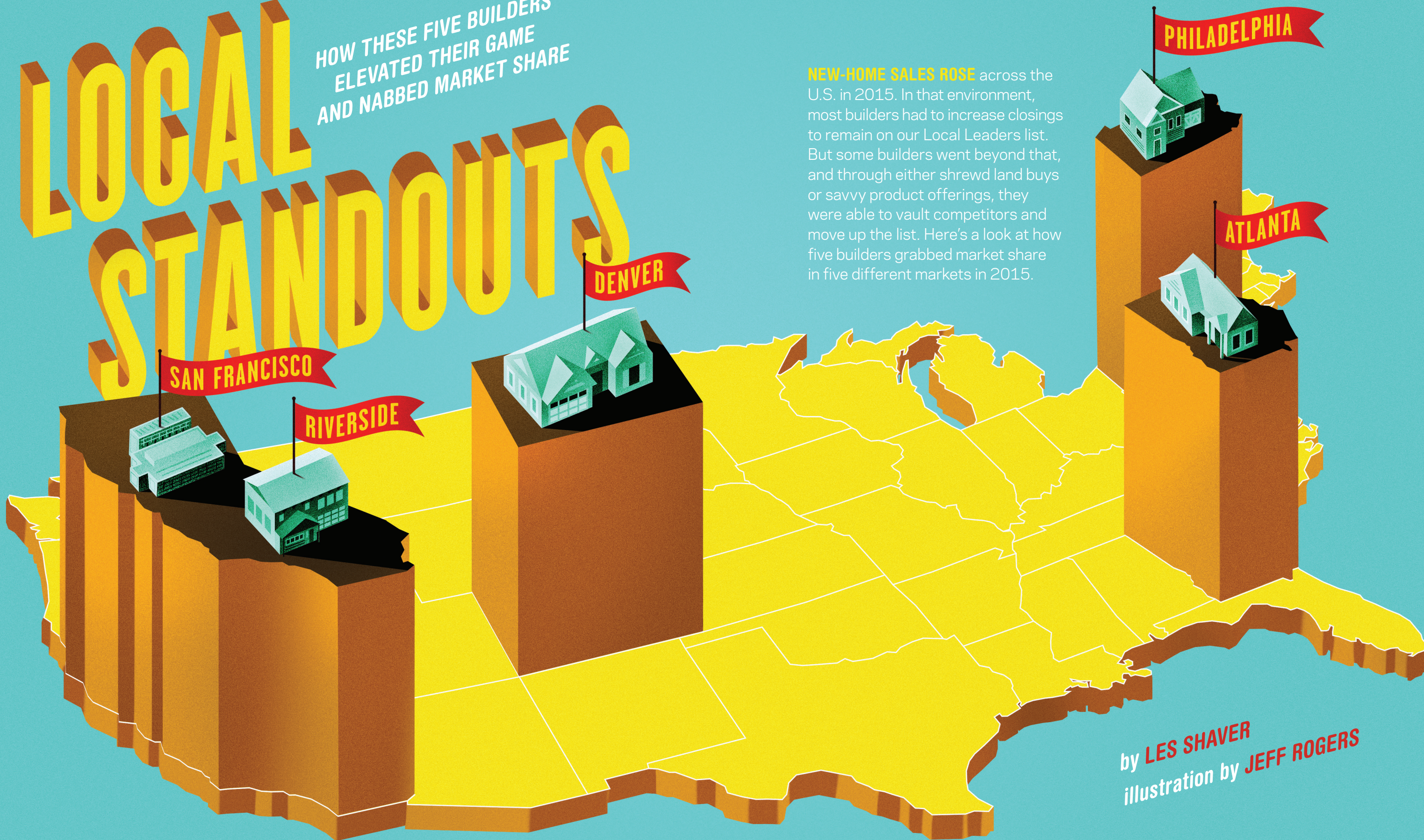


# LOCAL STANDOUTS

HOW THESE FIVE BUILDERS  
ELEVATED THEIR GAME  
AND NABBED MARKET SHARE

**NEW-HOME SALES ROSE** across the U.S. in 2015. In that environment, most builders had to increase closings to remain on our Local Leaders list. But some builders went beyond that, and through either shrewd land buys or savvy product offerings, they were able to vault competitors and move up the list. Here's a look at how five builders grabbed market share in five different markets in 2015.



by **LES SHAVER**  
illustration by **JEFF ROGERS**





MARKET

ATLANTA/  
SANDY SPRINGS/  
ROSWELL, GA.

Builder	Wilson Parker Homes
2015 Market Rank	3
2015 Closings	622
2015 Market Share	4.1%

IN 2014, WILSON PARKER HOMES ranked ninth in its home town of Atlanta. In 2015, the builder—which also produces homes in Augusta, Ga., Columbia, S.C., Raleigh, N.C., and Phoenix—jumped to third. Its closings doubled from 301 in 2014 to 622 in 2015.

The simple question is: what drove that growth?

“They opened up a lot of new subdivisions,” says Metrostudy’s Atlanta regional director Eugene James.

Wilson Parker’s focus is the sorely underserved entry-level buyer profile.

“They have the availability of lots and they’re able to build a lot of new products at entry-level price points,” James says.

Wilson Parker’s projects are generally in suburbs like Gwinnett County, Fulton County, and Clayton County. “They opened up developments that were a little further out,” James says.

Wilson Parker had a number of strong communities last year, such as Thompson Crossing in Gwinnett County, which sold 55 homes in 2015, and Williams Bluff in Fulton County, which sold 51 homes. But the real standout was Clayton County’s Crenshaw Park, which sold 64 homes in 2015, according to Metrostudy. Before Crenshaw opened, “sales in

Clayton County had completely died out,” James notes.

But Crenshaw Park shows that if a builder can produce an affordable new home, people will buy. The homes come in at 1,500 square feet to 2,000 square feet. The project originally was opened by another builder in 2006, but it was shuttered due to the recession; Wilson Parker took over in early 2014.

In the first quarter of 2016, median new-home prices in the Atlanta market were \$269,900. In Clayton County, that figure was \$177,900. The median price for new homes in Crenshaw Park was \$155,700.

“Their sales are actually dictated by price,” James says. “They come in at a low price. They came in with a product at a great price that people couldn’t refuse.”

The company (which declined comment for this story) also made some changes in the Atlanta market by naming John Hayes its division president in late 2014.

“His goal is to grow sales for the Atlanta area and he intends to do it by constantly improving, expanding homeowner services, focusing on customer satisfaction, and packing value into every Wilson Parker home,” the company said on its website at the time of the hire.

MARKET

DENVER/AURORA/  
LAKEWOOD, COLO.

Builder	Century Communities
2015 Market Rank	4
2015 Closings	470
2015 Market Share	6.6%



IN 2015, GREENWOOD VILLAGE, COLO.-based Century Communities added almost 150 closings in its home town. That pushed it up three spots on the Local Leaders list for the Denver area. As such, Denver Metrostudy regional director John Covert says the public builder is well positioned to capture future growth in the Mile-High City.

“Century is unique. The genesis was really born out of condo

and townhomes,” Covert adds. “They have really strong DNA in the detached market. They are very comfortable with it while a lot of other builders are trying to figure it out. They started a number of townhome and row home projects. That’s where they feel like their great opportunity for growth is.”

Traditionally, Denver hasn’t been a strong detached market, but an influx of new residents—

combined with regulations that make it nearly impossible to build condos and a tight resale market—is helping detached product, namely townhomes, become the new sweet spot.

“I think they’re really positioning themselves well to capitalize on growing demand for the first-time, entry-level product, and it’s all going to townhome product,” Covert says. “Resale supply is at two months. Century and other builders that can figure out higher-density product and deliver it an affordable price will do well.”

So far, Century has gravitated toward master planned communities and mixed-use developments.

“For the most part it’s more maturing families that have come to the table with a lot of equity or price appreciation that has been strong,” Covert says. “It’s that \$500,000 price point that’s been so strong in Denver.”

One especially strong project in 2015 was the Montecito at RidgeGate, which is about 30 minutes from Denver’s central business district and accessible by light rail. RidgeGate is a master plan that is designed to mix New Urbanism with prairie feel, though it is a detached project.

Century’s strategy “is more about location, lifestyle, and proximity to off-site amenities, whether it’s retail or employment,” Covert says. “That’s what Century is after—A projects in B locations.”

Covert expects more of these types of developments to come online in the next few years.

“They have plans for more growth in volume, and doing it in a way that’s really opportunistic,” Covert says.

COMMUNITY  
SPOTLIGHT

Montecito  
at  
RidgeGate

ZIP  
80124

Sales Opening  
Q4 2012

Total Homes  
142

Product Type  
Detached

Total Units Sold  
134

2015 Closings  
43

COMMUNITY  
SPOTLIGHT

Crenshaw  
Park

ZIP  
30349  
Sales Opening  
Q1 2014

Total Homes  
301  
Product Type  
Detached

Total Units Sold  
265  
2015 Closings  
64

Community Spotlight Source: Metrostudy

COMMUNITY SPOTLIGHT  
Spring Arbor at South Ridge

ZIP  
19709

Sales Opening  
Q3 2015

Total Homes  
317

Product Types  
Detached & Townhomes

Total Units Sold  
280

2015 Closings  
40

MARKET  
PHILADELPHIA/  
CAMDEN/WILMINGTON,  
PA./N.J./DEL./MD.

Builder	The McKee Group
2015 Market Rank	10
2015 Closings	98
2015 Market Share	2.0%



IN THE MID-ATLANTIC AND Northeast, more than half the battle is over for builders once they actually put the shovel in the dirt. With strong opposition groups and onerous, timely entitlement processes, it can sometimes take decades to get a project going. But once construction does start, a builder can crank up closing velocity pretty quickly.

That’s what happened to the Springfield, Pa.-based McKee Group in 2015, as projects it had been working on for years finally hit the market. The active adult builder’s closings rose from 79 in 2014 to 98, vaulting it into the top 10 in the Philadelphia market. “They jumped up in closings by 24%,” says Quita Syhapanya, Metrostudy’s Northeast

regional director. “That’s a big jump. They’re taking advantage of the segment of the market that’s buying today—that’s the boomer demographic, and they’re getting a lot of them captured, which catapulted it into the top 10 this year.” But even if active adult buyers are ready to purchase homes, most of them need to sell their current homes. That chain of events picked up in 2015 as well, which also pushed McKee’s volume. “The average days on market for contingent buyers [those who need to sell their homes to make a purchase] dropped down to 60,” says company vice president Frank McKee Jr. “There are less contingent buyers in general. The ones we’re getting are able to sell their houses. That’s driven some of our growth.” The builder’s Spring Arbor at South Ridge project sold 17 homes in 2015. Location and price played a major role. “Spring Arbor is right in the town of Middletown, offering our residents the option to walk to dinner and a movie, which they love,” he says, noting that a portion of the project, the Carriages, “were a lower price point than any of our competitors who strictly offered single-family product. This appealed a lot to buyers on a tight budget and those who wanted a lower base price so they could add more money in options.” McKee Jr. says the options also played a larger role. “We are the only builder to offer custom options on all our product lines,” he says. “The active adult buyer knows exactly what they want, and we are happy to provide that for them.”

Community Spotlight Source: Metrostudy



MARKET  
RIVERSIDE/  
SAN BERNARDINO/  
ONTARIO, CALIF.

Builder	D.R. Horton
2015 Market Rank	2
2015 Closings	1,006
2015 Market Share	14.5%

COMMUNITY SPOTLIGHT  
Sage Point

ZIP  
91752  
Sales Opening  
Q2 2015

Total Homes  
109  
Product Type  
Detached

Total Units Sold  
31  
2015 Closings  
31

IN D.R. HORTON’S SECOND QUARTER 2016 earnings call, CEO David Auld mentioned that since the builder’s Express segment of entry-level homes launched, he’s seen one surprising trend—the line’s popularity with the trade-down or empty-nest buyer. “We have seen that take place especially in Florida,” Auld said on the call. “When we launched Express in Florida, 40%, 45% were actually the people buying their last home, not their first home. And that’s something we’re taking note of, and making sure that we’re in a position to accommodate those buyers.” While Auld specifically pointed to Florida, in Southern California, Real Estate Economics vice president of consulting John Mulville sees a surprising entry-level home demand from baby boomers. While wealthy retirees can retire in comfort, he sees that many older Californians are staying in their jobs longer and are “scratching and clawing to survive in their retirement years.” “If they can monetize that house on the coast and accumulate that equity, put that in the bank, go east and make a 10% down payment on an Express, they have liquidity for their retirement years,” Mulville says. But beyond empty nesters, there’s obviously a large demand for entry-level product in the

Inland Empire. From 2014 to 2015, Horton’s closings doubled in the region—jumping from 559 to 1,006, according to Metrostudy. And, Mulville says many of those closings were in the Express line. “There’s an enormous market for that [entry-level housing] in Southern California, particularly in the Inland Empire,” Mulville says. “People have been priced out of the market by FHA loan limits, high tax rates, and then just by generally high home prices. They [D.R. Horton] tapped into a niche that was completely underserved, and few of the other builders have the capacity to drive down the direct costs in such a way that makes that [lower-priced line] work.” While the eastern edge of the Inland Empire is populated by commuters to San Diego and Los Angeles, the western edge is more price conscious, according to Mulville. That’s driven sales velocity at D.R. Horton’s Express developments in blue-collar towns like Fontana and Jurupa. “If you’re a little farther east and you’re not paying the western prices and you want to still own, Express is perfect,” Mulville explains, adding that there’s one other thing driving volume in the Western Inland Empire—the high number of mature buyers.



## MARKET

## SAN FRANCISCO/ OAKLAND/HAYWARD, CALIF.

Builder **KB Home**2015 Market Rank **1**2015 Closings **493**2015 Market Share **12.3%**

### IT'S NO SURPRISE KB HOME IS A

market leader in a Northern California metro. In the past decade, the Los Angeles-based builder has been growing throughout the region.

"The East Bay has been a good stronghold for us," says Chris Apostolopoulos, KB's Northern California president. "We've been dominant in the South Bay and Silicon Valley for over a decade. In the Bay Area, we've focused on A locations in good markets with strong job growth."

But the builder really hadn't made a huge impact inside San Francisco until it opened two condo projects—The District and 72 Townsend.

"Our entrance into San Francisco was a natural extension of our urban infill business in the Bay Area," Apostolopoulos explains. "We found two opportunities that fit our underwriting criteria, and we were able to make those purchases."

On the surface, the projects mirror KB's strategy in other parts of Northern California. "They stick to offering the most affordable product in the markets they are in," says Greg Gross, Metrostudy's Northern California regional director.

The 72 Townsend project is in the South Beach, tech hub section of the city—a block from AT&T Park. KB is seeing a lot of first-time buyers at that project.

"It's amazing what you can define as first-time home buyers in San Francisco because our price points are over \$1 million," Apostolopoulos says. In this market, "when you look at first-time home buyers, it's someone that was paying \$8,000 or \$9,000 a month in rent [who is] now buying."

Across town, in the Pacific Heights area, KB opened The District near the University of San Francisco Medical Center. Absorption there is driven by a strong demand from the medical community.

"You're also seeing people looking for second and third homes and targeting San Francisco," Apostolopoulos says. "You're seeing a diverse buyer profile."

Although KB is building out of its positions, Apostolopoulos says the company will continue to be aggressive in search of land in the San Francisco Bay Area, and in Northern California in general.

"The Bay Area is a great market for KB both in the near term and long term," Apostolopoulos says. "We're going to continue to actively build in this area and we're going to continue to expand our footprint. We're in just about every major market in the Bay Area in Northern California, and we're expanding our footprint from Santa Rosa to Hollister."

COMMUNITY  
SPOTLIGHT

## 72 Townsend

## ZIP

# 94107

## Sales Opening

# Q1 2015

## Total Homes

# 74

## Product Type

# Condos

## Total Units Sold

# 29

## 2015 Closings

# 29