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Executive Q&A - Mike Vilstrup: Building group head sees home sales on upswing

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Mike Vilstrup, owner of TimberLane Builders of Cross Plains, is this year's president of the Madison Area Builders Association.

Craig Schreiner - State Journal

Spending a summer working for a Colorado builder gave Mike Vilstrup his first taste of the home construction industry.

After he later was laid off by a Baraboo contractor, Vilstrup found more permanent work at Fish Building Supply in Madison, where over more than 25 years he worked his way up to store general manager and construction division manager.

He hosted "All Around the House," a local radio show on home construction and improvement, from 1995 to 2001, then started TimberLane Builders six years ago. Vilstrup said his goal for his Cross Plains business is to build eight to 12 homes a year.

Born in northwest Wisconsin and growing up in Middleton, Vilstrup is TimberLane's only employee and he relies exclusively on subcontractors. He also is a licensed real estate broker and a couple of years ago started For Sale By Builder, an agency that became Dane County Homes.

He is president of the Madison Area Builders Association for 2009.

He also has served 18 years as chairman of the Pheasant Branch chapter of Ducks Unlimited.

Q: Housing starts have declined to record lows, so what's the overall financial condition of local home builders?

A: Overall, I would say that those that have survived this long probably have managed to make the adjustments they need to survive. I can't recall a single year in the last 36 years I've been in this industry that there weren't business failures. Every business faces challenges. We've seen liquidations and companies that have sold out and been acquired. It won't surprise me if we see some of that, although I don't think we're going to see a lot of it.

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We met 16 couples over the last three weekends who want to buy a house. At least seven of them wanted to move to a new school district, one was renting and his lease was coming up, and two were from out of town.

There's a lot of pent-up demand and people have been terrified to do anything for the last three years. Fortunately, they left their money invested in their homes.

Q: How has the emphasis on "green" building and the association's Green Built Home program changed the home construction industry and do you expect this trend to continue?

A: I've been involved in green building for 12 years. We started our Green Built Home program here at the Madison Area Builders Association in partnership with the Wisconsin Environmental Initiative in 1999 and I've been able to participate in our program right from the very start.

A lot of us were very concerned about the environment and felt it was important that our industry be responsible for what we do in protecting it. As a result, over the last 10 years we've developed a national award-winning green-building program and we're expanding it statewide through the Wisconsin Builders Association. This year, we've adopted certification and testing and have partnered with Wisconsin Energy Star.

My first Parade (of Homes) house three years ago was a green-built home. I think green building is going to be very strong. The National Association of Home Builders claims at this point that 22 percent of the new homes built are green. That surprises me. I really do think we'll see it become stronger and better.

Q: A recent news story said that foreclosed homes are competing nationally with new homes for sale. Is that happening in our area?

A: A little bit, but we've always competed with foreclosure homes. It's bothered me for the past two years that housing has taken the blame for this whole foreclosure deal. If you go to the title company and ask what's the cause of foreclosures, they'll tell you that three-quarters are from medical problems. Divorce is a major cause because you have more and more stress on a family's ability to pay for things. I don't think it's a housing problem. It's a problem with people managing money and it always has been.

I've been worried that home appraisers are using these foreclosed properties to compare to new properties and they're often very different. A lot of these foreclosed homes don't get cared for properly and they may not have been completed in the first place. They're having a negative impact on our whole economy.

Q: How is this year's Parade of Homes (June 13-28) shaping up?

A: It's looking pretty good. Builders have made commitments to 22 homes and there are quite a few (sales) contracts that have been developed for this year's parade. I have a parade home I'm very excited about it. It's for a family with a disability and it's going to be completely barrier-free and accessible.

We're pretty excited about our Parade of Condos that's coming up April 25-May 3. We have 11 condo projects that are participating. Of course, they have been hit harder than single-family homes.

We're also very excited about the fact that our Home Products Show coming up March 6-8 is almost sold out (for exhibitors).

Q: Do you think that too many speculative homes were built in the Madison area during the housing boom and how long do you think it will take to work through the existing inventory of new homes?

A: I think we already have worked through the inventory. A year-and-a-half ago, there were 650 new houses on the market. I recently checked with the MLS to see how many homes over \$245,000 with an age of zero were on the market. There were 250 homes and 75 of those were house plans waiting to start when a contract was written.

There are certain builders that mostly only sell that speculation-type of home. It's like a car dealer. You've got to have cars to sell.

There hasn't been much relief on the price side of homes. Last spring and summer when oil prices were high, we saw the price of shingles go up every single month and it has not come down. When they keep those profits, it just increases the cost of our housing.

It was pretty disappointing to see 20 building permits issued in Dane County in December. I don't know how it can get much

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lower than that. I think we've passed the bottom and are on our way up.

MIKE VILSTRUP

2009 president of Madison Area Builders Association; owner of TimberLane Builders, Cross Plains

Age: 56

Web sites: www.maba.org and www.timberlanebuilders.com

Education: Attended UW-Madison School of Business

Family: Wife, Jacqueline, and five grown children

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