

# Houston firm acquiring Austin-based Wilshire Homes

*Under name MHI Central Texas, company expects to build, sell more than 400 homes in region this year.*

By [Shonda Novak](#)

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The assets of Austin-based Wilshire Homes have been acquired by MHI Central Texas, an affiliate of Houston-based McGuyer Homebuilders Inc. The move creates a company that by 2014 aims to build more than 600 homes a year and generate \$180 million in annual revenue, the companies said.

**CEO Ed Horne founded Wilshire 20 years ago with Wes Peoples and Horne's father-in-law, the late Nash Phillips, of the noted Nash Phillips Copus homebuilding firm.**

Horne will be senior vice president of the combined company, playing a significant role going forward, the companies said in a statement.

McGuyer operates in all major Texas markets. The combined company expects to build and sell more than 400 homes in 2011 in the Austin and San Antonio areas, with projected revenue of more than \$120 million in those markets.

MHI's longtime corporate name will not change.

The acquisition comes as local housing experts expect the Central Texas new-home market to show improvement this year, followed by a strong recovery in 2012.

**The combined company will continue using the current MHI brands — Coventry Homes and Plantation Homes — along with the Wilshire Homes brand in Austin and San Antonio.**

Because Wilshire's communities do not compete directly with the MHI brands, no layoffs are expected in the sales and construction teams.

MHI had been looking for some time for an opportunity to grow its business in Austin and San Antonio, Gary Tesch, president of MHI, said in a statement. Acquiring a company "with a stellar reputation was our best option for both growth and profitability."

"We are extremely proud of the brand we've built here in Central Texas and are looking forward to even greater success with the new company," Horne said in a statement.

The new entity, which is a wholly owned subsidiary of MHI, will be called MHI Central Texas.

The deal is a win for MHI and Wilshire, because "builders that can acquire lots in an already tight market are able to garner more market share," said Mark Sprague, a veteran housing industry consultant who is director of business development for Mission Mortgage in Austin.

Sprague said the purchase "exemplifies one of several industry sector consolidation themes that will continue to recur as the nation comes out of housing's worst slump in the last 60 years."

On one hand will be companies with the capacity and business volume to have access to capital resources, and on the other will be those that succumb to the credit squeeze. Even though a builder might have made it through the downturn, "if they owe money on land and can't borrow more money to build on it, they're stuck," Sprague said.

In MHI's case, Sprague said, a builder that ranks in the top 25 nationally "remained in strong enough financial standing to keep its lines of capital access wide open, positioning itself for an opportunistic grab of both land and, in this case, a strong homebuilding brand led by an operator of impeccable repute in the markets, Ed Horne."

Primary lenders for MHI Central Texas are expected to be International Bank of Commerce, Texas Capital Bank and the Royal Bank of Canada.

**Courtesy of JB Goodwin**