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Home builder grows amid difficult market

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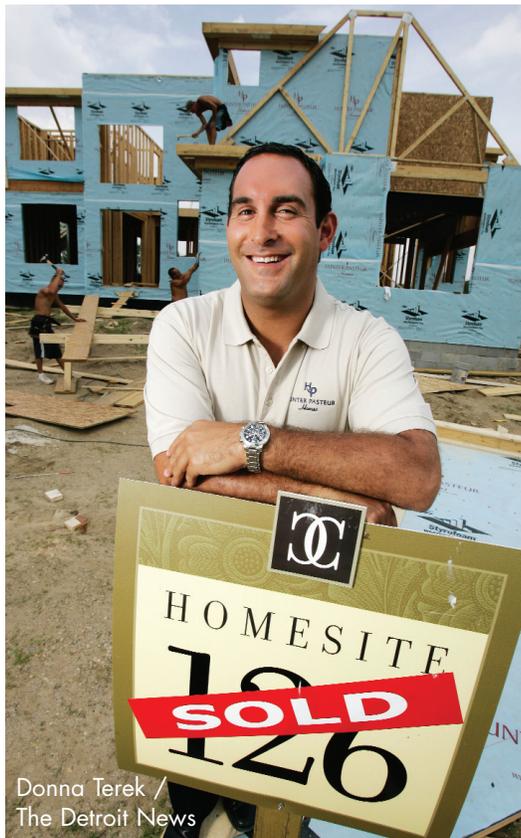
FARMINGTON HILLS -- For Randy Wertheimer of Hunter Pasteur Homes, the best way to weather the downturn in the housing market is to get bigger.

Wertheimer and his partners Howard Gitler and Adam Chayet, all in their mid-thirties, are gearing up to sell 70 single-family houses this year, despite a nationwide slump in the housing industry that has hit Michigan particularly hard.

They are up to 25 so far this year, well ahead of last year's pace when they closed on 30 homes, mostly in their 60-home Rolan Meadows subdivision in Van Buren Township near Belleville. This year they are opening two new subdivisions, Knightsbridge Gate in Novi with 116 homes and Cobblestone Creek in Van Buren Township with 79 homes.

Next year's goal is 75 to 100 closings. That's pretty ambitious considering housing permits declined 21.5 percent last year in the region covered by the Southeast Michigan Council of Governments (SEMCOG). It's looking even worse this year with some Michigan communities reporting a 70 percent decline in housing permits, according to Lee Schwartz, executive vice president for government relations at the Michigan Association of Home Builders.

"It's been absolutely terrible," Schwartz said, adding that the



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Randy Wertheimer, president and CEO of Hunter Pasteur Homes, said the company is able to reach their goals by sticking to smaller subdivisions of less than 150 homes and increasing sales potential by building out three subdivisions at the same time.

underlying demand for new housing remains strong, despite the current economic uncertainty that has many potential home buyers holding back.

Since most Michigan home builders don't do more than five a year, Schwartz said bigger companies can gain an advantage through economies of scale.

Wertheimer first became involved in Hunter Pasteur as an investor. At the end of 2004, he sold his interest in Star Trax, a Southfield-based events planner, to concentrate on home building.

"I realized that Hunter Pasteur had to grow from a small company to a medium-sized company if it was going to be successful," he said.

Wertheimer doesn't want Hunter Pasteur to get so big that it competes directly for land with national players like Pulte Homes of Bloomfield Hills. It sticks to smaller subdivisions of less than 150 homes and increases its sales potential by building out three subdivisions at the same time.

Wertheimer said he and his partners have found it easier to have developers get zoning approval and put in the infrastructure improvements for its three current subdivisions. Hunter Pasteur did that groundwork for a 17-home subdivision in Northville but won't do it again for more than 50 homes.

In May, Hunter Pasteur introduced two "smart house" technology features at Knightsbridge Gate. A sound system installed throughout the house can be hooked up to an Apple iPod. The alarm system, climate control system and all the lights can be operated from a single panel in the master bedroom.

"Features that you'd expect to see in a million-dollar home are now standard in a \$300,000 home," Wertheimer said.