

From the Houston Business Journal:

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David Weekley Homes acquires Indianapolis builder

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David Weekley Homes has expanded into Indianapolis in April at a time when it is unusual for homebuilders to enter new markets.

Houston-based David Weekley Homes purchased assets of established homebuilder Estridge Homes for an undisclosed amount.

Founder Paul Estridge will run the new market operations for David Weekley Homes, said Chairman David Weekley. The acquisition made sense, said Weekley, because the two companies are similar.

Founded in 1967, Estridge Homes has an excellent reputation and focuses on the move-up market, Weekley said. Based in an Indianapolis suburb, Estridge Homes stopped selling houses in March because it could not obtain construction financing, he added. Privately held David Weekley Homes acquired lot positions from Estridge in four Indianapolis communities, where it will build homes branded with both company names.

Weekley estimates he saved millions of dollars by acquiring an established brand and the market knowledge of its founder.

“Paul Estridge is a well-known name,” said Weekley, who now operates in 15 markets. “It gives us the opportunity to get started overnight.”

Weekley said he looked at Midwest markets over the years and always liked Indianapolis the best, but he would not have expanded now if it weren't for the Estridge opportunity.

Mike Dishberger, president of the **Greater Houston Builders Association**, said Weekley is taking a big step by picking up land positions in a new market during a downturn, but it's less risky because he acquired an established name.

"It's probably good to pick up a builder," said Dishberger, CEO of Houston-based **Sandcastle Homes Inc.** "It's a good time to purchase things."

Toy Wood, executive vice president and CEO of the Greater Houston Builders Association, said only expert homebuilders that are well-funded and well-managed can expand at this time.

"There aren't that many companies that are in position to do that," Wood said.

CDS Market Research shows Indianapolis, like Houston, did not have big jumps followed by large dips in housing prices over the past few years. The firm shows 3,720 permits for single-family homes were pulled in 2010 in Indianapolis, up slightly from 3,604 single-family permits pulled in 2009.

Weekley projects 50 to 60 home starts in Indianapolis this year and more than 100 starts in 2012. He expects the number will stabilize at 200 to 300 starts a year going forward.

Companywide, Weekley anticipates starting 2,400 homes in 2011 and generating \$700 million in sales.

David Weekley Homes

HQ: Houston

2010 total Revenue: \$611 million

Top exec: David Weekley

Employees: 700

Founded: 1976