

After several difficult years, Memphis-area home builders see uptick in local market

By Tom Bailey Jr.

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You could think that the Memphis Area Home Builders Association wouldn't have much to talk about on Thursday.

After all, just 50 permits were issued during June for new-home construction in Shelby County.

In prerecession June 2006, 395 permits were handed out.

Construction on new homes started for only 74 houses month before last.

In June 2006, 414 housing starts were recorded.

The association counted 1,550 members five years ago.

Now, it's 600.

About 125 of them have registered to attend the annual membership meeting Thursday at the Holiday Inn University of Memphis.

And believe it or not, they'll hear some pretty good news in addition to

a speech by University of Memphis men's basketball coach Josh Pastner.

"It's actually positive," executive director Don Glays said. "It would have been a lot bleaker last year."

Membership actually has risen from a low of 540.

While many builders either can't or are reluctant to buy lots, some investors are starting to purchase them and work with existing builders to erect new homes, Glays said, adding, "We look at that as a potential new business model."

New-home prices have stopped their free fall, he said.

The association plans a new event Sept. 24-25: a kitchen and bath remodeling show at Agricenter International. The initiative complements the trend of homeowners choosing to remodel instead of putting their house up for sale in a market of depressed prices.

The association has much in common with the Memphis Area Association of Realtors, but hasn't done much with them. The two groups will make a connection this fall with a joint golf tournament at Mirimichi.

Members might also hear about the long-range plans to build a new association headquarters in Cordova, likely on some land near Walnut Grove near Germantown Parkway.

The association has more than enough money saved to build a million-dollar facility. While construction is on the back burner, the group has engaged architects LRK to design the building, Glays said.

And some builders like Regency Homebuilders and Grant & Co. have figured out ways to succeed in this economy.

In fact, one of Grant & Co.'s four owners, Keith Grant, will travel to Milwaukee next month to share his insights at a board meeting of the National Association of Home Builders.

Grant plans to tell the national organization that Grant & Co. focuses on building all its houses under the FHA loan limit of \$271,000, downsizing houses by 500 square feet to lower the price, and meeting with its bankers quarterly instead of annually to boost bankers' confidence in Grant's projections and fiscal performance.

The strategy is working.

Grant & Co. built 126 homes last year in Shelby and DeSoto counties and has written 90 contracts through July this year.

The company was one of only three Memphis-area builders to build more than 50 homes last year.

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