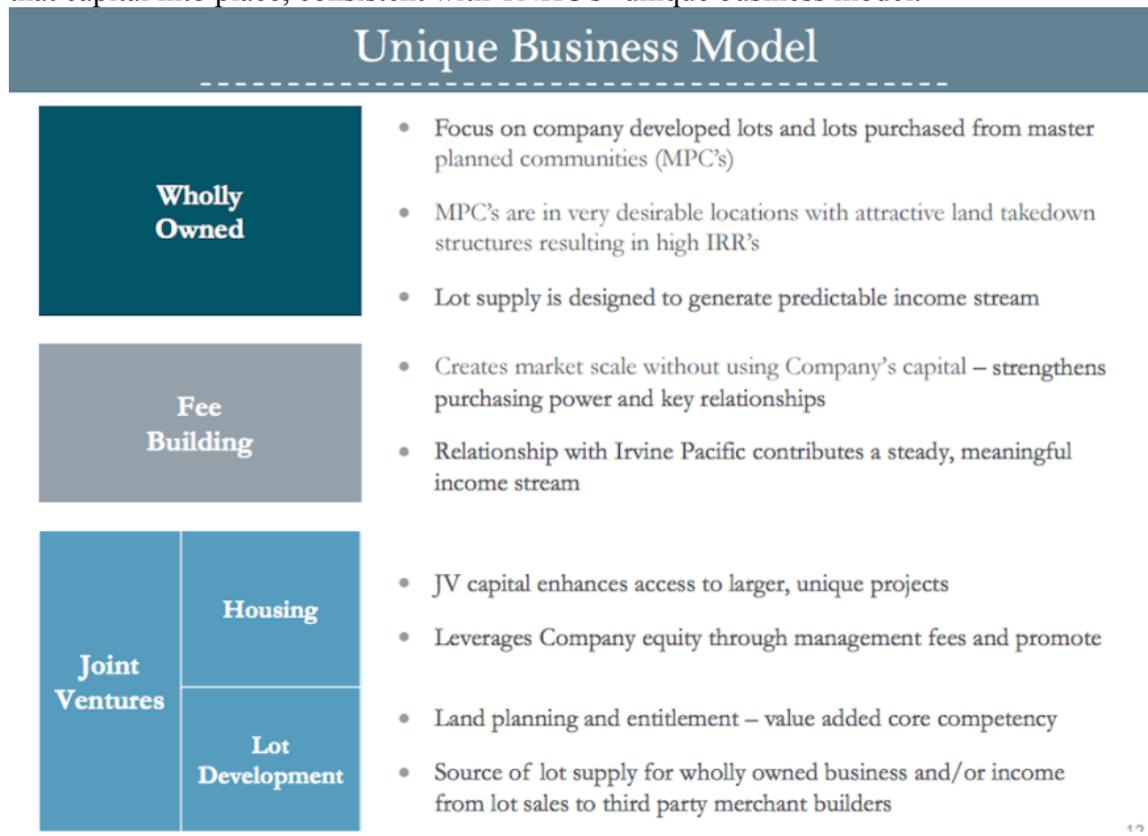




One of the sophomore year public home builders that's busily building a business model of \$1.9 million average-selling-price units, through three quarters of 2015, TNHC had more than doubled its completions volume from 2014 to 2015, and increased revenues in the neighborhood of 200%.

During late November and December, its management raised \$50 million in a follow-on capital raise with the sale of more shares in the company, and it's ready to start putting that capital into place, consistent with TNHC's "unique business model."



Here's how a Phoenix initiative aligns with where the company is right now:

- Demographics of the Phoenix market support it; a high-end discretionary buyer is among the near-retirement and retirement age domestic migration pattern moving into the Phoenix area
- Job growth in Phoenix has outperformed national rates for both new jobs and declining unemployment rates
- Permits currently are at 15,000, which is half the normalized Phoenix market rate for residential building permits, and 25% of peak boom years annual growth
- The New Home Company has strong relationships with one of the key master planner/developers in the Phoenix market, DMB, just as it has with the Irvine Company in SoCal.

We see the New Home Company move into Phoenix not just as an important core-operating footprint expansion, but as a template for growth--organic, more likely than via acquisition--for the New Home Company.

With an ASP of \$1.9 million, it simply does not compete--at least for land acquisitions--with most of the other public home builders. Toll Brothers' average selling price reported in 2015 Q4 earnings was in the \$790k neighborhood by comparison.

What the New Home Company does in its markets is to triangulate around the hard-to-attain, high value, rarefied market position that allows it to go vertical at a highly profitable level for a smaller, more discriminating niche of the buyer pool.

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[http://www.builderonline.com/builder-100/strategy/new-home-company-readies-expansion-into-phoenix\\_o](http://www.builderonline.com/builder-100/strategy/new-home-company-readies-expansion-into-phoenix_o)