

Custom Home

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Diamonds in the Rough

What opportunities do you see in the current down market?

By Bruce D. Snider

It seems like only yesterday that the chief complaint of most custom builders was having too much work. “How's business where you are?” we would ask our industry contacts. Almost wherever they happened to be, they would answer, “We're out straight. We've got more work than we know what to do with.” Everyone knew that condition could not last forever, but the speed with which the bubble collapsed has been truly stunning. Custom builders, in general, are hurting far less than production and spec builders, but few would dispute that we are in a new era. And the smartest among them are not waiting for opportunity to come knocking; they are actively seeking new opportunities in a market that continues to evolve.

Jake Goldberg's Chicago market is resolutely un-flashy and prides itself on its insulation from the excesses of the coastal regions. “The Midwest is a little less volatile,” says Goldberg, a custom builder who works primarily on in-town projects. “We don't see dramatic swings.” Still, the current downturn has had a palpable effect. “I have the luxury of having work,” Goldberg says, “[But] a lot of our subs are slow.” Like other builders, Goldberg had long expected a slowdown of some kind. “It's kind of a correction in the market. Things were out of whack for so long. It doesn't come as a surprise to me.” Nor is the cooling off entirely a bad thing. “We appreciate the way things are now, as opposed to five years ago, as far as commanding attention and attentiveness from our subs and suppliers,” Goldberg says. With the exception of fuel, prices are dropping across the board.

But the positive conditions his own company is enjoying have not stopped Goldberg from perceiving a broader shift in the market. “I think things are different,” he says. “Especially if you refer to what we're doing to the planet.” Believing that green building is an opportunity whose time has come, Goldberg is building an impressively sustainable in-town residence designed by the Chicago architectural firm Farr Associates. Drawing on the current state of the art in both active and passive energy systems, the house will have photovoltaic and hot-water solar panels, a thermal mass wall with a plenum vented

by solar-powered fans, and a geothermal heat pump system that required the drilling of three 250-foot wells. On the energy front, Goldberg says, “It has pretty much everything but wind.” Basement cisterns will store filtered greywater for irrigation. “If the engineering works out,” Goldberg says, “it will be only the second home in the country that will be zero net energy and LEED Platinum.”

“From a business standpoint it's not necessarily a winner for us,” Goldberg notes, “but it's an example project for lay people and other architects. We've learned a lot about LEED requirements. We're just enjoying learning and being part of it. And from a marketing perspective, we want to align with that. In Chicago, no one has a track record with [green building], because it's all new.” But it won't stay new for long, and if Goldberg's reading of the market proves true, the expertise he is gaining on the project will be increasingly in demand. Someone is going to get out in front on urban green building in Chicago, he says. “It might as well be us.”

Do you see opportunities in this market? Tell the editors of CUSTOM HOME what's on your mind. Send your comments and questions to Bruce Snider at bsnider@hanleywood.com.