



Granite Standard Silliman's homes come with many high-end extras included.

SUCCESS STORY

Model Home Marketing

Small builder competes head-to-head with Toll Brothers in Orlando.

Custom home builder Bill Silliman was slightly worried when Toll Brothers started selling in the same high-end Orlando, Fla., lakefront community where he was building.

"Toll Brothers is arguably one of the best-capitalized builders in America," Silliman says. "I didn't know how it was going to work when they came in."

Silliman may be a small builder, but he's a survivor. While roughly two-thirds of the Orlando Master Custom Builder Council members went out of business during the housing bust, Silliman made money and kept his staff designing and building 25 to 30 custom homes per year, ranging in price from \$400,000 to \$800,000. The prices are lower than his former niche, but a sweet spot where there was little competition.

Then, about a year and a half ago, Silliman sensed a sea change in the market. The for-sale home inventory had dropped dramatically and he felt the recession was over.

"I thought, 'Now is the time to roll the

dice,'" he says. "With interest rates at 3.5 percent, 4.5 percent, we felt like the million-dollar [home] buyer would come out."

In 2010, he signed up for lots in Waterstone, a community on Lake Butler in high-end Windermere, Fla. However, the move meant Silliman would compete head-on with Toll Brothers, which would be equipped with models of its luxury production homes.

"They are great marketers, great merchandisers," says Silliman of production home builders in general. "They elicit the emotions of buyers. So we decided to take what they do right and merchandise ourselves and back it up with a quality home."

Silliman built a \$2.9 million model home on a lakefront lot in Waterstone. Downstairs is a clean-lined floor plan reminiscent of classic '20s and '30s Miami architecture. Each room has windows with views of the cypress-ringed lake or other outdoor spaces. Upstairs is a design studio where customers can choose the accoutrements for their new homes.

"It's rare that you will see a custom builder doing that," Silliman says. But it's no accident

that his company is an exception to the rule. "I decided, 'I am going to do a great website, great photography. I'm going to merchandise [the model] to the nines, and I'm going to set up a design center that is beautiful with a Neiman Marcus kind of atmosphere.' We wanted to enhance the retail experience because people like to kick the tires."

In April, Silliman opened his model home sales center for a party that left little room for tire kicking. It was standing-room only in the dwelling that has 10,604 square feet under roof and 7,625 square feet of living area.

There are differences between Toll Brothers' models and Silliman's model. Silliman resisted loading up with features that are not included in the home's price. The granite countertops are standard, as are myriad other touches that buyers expect to cost extra.

"There is standard tile on the floor, the cabinets are standard, the [Wolf] appliances are standard," he says, as is the travertine pool deck (every home comes with a pool). "We need to have a core product that the people can rely on to make a buying decision."

Silliman's model does include some upgrades that cost extra. While the granite counters are standard, the quartz "waterfall" surface on the island is not. "But that's versus our competition, where everything you see in their model is an upgrade," he notes.

"Our model is like our store," Silliman adds. "A lot of custom builders don't have a store. We wanted to brand ourselves as the leading custom home builder in Orlando."

It's worked. Silliman, who has built 1,700 homes in the Orlando area, says his business is experiencing one of the busiest periods of his 35-year career. Silliman Homes has 18 custom homes under construction and about a dozen more ready to start.

And Silliman is not worried about the overhead on his high-end model home: it's sold to the community's developer. However, he plans to keep it as a model for his business for another year or so.

Despite Silliman's success competing with Toll Brothers, he sees his future in urban rather than suburban areas. He's buying leftover lots in Orlando's older, well-established communities close to employment areas. Most large production builders have yet to crack the infill market business model.

"We feel strongly that in the future the big money wants to come back in town," Silliman says. — TERESA BURNEY