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Berkshire Hathaway unit buys York Simpson Underwood

Triangle Business Journal - by [Chris Coletta](#)

Prudential Carolinas Realty, part of billionaire Warren Buffett's **Berkshire Hathaway**, is buying Raleigh-based **York Simpson Underwood** – a coupling of two of the biggest residential real estate agencies in the region.

Financial terms of the deal were not disclosed.

“We think, and have thought, that it’s a great strategy and that these 2 companies fit extremely well together,” says Smedes York, the chairman of York Simpson Underwood, who will continue as chair of the combined **Prudential York Simpson Underwood Realty**. “As we move forward, we feel that it’s a very powerful combination.”

The combined agency will boast nearly 500 sales agents in the Triangle. According to Triangle Business Journal research, Prudential Carolinas and YSU pulled in more than \$1.6 billion in combined sales volume in 2007.

Prudential Carolinas is a division of HomeServices of America Inc., which is itself part of Buffett’s conglomerate, Berkshire Hathaway (NYSE: BRK.A).

Sam Simpson and Speck Underwood, co-chiefs at York Simpson Underwood, will serve as the agency’s co-CEOs.

Ron Peltier, chairman and CEO of HomeServices of America, says buying residential brokerages and keeping local leadership intact is how his company grows. HomeServices moved into North Carolina in 2004 with its purchase of Prudential Carolinas Realty, then expanded in the Greensboro area a few months later through its purchase of large brokerage Graham & Boles.

“While we had a very good foundation when we entered the North Carolina market ... we certainly didn’t think we had the size and the scope of our operation to really lead the North Carolina market,” Peltier says. “... We’re always looking to enhance our market share and fortify the sales force by bringing in real talented professional players in that space. And so today is really the announcement of the execution of our vision, and that is to be No. 1 – no less than No. 2 – in the markets that we’re in.”

The companies also complement each other. York Simpson Underwood – part of a family of real estate companies dating back decades – has harnessed those old Raleigh ties and become particularly strong inside the Beltline. Prudential Carolinas has offices in Raleigh, but it also has a big presence in high-end homes in Chapel Hill and Cary.

Further, says Tommy Camp, CEO of Prudential Carolinas Realty, the companies will be able to combine some real estate holdings.

“The great thing about this merger of these two great companies in the Triangle is that the cultures fit so well,” Camp says. “The complementary market shares fit so well.”

York Simpson Underwood is part of a family of companies affiliated with the York family, which has been part of Raleigh development since 1910. The company was formed in 2000 with the merger of York Properties and Simpson & Underwood.

In addition to York Simpson Underwood, other York companies include commercial brokerage York Properties, construction company McDonald-York and mortgage loan origination company YSU Lending.

The York family patriarch, J. Willie York, was a 1933 graduate of North Carolina State University who developed Cameron Village. His son, Smedes, currently oversees all the York companies and is a former mayor of Raleigh.

Now, one of those York companies has gone from being locally owned to being a subsidiary of one of the world’s largest companies.

But Smedes York says he’s OK with that. York Simpson Underwood was doing well relative to the Triangle market, he says, but it’s been tough in the second half of the year. The company is not on pace to match the \$717 million in closings it posted in 2007.

Now, he says, he’s put York Simpson Underwood back in a position of strength, with the company set to grow when the market recovers.

“It’s been my feeling as a business philosophy that a company has to grow to be successful,” he says. “You can’t sit still. And this is a terrific way to grow and put the tremendous financial strength of a Berkshire Hathaway affiliate along with what we bring to the table in terms of management and sales people and name recognition.”



TBJ file photo
 Smedes York has been named chairman of the combined company.

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