



## Preserving a legacy

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STRATEGIES  
SECTION B

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## Winter adding luxury home construction unit

By Lisa R. Schoolcraft  
STAFF WRITER

One of metro Atlanta's top commercial construction firms is diversifying into high-end residential real estate.

**Winter Construction Co.** in Atlanta has formed **Trewin Homes** to go after the custom-build residential market—a market that company leaders admit still has not recovered from the Great Recession. But they want to be ready when it does.

"In this economy, we are focused on how we prepare ourselves for the future," said Tom Nichols, executive vice president of privately held Winter, metro Atlanta's 21st-largest construction company. "It's very important to us to, while protecting our balance sheet, to invest in opportunities to grow our company."

Nichols believes that growth will come from high-end residential construction, homes priced \$1 million and above, when the market turns positive again.

Trewin Homes will concentrate on the Buckhead, Sandy Springs and Dunwoody markets, which have seen some high-end home construction, even in the downturn.

"There is very little inventory of new homes in those areas," said Dac Carver, executive vice president and managing broker at **Beacham & Company, Realtors** "so I think there is opportunity."

But there are also challenges, he said.

► See **WINTER, 35A**

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Continued from 3A

The Atlanta housing market, traditionally, has been a speculative market, one where buyers want to see and touch a finished product before buying, Carver said.

"It may be tough finding buyers who will do a custom build," he said.

Trewin Homes will not build spec homes, Nichols said.

### Shrinking inventory

Beacham & Company, Realtors recently reported sales of Buckhead homes priced from \$1 million to \$1.5 million were up 44 percent in July, compared to the previous year.

"The drop in inventory, combined with the sales gains of 2010, have led to what many agents consider to be a lack of 'good' inventory in Buckhead, especially below \$1.5 million," the report said.

Sales of homes priced \$1 million to \$2 million in Buckhead were up 21 percent from 2009 during the first six months of 2010, the report said, and new homes on the Buckhead market are down 51 percent from a year ago, to a listing-service-recorded low of 52 homes, 14 of which are priced less than \$1 million, the report said.

"We're not bullish, but we would encourage a builder to be cautiously optimistic about building," Carver said.

There are pockets of Sandy Springs, Buckhead and Dunwoody "that do fare very well in the custom home, build your house on your lot, environment," said Bob Romano, executive vice president of **Coldwell Banker NRT Development Advisors** in Atlanta.

The inventory of higher-priced homes has fallen, he said.

Through July, there were 101 new homes priced \$850,000 and up for sale in the Sandy Springs, Dunwoody, Buckhead area, Romano said. Back in May 2009, there were 230.

Inventory has fallen, but 101 new homes priced at \$850,000 and up is "still a lot of homes," he said.

On the resale side of the market, only 23 homes priced at more than \$850,000 have sold since the beginning of the year in the Sandy Springs, Buckhead, Dunwoody market, Romano said. A total of 443 homes were listed in those markets in July and August, only 97 of them above the \$850,000 price range, he said.

### Competitive advantage

Winter's Nichols believes that with few commercial contractors doing residential work, Winter will have an advantage.

"There is a level of sophistication that is missing out there that we can provide,"

said Ken Dooley, formerly of **Benecki Homes** and now president of Trewin Homes.

With the down economy, those interested in having a custom-built home "are looking, more than ever, for the stability of the contractor and the processes that the contractor brings," he said. "There is a very personal touch when someone is building a home and we're going to be a very involved company."

Admittedly, Trewin Homes does not have its first custom-build customer yet, Dooley said.

"We have several projects that we are doing, most are renovations," he said. "But we are pricing ground-up stuff as well."

Custom home activity has declined, said Richard Feis, owner of the Greenhaven Group in East Cobb, which does high-end custom build homes.

Feis has two homes under construction, one in East Cobb and another in Cherokee County, and is about to break ground on a million-dollar home in Kennesaw.

"The only reason I have these going is I had about a dozen in the pipeline and these are the three that didn't fall out," he said. "I don't see the high-end custom home market getting any stronger."

One reason is because homeowners

who want a custom home often have to sell the home they are in before building the new one, Feis said. "I'm seeing far more renovations."

Although the market is not robust, there is some activity, Nichols said, and Trewin Homes' strategy "will be to do a handful of renovations to foster and build and maintain relationships. People are skeptical about [the timing of building] ground up [homes], and they will be for a while. Although we are not hitting a home run, we are keeping ourselves busy."

Dooley believes the custom home residential market is similar to the commercial market at the moment.

"You hear of all this money on the sidelines waiting to deploy," he said. "This market is no different. People have that money,

but they are asking when is it time to put it into the house. The capital is there, they are just not as willing to spend it right now."

Building relationships through renovation work will pay off when homeowners eventually want a custom home, Dooley said.

"There will be some who will want to stay where they are," he said, "but there will be others who want to take the home to the level they want it to be."

Reach Schoolcraft at [lschoolcraft@bizjournals.com](mailto:lschoolcraft@bizjournals.com).



**Romano**

Coldwell Banker  
NRT Development  
Advisors



**Dooley**

Trewin Homes