

BUSINESS & TECHNOLOGY



An employee installs a roof window into a pre-constructed section of a house at the Huf Haus GmbH factory in Hartenfels, Germany. Demand for factory-made houses is rising in Britain as homebuyers try to save money.

PHOTOS BY HANNELORE FOERSTER, BLOOMBERG

German pre-fab homes gain in popularity among British buyers

Structures a way to bypass poorly built housing

CHRIS SPILLANE

Paul Crook's new home in London's commuter belt arrived on a truck from Germany, took eight days to assemble and cost the equivalent of \$2 million.

Disillusioned with the British property market and local builders, the 53-year-old International Business Machines Corp. executive and his wife ordered the four-bedroom house from Huf Haus GmbH, a company based about 90 kilometres northwest of Frankfurt. They moved in last month.

The standard of construction was "pretty awful on brand new houses on premium sites in the southeast of England," Crook said by telephone. "So although they're asking for a premium price, you're not getting corresponding quality."

Factory-made houses, popular for decades among Germans and North Americans, are becoming more prevalent in Britain as homebuyers and developers try to avoid turbulence in the real estate market. Sellers in London lowered asking prices by the most in a year in August as demand in Britain's most expensive city was hit by turmoil in financial markets.

Loans to buyers of pre-made homes will more than double to \$5.5 billion by 2014, according to London-based researcher Datamonitor Plc. The rest of the mortgage market will likely grow by less than 25 per cent, the firm said.

Unite Group Plc, Britain's largest provider of student accommodation, said flat-packed units are helping to protect revenue from building delays. If the company hasn't built its rooms in time for the academic year in September, it's risking a year's worth of sales, or \$309 million in 2010.

"The quality is higher and the cost is lower because you're not making mistakes that you have to go back and correct," Richard Simpson, development director at Unite, based in Bristol, southwest England, said by telephone.

The government, facing a housing shortage of one million by 2015, is encouraging Britons to build their own homes by freeing up more land, persuading banks to of-



A British Union Jack flag flies outside show houses at the Huf Haus GmbH factory in Hartenfels, Germany, where pre-fabricated homes are made. Up to 14 per cent of the company's glass and timber houses are sold in Britain.

Around one in every 10 new homes in the U.K. are self built, the association said. That's compared with about 28 per cent in the U.S. with an average price of \$243,600, according to census data for 2010.

The U.S. prefabricated housing market comprises mainly of two types of buildings: modular homes and manufactured ones.

The first are built in sections that are transported to the site by truck, while the second — formerly known as mobile homes or trailers — are built on a fixed steel chassis and transported on their own wheels.

"The timber frame unit will be erected inside a day and the whole build takes about six to eight weeks," Space managing director Chris Hagan said in a telephone interview. "A traditional Persimmon build takes around 12 to 14 weeks."

Huf Haus is a 100-year-old family-owned company based in the state of Rhineland-Palatinate. It was selling two or three homes in Britain in 1998. That's up to about 25 a year now, or 14 per cent of the 200 glass and timber houses produced every year at the company's factory in the village of Hartenfels.

"Clients meet with an architect and together they design every inch of the new house, at a cost of about around \$400 a square foot. The buyer chooses where the bedrooms are, how much sunlight enters the house and the colour of the roof.

The buildings take about a week to become "watertight," company architect Peter Huf said. About two months later the house is habitable.

"How many houses are built by the client?" Huf said in an interview at the company's show-home in Cobham, Surrey. "The developer doesn't think about the garden, doesn't think about the sun or where people will sit."

The company manufactures all of its houses in Hartenfels, including those for buyers in the U.S., where homes are delivered by container ship and Huf's builders are flown in from Germany. Prices start from \$1.2 million, or \$450 to \$650 per square foot.

Crook, Huf Haus's client near London, has no regrets after turning his back on the market for newly built houses in Britain. In addition to the

"We knew the house would be built exactly to budget. Talk to anyone who's constructed their own home and they'll tell you horror stories."

TIM VIRDEE
Homeowner who purchased a pre-built structure

Tim Virdee bought his English property in 2006 from Huf Haus, whose products range from town houses and apartment buildings to retirement homes and office blocks. The 47-year-old sales and marketing consultant flew to Germany to pick out exactly what he wanted for his new \$1.6 million home.

"We knew the house would be built exactly to budget," Virdee, 47, said of his glass-and-timber property about 75 kilometres south of London.

"Talk to anyone who's constructed their own home and they'll tell you horror stories."

Russia's Gazprom posts \$16B Q1 profit

MOSCOW • The world's biggest gas firm Gazprom on Tuesday announced colossal profits of \$16.24 billion U.S. (all figures in U.S. funds) for the first quarter, one of the biggest interim profits in history and driven by high global energy prices.

The profit of \$16.24 billion for January through March was up 44 per cent from the same period in 2010.

The results underlined the massive profitability of the state-owned gas giant at a

time of high global energy prices after it made \$35 billion in 2010, one of the biggest full-year profits ever.

Gazprom said net sales of gas increased 42 per cent to \$30.2 billion in the quarter due to higher volumes of gas sold and an increase of average realized prices for sales in all its geographical areas.

Total sales for all of Gazprom's operations increased 38 per cent to \$45.5 billion, it said in a statement.

Gazprom saw an increase of

average prices of 14 per cent in the period for gas pumped to European and other non-ex-Soviet customers as well as an rise in volumes sold of 12 per cent.

The results — the company's best ever interim earnings — mean that Gazprom is already well on the way to topping its record performance in 2010 when it posted the biggest profits in its history.

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REFERRALS LEAD TO BUSINESS AND SUCCESSFUL BUSINESSES JOIN OXA

The Ottawa Executives' Association has been meeting continually since 1936 to talk business, share referrals and enjoy camaraderie. Here's what these business leaders have to say:

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Mardi Friesz - Coldwell Banker Coburn Realty

"As a newer member of OXA, I have been impressed with the success of this group of business owners. OXA has enabled me to connect with other professionals, and to increase my level of client service with the expert advice required for their mortgage needs."

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fer more financial products and easing planning restrictions.

About 14,500 homes will be self-built this year, according to forecasts by the National Self-Build Association. That compares with 13,600 in 2010, based on figures from H.M. Revenue and Excise, which refunds self-builders' value added tax for their material costs.

British home builders like Persimmon Plc, a company that sells properties for an average of \$260,000, also are increasingly using pre-manufactured elements in their homes.

Around a quarter of the 9,384 homes Persimmon sold last year were built using its Space4 Ltd. timber-framed factory-built panels. That compares with about 20 per

cent of his pre-made home, he paid \$1.1 million for the land in Otter, Surrey.

"If we didn't secure a house at a price we thought was reasonable, we would go off and build our own," Crook said.

"The house isn't perfect, but it's a hell of a lot more perfect than anything else I've ever seen."

BLOOMBERG NEWS



Robin Seguin - Oriana Financial

"Joining OXA has put me in touch with like minded decision makers who are not just interested in networking but are truly interested in doing business."

Lissa Constantine - BirdDog Design



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