

Warren Buffett buys EWM Realtors

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The Warren Buffett investment empire extended to South Florida on Tuesday when one of his companies bought Esslinger-Wooten-Maxwell Realtors, the third top local brokerage scooped up by a national chain.

Buffett's HomeServices of America paid an undisclosed price for the Coral Gables brokerage, a leading seller of luxury real estate in Miami-Dade County.

The tycoon's HomeServices of America paid an undisclosed price for the brokerage.

Last year Coldwell Banker, a subsidiary of New Jersey's Centant Corp., bought EWM's top local competitors: Arvida Realty and Wimbish-Riteway.

The EWM acquisition sets up a clash of the titans over South Florida's housing market. Centant, owner of Century 21 and ERA, is the

country's biggest real estate company, followed by HomeServices' first Florida purchase, but the company said it expects to spread across the state.

HomeServices President Ronald J. Peltier said the EWM deal was too small to require the approval of Buf-

fett, the world's second-wealthiest man. As chairman of the Berkshire Hathaway investment company, Buffett presides over a grab-bag roster of companies he has deemed good buys, from Blizzard-maker Dairy Queen to GEICO insurance.

The 72-year-old's success on Wall Street — Berkshire Hathaway shunned the dot-com craze of the 1990s and posted \$4.2 billion in profits last year — and his just-folks persona have made Buffett one of

▶ PLEASE SEE BUFFETT, 4C

Warren Buffett and his wife, Susan, own 40 percent of Berkshire Hathaway, which made \$4.28 billion last year.

Insurance

- ▶ GEICO auto insurance

GEICO DIRECT

Building Products

- ▶ Johns Manville insulation
- ▶ Benjamin Moore paint
- ▶ Acme brick and concrete

ACME BRICK **JM** **JOHNS MANVILLE** **MINOR PAINTS**

Energy

- ▶ MidAmerican Energy Co.
- ▶ HomeServices of America
- ▶ Esslinger-Wooten-Maxwell and 15 other real estate brands

EWM **HomeServices of America** **MIDAMERICAN ENERGY HOLDINGS COMPANY**

Flight Services

- ▶ FlightSafety International training
- ▶ NetJets time-share program for jets

FlightSafety **NETJETS**

Apparel

- ▶ Fruit of the Loom
- ▶ Garan, maker of Garanimals children clothing
- ▶ H.H. Brown shoes
- ▶ Helzberg Diamond Shops

HELTZBERG DIAMONDS **FRUIT & LOOM**

Sweets

- ▶ Dairy Queen ice cream-and-burger chain
- ▶ See's Candies

Dairy Queen **See's CANDIES**

Berkshire is also a major investor in these companies:

- ▶ American Express
- ▶ Coca-Cola
- ▶ Gillette
- ▶ H&R Block
- ▶ Moody's Corp.
- ▶ The Washington Post

AMERICAN EXPRESS **COCA-COLA** **GILLETTE** **H&R BLOCK** **MOODY'S** **THE WASHINGTON POST**

SOURCE: Berkshire Hathaway 2002 annual report, Hoover's Company Profile Database

Buffett's empire acquires EWM Realtors in Coral Gables

▶ **BUFFETT, FROM 1C**
the financial world's top celebrities. A lunch with the Oracle of Omaha recently garnered \$250,000 in a charity auction. Berkshire owns 80 percent of the MidAmerican Energy Holdings utility, which owns Minnesota-based HomeServices. The global utility had a small real estate division when Berkshire acquired MidAmerican in 2000, but it has grown rapidly since, reporting \$1.1 billion in revenue last year. The EWM purchase gives HomeServices its 16th state and 16th brand name, for a total of 16,200 sales agents and \$45 billion in sales.

Unlike Coldwell, which retired the Arvida and Wimbish brands, HomeServices plans on keeping the EWM name.

"We believe in the local brands. We believe in the local reputations," Peltier said in an interview at The Herald's Miami office. "We aren't interested in destroying the brand equity."

Founded in 1964 by Anna Mae Esslinger, Dodie Wooten and Arlene Maxwell, EWM rode the recent real estate boom to become one of South Florida's biggest brokerages. The company says it ranks second in sales volume behind Coldwell in Miami-Dade County and fourth in Broward County. It has 11 offices and 750 agents.

Peltier said EWM President Ronald Shuffield and Chairman Allen Harper, the two principal partners, will remain with the company and continue running the operations, and that no EWM jobs will be cut in the acquisition.

The South Florida deals mirror a larger trend of consolidation sweeping the real estate industry, as national firms absorb regional brokerages across the country. HomeServices started in the Midwest and last year acquired a large Prudential firm in California.

The growth will probably be a combination of expanding EWM, possibly in Palm Beach or Naples, and acquiring more firms, Peltier said. Shuffield said limited cash has kept EWM's growth somewhat in check, so the HomeServices balance sheet appealed to him.

In a recent letter to shareholders, Buffett praised MidAmerican Energy Holdings' real estate acquisitions and promised the company access to his empire's deep pockets.

"Berkshire stands ready to inject massive amounts of money into MEHC," he wrote. In the wake of Coldwell's real estate acquisitions spree last year, Shuffield touted EWM as a locally owned company and dismissed rumors he was also interested in joining the Centant fold.

Coldwell lost dozens of Riteway and Wimbish agents to EWM, and Coldwell's Miami-Dade director suggested Tuesday that some might return to the flock.

"I was really shocked because I thought they were pretty committed to staying a locally owned company," said Patricia Dahne of Coldwell. "I think it's going to create a lot of questions in the sales associates' minds in terms of how it's going to affect their business and what they're going to be expected to do to support that HomeServices network."

Peltier said he expects EWM to increase sales of mortgage and insurance services to home buyers.

Those spin-off transactions are a major profit source for the real estate industry. But EWM says only about 15 percent of its customers buy their mortgages through EWM's lending arm, Embassy Financial Services, and about 25 percent of its customers use EWM's Columbia Title and First Reserve Insurance.

HomeServices, however, captures about 25 percent of its customers' mortgages and 60 percent of their title business, Peltier said.