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## The Power 50

**Pool & Spa News' fourth annual ranking of the nation's most successful builders.**

By Rebecca Robledo

August 2005

**T**he pool and spa market continues to get better and better. Thanks to a healthy economic climate, high consumer confidence and low interest rates, a record-breaking 1.9 million new homes were built in 2004.



This bodes well for builders like Buzz Ghiz. The president of Paddock Pool Construction Co. (No. 4) in Scottsdale, Ariz., serves two of the hottest regions in the country — Phoenix and Las Vegas.

“For the next five to seven years, I see these two regions staying as strong as they have been,” says Ghiz, whose company grew more than 18 percent last year. “I think people will keep putting more money in their backyards, as long as things stay equal.”

The members of this year's Pool & Spa News Top 50 Builders list, grossing almost \$2 billion combined in 2004, back Ghiz's sentiment. In fact, these builders experienced the most growth and highest volumes and average prices since the list's inception.

### A more gradual curve

As a group, this year's top 50 builders rocketed past the 2004 list, earning more than \$1.8 billion, a 26 percent increase over the \$1.4 billion last year's group earned in 2003.

If you want to zero in on construction revenue alone, including commercial, the 2005 top 50 builders brought in nearly \$1.7

## THE RANKING

### ■ [2005 Top 50 List](#)

The complete list of the 2005 Top 50 Builders.

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billion. This compares with the previous year's figure of almost \$1.3 billion —an increase of 32 percent.

In both cases, revenue has grown steadily since builders began reporting numbers for *Pool & Spa News*' first Top 50 Builders list.

But who is the "typical" 2005 top 50 builder? If you were to draw a composite, this company did not grow as much as the previous year's. The average company registered \$15.5 million\*\* in revenue in 2004, showing a 5.3-percent increase over the \$14.7 million for 2003. Average construction revenue rose 0.3 percent to \$14.3 million, compared with \$14.2 million in 2003. \*\* *Many reported averages are median averages.*

Top 50 Total Revenue*	
2002:	\$1,114,563,045
2003:	\$1,436,492,841
2004:	\$1,810,730,118
* Includes retail, service, residential and commercial construction.	

From 2003 to 2004, the overwhelming majority experienced some kind of increase. Growth percentages ranged from 2 percent to a whopping 126.

Median Revenue*	
2002:	\$10,587,018
2003:	\$14,700,000
2004:	\$15,483,500
* Includes retail, service, residential and commercial construction.	

The company that experienced the most growth did so after repositioning itself in the market. Elite-Weiler Pools Inc. (No. 16), moved into a new facility, doubled its sales force and beefed up promotion for its commercial pool division. A large part of the company's phenomenal growth came from a local boom in condominium production.

"We have also brought a good share of our work in-house. It's given us a little bit of a competitive edge," says John Kennedy, president of the Sarasota, Fla.-based company. This helps offset rising materials costs.

Median Construction Revenue†	
2002:	\$8,589,853
2003:	\$14,220,000
2004:	\$14,269,000
† Includes all residential and commercial construction.	

The fourth fastest-growing company, Aqua Pool & Spa Inc. (No. 8), has also positioned itself to accommodate a growing local housing boom. Last year, the Ripon, Calif., company formally merged with The Vintage Company to increase its market share. All in all, it saw an almost 43 percent leap in 2004.

Austin-based Cody Pools (No. 32), ranked fifth in terms of growth, attributed most of its success to a formalized customer-survey process and increased advertising. "When we complete a pool, we send a survey out and then make sure to correct every little mistake, so we have 100-percent customer satisfaction," says President Mike Church.

Several top 50 builders positioned themselves for growth last year by creating additional supervisory and customer-relations

positions or opening new branches. If not for rising materials costs, growth may have been even higher, says R'nelle Lazlo, national marketing director at Blue Haven Pools & Spas (No. 1) in San Diego.

"I think that you may lose a few customers because of a price concern," says Lazlo, whose company opened offices in Phoenix, and Sarasota and Jacksonville, Fla., last year. "That may result in a few [lost sales] here and there, but nothing dramatic."

### The big fish

No doubt, there was plenty of work to go around in 2004. In fact, the top six volume builders saw almost a 19-percent increase in new construction. They built slightly more than 23,000 pools in 2004 compared with 19,400 the previous year.

Overall, volume for the top 50 builders ranged from 47 to 7,580.

The group averaged 320 pools last year, a 7-percent drop from the previous year's 344.

Collectively, they built more than 40,000 pools in 2004, a 19-percent increase over 2003's 35,568.

Total Top 50 Volume	
2002:	24,467
2003:	35,568
2004:	42,253

While average pool prices ranged from \$20,567 to \$115,000, many top 50 builders report an increase in the category. This sentiment is verified by the five companies selling the most expensive pools: J. Tortorella Pools in New York (No. 44), Barrington Pools in Illinois (No. 17), California's Curcie Pools (No. 40), Lifetime Pools (No. 33) and Geremia Pools (No. 20).

As a group, these five builders saw an average price increase of 13 percent. The largest gains were reported by J. Tortorella Pools (up 34 percent from 2003's \$86,000 to 2004's \$115,000) and Lifetime Pools (up 21 percent from 2003's \$50,496 to 2004's \$61,135).

However, the average pool price for the entire top 50 went down slightly to \$37,203, compared with the previous year's \$37,597. Many of these companies say the trend toward feature-packed pools has also continued. Automation, alternative sanitation, fire pits, fireplaces and sun shelves still top the list as most popular add-ons.

"Nobody says, 'OK, that costs too much,'" says John Tortorella, president of J. Tortorella Swimming Pools in Southampton, N.Y. "They just go, 'OK, here's what we want.'"

### Room for growth

Renovations only accounted for \$61,606,152 of the top 50 builders' total construction income, which is a mere 3.64 percent. The group averaged \$205,000 in renovation revenue, down significantly from the previous year's \$493,500 and just under 2.1 percent of total construction income.

Out of the whole group, 18 do no renovations at all. For the rest, renovations comprise anywhere from about 1 to 28 percent of

business. Only eight builders reported more than 10 percent of their revenue coming from renovations.

But some builders have so much new construction business coming their way that they don't need to look at renovations. In California, for example, smaller builders and subcontractors tend to handle most remodels, says Vernon Vennes, CEO of Swan Pools (No. 6) in Walnut Creek, Calif. "We still think the market is so good in new pools," he says. "And you can only do so much quality work."

Others choose not to devote more energy to renovations because it's an entirely different animal than new construction. For example, it takes different crews to perform the necessary demolition. However, if the economy slows down or markets become saturated with new pools, look for larger builders to move in on the action, Vennes says.

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