

Remodel Focus

Builders alter biz plans to include renovations

MICHAEL WADDELL | Special to The Daily News

As new home starts have sunk to record lows across the Mid-South during the past few years, some local custom homebuilders have shifted focus toward remodeling and renovations projects to increase revenues.

Tommy Byrnes, outgoing president of the Memphis Area Home Builders Association (MAHBA), thinks renovations and remodeling projects will continue to increase in 2011.

“People are likely to stay in their established neighborhoods, and many will choose to upgrade their homes,” said Byrnes, vice president of Byrnes/Ostner Investments.

Byrnes’ business plan has always included both custom home construction and remodeling work, but the slowdown has had a significant impact on his business. In 2006-2007, roughly 80 percent of his profits came from custom home construction. By this year, the total has shifted in the other direction, and remodeling now makes up the bulk of his work.

Uhlhorn Brothers Construction changed its game plan after business from new home construction dropped 30 percent in 2007. By diversifying into the renovations and remodeling arena, the company was able to keep its business thriving while waiting to return to building homes when the market rebounded.

“Remodeling projects have been great for us to fall back on during this slow time in new home building,” said [Walker Uhlhorn](#), co-owner of Uhlhorn Brothers. “Market conditions have forced many owners to stay in their existing homes, so they are upgrading to get ready for when the market turns around.”

Walker and his brother, George, started the company in 2005 after both had graduated from college. During their first few years in business, the brothers averaged building four to eight homes per year, including two custom starts and six spec homes. Then the market bottomed out and their new home starts dropped to zero in 2008 and 2009, so remodeling and renovation projects took center stage.

Popular general improvements in 2010 included changing countertops from Formica to granite, upgrading to all stainless steel appliances and replacing brass hardware with oil rubbed bronze.

Some energy-conscious homeowners are also choosing to renovate to combat high utility bills as well as increase the value of their homes.

“Green improvements that are becoming more common include TechShield decking, spray foam insulation, windows with a low E rating and tankless water heaters,” said Walker Uhlhorn.

“Homeowners can take advantage of tax rebates on energy-efficient appliances and hardware like a \$1,500 credit for homes that upgrade their HVAC system with a qualifying Trane product.”



Walker Uhlhorn, top center, and George Uhlhorn, right, of Uhlhorn Brothers Construction Co., remove a plaster wall as part of a home remodeling job with carpenters John Pentz, left, and Brad Alvarez. (Photo: Lance Murphey)

Uhlhorn's profits for this year are on par with the company's totals for 2009. The renovations side of the business was down a bit from the previous year, but new construction on a \$1 million-plus home helped to make up the difference.

The Uhlhorns plan two new home starts in 2011, including another custom home to break ground in March or April in East Memphis and a spec home at Twin Lakes in Piperton. The brothers purchased several lots at the Twin Lakes community from Boyle Development in 2007.

Third-generation homebuilder [David Clark](#) transitioned into renovations and remodeling jobs two years ago, following several years when he averaged building six to seven custom and spec homes annually. This year, David Clark Construction focused solely on renovations, and Clark expects that will continue through 2011.

"Many homeowners that are thinking about selling are realizing that they can't get back what they've put into their homes, so they are doing upgrades and staying put," said Clark, 2011 president of MAHBA.

Popular projects for Clark this year include finishing off rooms and attic space, completing room additions and performing bathroom and kitchen makeovers.

Clark likes to keep two to three remodeling projects going at all times throughout the year. His company does the bulk of its work in Germantown, Collierville, East Memphis and Eads.

"I'm enjoying the change," said Clark, who started his business in 2002 after working with his father at [Clark Homes](#). "It's very different from building a new home because you are working in someone's living space. That can be a bit of a challenge sometimes."

Clark is not ruling out a return to new home construction, where he typically built product ranging from \$600,000 to \$1 million. But in order to do so he must first sell a spec home that he has on the market at the Enclave in Germantown. The 5,670-square-foot house lists for \$750,000.

Builders will be happy to know that there should be more new home starts next year. Permits issued in 2010 for new home construction in Shelby County are up more than 25 percent over totals for 2009, according to real estate information company Chandler Reports, www.chandlerreports.com.

"Sales have outpaced permits, so inventory is being consumed," said Byrnes. "The market is definitely tightening."

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