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Six shots with a Canadian residential developer entering the Houston market

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Andrew Guizzetti fell in love with Houston on a hunting trip several years ago.

After tasting some barbecue, pecan pie and Blue Bell ice cream, the Canadian developer was sold. Guizzetti, the CFO and executive vice president of Empire, would launch a residential development and homebuilding division in Houston.

Four years ago, Empire — a Toronto-based developer that has built more than 10,000 homes and condominiums in Canada — began expanding to Houston. Empire, under its U.S. land division Empire Continental Land, has developed a few hundred home lots in four residential communities across the Bayou City.

Earlier this year, Empire launched Empire Communities, a new homebuilding division that is under construction on its first home in Houston. Construction has begun on a one-story, four-bedroom model spanning 2,200 square feet in Dellrose, Empire's new 600-acre community in Hockley, northwest of Houston.

Why did you decide to expand to the United States?

Our entry into the U.S. actually began 10 years ago. During the 1990s, during the Savings and Loans crisis, we invested in distressed assets, mostly commercial buildings in South Florida. We exited the U.S. in 1997 and put our focus in Canada. In 2003, we began looking back at the U.S. market. We wanted to diversify, but we wanted to dip our toe in the market first. In our mind, we had two steps: Enter the market as a land developer, and, at some point, we wanted to add a homebuilding division.

There are a lot of U.S. cities where you could have launched, many closer to Toronto. Why Houston?



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Andrew Guizzetti is the executive vice president and CFO of Empire, a Toronto-based developer expanding to Houston and the United States.

In Toronto, it takes five to seven years to develop property. Sometimes it will take over 10 years to get entitlements. In Houston, you can buy land and within 18 months, be selling lots. Houston is also a great launchpad to other markets, like Austin and Dallas.

What are your plans for Houston?

We see great opportunity, especially on the lot side, in Houston. We're under construction on our first home in Dellrose, our largest community in the U.S. We'd like to expand to three communities by third-party developers by the end of the year. We're also looking to add eight to 10 employees over the next six months. We want to offer homes that cover all price bands, from \$200,000 entry-level homes to luxury homes over \$1 million. We hope to create something really special here.

Where are you looking to develop in Houston?

We're in the suburbs now, but we're starting to see a lot more infill opportunities. We like the Heights and Upper Washington, Tanglewood and Memorial, and the Medical Center. With oil prices the way they are, the Medical Center is very attractive.

Are you worried about the oil slump?

Houston is a great market. The fundamentals are still strong with good housing, job creation and a lot of immigration. With 25,000 home starts, Houston is still top 3 in the nation. We like to say, Houston is not Calgary — which is Houston 30 years ago. You've got great economic diversity here.

Do you have plans to develop multifamily projects in Houston, like you're doing in Canada?

We will look at multifamily-style construction, likely midrises that are three to four stories. We have the capacity to do high-rises, too. On the waterfront in Toronto, we're building Eau Du Soleil, a 66-story and 49-story twin condo tower with nearly 1,300 units for sale. We're 95 percent sold out. But we don't want to come here with a big flag. It's important for us to start things right and build the right culture with the right people.

Paul Takahashi

Reporter

Houston Business Journal

