

Armadillo Construction

Building Quality, Affordable Homes

By Brad Ginsberg

When you see the name "Armadillo Construction," the words "quality," "problem-free" and "affordable homes" come to mind. That is the reputation Armadillo Construction has established with consumers in the Laredo market, and that is the reputation it is fast establishing in the Rio Grande Valley market.

With operations in Laredo and the Rio Grande Valley, Armadillo is growing throughout South Texas. The president of Armadillo Construction, Robert Gutierrez, entered the housing industry in his early '20s, selling mobile homes. It was there he learned the value of teamwork. In 1974, after four years in the mobile home business and a short

period in auto sales, he decided to pursue his dream of building quality, affordable homes, by buying into Armadillo Construction Company, which was one year old and struggling. By the mid-'90s, he had established the company as a leader in the Laredo market, and earned the *Builder Magazine's* "America's Best Builder" award in January, 1996. This year, Armadillo received the coveted Lee Evans Award for Business Management Excellence by the National Association of Home Builders' Business Management Committee.

Armadillo's business was like a roller coaster ride through the '70s and '80s. In the mid-'70s, when re-

cession was plaguing the U.S. economy, the Laredo Air Force base closed, and the Mexican peso was devalued. Laredo was impacted by a poor national economy on both sides of the border, and many local business suffered. It did not take long, however, for the Laredo economy to spring back, and by 1980, both economies were doing well. Construction in Laredo skyrocketed. Mexican buyers came to Laredo and walked in to Armadillo's doors buying condos, townhouses, and even single-family homes. Armadillo capitalized on this opportunity and the company experienced tremendous growth.

Then entered the dark part of the

Construction on the first of 100 homes in McAllen, Texas started in May, 1997. Half of this first-year sales projection was sold in three months. Customers can choose from several plans and no changes are allowed. This cuts down on construction costs, making Armadillo Homes more affordable. Photo by Carlos Diaz, Kolor-Pro Photography.





The model shows what a prospective buyer gets. Finished homes come with shrubs, grass and an oak tree, a trademark of an Armadillo home. Photo by Carlos Diaz, Kolor-Pro Photography.

1980s, with more devaluations of the peso. In 1982, the peso was devalued twice, and Mexican nationals had their assets frozen in banks. "People couldn't make their payments," said Gutierrez. Besides the problems of the Mexican national buyer, the local buyer was not doing any better. Laredo had lost as many as 13,000 of its 41,000 jobs and over 1,000 businesses permanently closed. By the end of 1983, Armadillo's activity had dropped drastically in just a few years.

The key to getting up on top again was to focus on the core single-family business and work on banking relationships. Armadillo did this by presenting the banks with ideas to work out of each distressed project. Forecasts were prepared, showing how Laredo's remaining housing demand would eventually absorb the over supply of units and, as a result of the downturn, the Laredo

market would come out of the depression with an even stronger business climate.

This drive and dedication took Armadillo through a long period of rebuilding, which resulted in the company finally emerging from red ink in 1991. It was not easy, but with the support of his team, the banks, and his wife Shelley, Gutierrez made it back to become one of the elite, professional builders in the industry. Armadillo emerged a more focused company, with the lessons of speculative land development and multifamily construction well learned. Through the down turn, Armadillo had changed directions and was now pursuing affordable housing almost exclusively.

David Zuniga, a Laredo civil engineer and one of Gutierrez's childhood friends, remembers walking through the barrios of Laredo when

Robert turned to him and said that his dream was to build quality homes that people could afford. The pursuit of this dream is a key to the Armadillo success. Through the early '90s, the company grew in volume as the Laredo economy expanded, and all of Armadillo's growth was in the affordable product. In 1995, Armadillo closed 356 homes in Laredo. In 1996, Armadillo built over 450 homes, and sales for 1997 are projected at 550 to 600 homes.

Having established a firm position in the Laredo market, Armadillo was ready for expansion this year. The May, 1997 opening of Sandalwood on Ware Road in McAllen was the beginning of a new chapter in Armadillo's story. Projections for McAllen are to close the first 100 homes by the end of the first year. Nearly half of the homes in this new development were sold in the first

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