



From left to right:
Ben Hendrix, Doug Eddleman

CLIENT
Eddleman Properties
BANKER
Ben Hendrix

Taking the Long View

Eddleman Properties developed staying power by taking economic fluctuations in stride

Doug Eddleman was still new to the real estate business when he developed a keen appreciation of just how bad the market can be. He came out of college and began working with his father, Bill, on a portion of the Meadow Brook development. It was 1978. Interest rates were high, and they were about to get even worse—a lot worse.

“I got into real estate and right out of the gate I was looking at interest rates as high as 22%, with 12% un-

employment and 18% inflation,” recalls Eddleman, president and managing partner of Eddleman Properties. “That was my baptism in the business world.”

MOVING FORWARD

The real estate downturn of the early ‘80s “erased a lot of hard work” for a lot of people, he says. After a four-year standstill, things finally began to turn around in 1983. “We just went forward from there,” Eddleman explains. He started building homes again

and partnered with his father to look for new opportunities. In 1983, an opportunity “came to us out of the blue,” says Eddleman, which led to the development of the Brook Highland community.

Since then, Eddleman Properties and its related partnerships have gone on to develop some of the most highly acclaimed master plan communities in the area—including Highland Lakes, The Village at Highland Lakes, and, most recently, Chelsea Park.

“Going through the worst economy taught me how to structure a company to survive,” says Eddleman, acknowledging that it’s easy to get caught up in a boom if that’s all you’ve ever known. To keep his business financially strong, he avoids debt on land holdings, preferring to borrow only for infrastructure. He also creates partnerships as a way to reduce borrowing needs and free up cash for other uses.

A GREAT MATCH

For Eddleman, it’s important to have a bank that shares his business values. Reflecting on a relationship that goes back more than 30 years, he notes that Compass was “very pro real estate development when a lot of banks in this area weren’t.” He adds, “They’re very knowledgeable, very responsive, and they’re committed to the real estate business for the long term—through good times and bad.”

“Their business strategy is a great match to ours,” Eddleman continues. He points out that a master plan can take 20 years to unfold. Whereas banks typically offer loans with 3- or 4-year terms that, as Eddleman explains, “you hope they’ll renew,” Compass worked with his company to put a together a 30-year bond package that takes the risk of interrupted financing off the table.

Ben Hendrix, relationship manager at Compass Bank, is the “point person” who works with Eddleman and his team on a daily basis and is particularly involved in the home construction component of Eddleman Properties. Hendrix describes Eddleman as a “self-disciplined client” who is “keenly attuned to where the market is headed.” Good communication is central to the relationship. Eddleman brings in Compass early in the development process and relies on Compass to make sure the financial structures are not only in place, but also are in his company’s best interest, Hendrix explains, noting that “the mutual sharing of ideas and market analysis is very important.”

From innovative financing to letters of credit to deposit accounts, Hendrix says that Eddleman “trusts us to get it done.” Eddleman notes that great relationships don’t happen by accident, and has expanded his relationship with Compass even further in the last ten years.

So how does Eddleman assess the current housing situation? He says that while the national market has scared many homebuyers and a lot of speculators are getting out, he considers Birmingham a solid market. He adds that sales volume was up considerably in 2006, both for his company and for the city. And even with the declines that followed, 2007 was “still a very good year.” But one thing is certain. Whatever the winds of change may bring, they will be financially prepared. 