

Sponsored | posted: 3/28/2015 10:15 AM

Builder looks inward to grow



Jeff Benach, co-principal for Lexington Homes, says the company now does things much differently after the Great Recession.

Courtesy of Chicago Agent magazine

By Jean Murphy
Daily Herald Correspondent

Lexington Homes isn't really competing head-to-head with other new-home builders anymore. Most of its competition is existing homes marketed by real estate agents because the company has chosen to focus on smaller, infill parcels in established communities that were essentially "built out" years ago.

"Unlike the big national companies, we have the skill to be able to tailor our product to the land we have. We can build single-family homes, townhouses and even large condominium buildings. It all depends on the particular parcel," said Jeff Benach, co-principal for Lexington Homes.

"Right now we are only building single-family homes in Kildeer and in the Bridgeport neighborhood of Chicago. Everywhere else, right now, we are building townhouses because that is what works best in those areas."

The company no longer pursues large subdivisions that would require a lot of land, usually in more-rural areas farther away from Chicago.

"Our business model calls for us to stay in the city and in the close-in suburbs, although we do have a parcel in St. Charles that we plan to start building on later this year," Benach said. "But we don't have any plans to go into the hinterlands to compete with the big national companies.

"We aim to buy parcels where we can be in and out quickly so that we aren't caught with a large inventory of land. We are still being very cautious and concentrating on small parcels because we don't want to commit ourselves more than two years into the future," he said.

That keeps the Lexington staff hopping because, Benach said, there is just as much work to do with a small project as with a larger project in terms of zoning and preparation. Because it is turning over projects more quickly, the work is coming fast and furious.

Lexington is now building seven communities in such diverse locations as Chicago, Park Ridge, Morton Grove, Palatine, Rolling Meadows and Kildeer. Benach said the Lexington team plans to close approximately 150 houses and townhouses this year, compared to 75 in 2014. The available units range from the mid-\$300,000s to the mid-\$800,000s.

What are the biggest changes you have noticed in the homebuilding industry?

"Today you have to do everything right because the margins are so much thinner. You have to buy land in the right location; you can't overpay for that land. You have to understand how to sell your product in that community and you have to have streamlined your entitlements.

"We have also gone back to not offering customization in our townhouses. We will still move small walls and things, but not the major customization that we were offering during the recession. We offer many options and feel those will satisfy almost all of our buyers."

What is the best part of the business for you?

"Coming to work between 2008 and 2012 was not a lot of fun, but we are doing OK now. Being a builder brings a lot of satisfaction. I feel that we haven't succeeded unless we have made someone's life better.

"Lexington has a reputation for building a good, solid house and when I look back at communities we have built over the years, I have found that there has not been a lot of owner turnover because people are happy with their homes."

In the past four decades, Lexington Homes' real estate development team has built more than 40,000 homes in Chicago and its surrounding suburbs.

"And now, we don't have a lot of competition. We are the only large scale, local private builder left. Ours is a great company with a loyal group of long-term employees and that makes me feel good."

Where do you see Lexington Homes in five years?

"I see us as being a little bigger, but I don't expect us to become a behemoth again -- although I have learned to

'never say never.' I think we will at least be operating on a little bigger scale.

"In fact, we have plans to begin building a 17-story condominium building near Lake Michigan in Chicago's Lakeview neighborhood."

For more information, visit www.lexingtonchicago.com.