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Boyce Thompson: Boyce on Building

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And Now For Something Completely Different

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With new home sales off more than 60 percent from their peak, it's almost unfair to highlight builders who have managed to beat the market. The industry's plight is not unlike George Clooney's in that final scene from "The Perfect Storm" where he gives one last valiant effort to escape waves about to capsize his boat. Virtually every company is down in this market, and learning to live with it.

Yet we continue to receive reports from builders who manage to beat the odds. Sales will be up this year at [Imagine Homes](#) in San Antonio thanks to a big push into green building. Prospects spend more than two hours on average in the company's sales center learning about high-performance homes. And one of the best builders in the Washington, D.C. market, Stanley Martin, [recently reported that its sales are up over last year](#), thanks to a strategy of building smaller, close-in homes and mothballing exurban locations, though the company is still losing money, primarily due to large impairments.

The only thing that's working today, it seems, is something completely different, different from what other builders are doing, and in many cases, different from what your company has ever done before. That's pretty much the only way to stand out from a sea of resales, including "used" homes that when they are only a couple years old are "like new."

Whether you can make any money with this strategy, or any strategy, is another matter, of course. "No one is making any money," one prominent Southern California builder told me the other day. "They may not even be building for wages." About the best that most builders can hope for today is to stay in business and live to build for profit another day.

If everything sold during the boom, these days a project is only as good as its location. Look in virtually any major metro market and you can find examples of well-sited projects that dramatically outsell the market. Hanley Wood Market Intelligence pulled a list of best-selling projects for a speech I gave last week. Sales are down to a miserable 0.6 per month, yet we were able to identify several close-in attached projects selling in the range of four to six a month. See the attached PDF: [DC Housing Overview](#).

In the case of Centex, it's [stacked townes in Ashburn, Va.](#), selling for as little as \$279,990 for 1646 square feet, within walking distance of a town center. In the case of Ryland, it's [townhouse condos selling for as little as \\$229,990](#) for 1,282 square feet in Haymarket, Va., a short walk to stores and restaurants.

The success of these individual projects, of course, isn't enough to prevent these companies from reporting record losses. But these days, there's comfort and a lesson in each victory, no matter how small.

Posted By: [bthompson](#) (Bio) at 9:32 AM
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Boyce Thompson



Boyce Thompson is editorial director of the BUILDER group of magazines published by Hanley Wood, LLC. He also directs the company's editorial council. In addition to BUILDER, Thompson serves as editorial director of Big Builder, Multifamily Executive, Digital Home, Developer, Affordable Housing Finance, and Apartment Finance Today magazines. Thompson has 26 years of experience writing and editing articles about home building, architecture, and retailing. He earned a M.A. in Journalism from the University of Missouri and holds a B.S. degree in English Literature from Northwestern University.

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