

Builder

The New Home Company Excited for Phoenix *California-based builder thrilled with its first location outside home state in Phoenix's Paradise Valley*

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By Brian Croce



Since its launch in 2009, The New Home Company has built homes only in California – albeit a wide swath of it from Sacramento to Orange County. But for the last three years or so, executives have been eyeing land in the Phoenix market.

On Jan. 19 the Aliso Viejo, Calif.-based company announced its first land deal outside its home state in Inner Phoenix’s Paradise Valley. New Home will build 68 high-end homes that will cost well north of \$1 million in the former site of the Mountain Shadows resort with great views of Camelback Mountain.

Paradise Valley was referred to as the “New York City of Phoenix” by Rachel Cantor, regional director of Arizona Metrostudy. “If [they wanted] to make a splash they did it,” she says. “They picked an A+++ location.”

CEO Larry Webb couldn’t hide his enthusiasm for the project, not that he was trying. Phoenix, he says, is on the rise. “We had a great land deal that would kick off our project and we like demographics in Phoenix,” he says. “We think it’s going to have a lot of housing growth. The job growth is terrific.”

During the housing boom, about 60,000 new home permits were issued in the area each year; now, roughly 15,000 are issued. Webb thinks that number could rise due to significant job growth in the area. “If Phoenix did 25,000 to 30,000 permits a year” he says, “we think there’s a great opportunity to capture our fair share of that market.”

In November, veteran Phoenix builder Pat Moroney, who most recently served as division president with Standard Pacific Homes in the market, joined New Home as its Arizona division president. Moroney says Paradise Valley is the most affluent part of the city and there is no new housing stock in the area. “It’s a unique opportunity,” he says. “It’s really hard to find anything as special as this.”

Since New Home will build luxury, move-up homes, Moroney is confident they will find buyers. “Phoenix has a lot of opportunity in that space,” he says. “This market, especially in the right locations, has demand for the type of higher-end, luxury homes that The New Home Company plans to do.”



New Home is entering the Phoenix market under unique circumstances, Webb explains, because it’s starting a new division but will be led by a local executive. “It’ll be our branding, our culture, our way of doing business, but it’s being led by someone who’s really well connected with land sellers and the trade base,” he says. “Any time you purchase a new company there will always be a cultural alignment issue that you’ll have to work through. We don’t have anything like that.”

Homes at the Mountain Shadows site should be under construction by the end of the year, Moroney says, with the majority of them being delivered in early 2017. Adjacent to the property, a hotel is being built that should also come on line in the beginning of 2017. Webb says New Home has an agreement with the developer that would allow its homeowners to use the hotel’s fitness center, pool, and other facilities.

New Home is currently looking at additional land in the market; Moroney says they have a couple offers out now. “Once we mature, we’d like to do somewhere in the area of 200-to-400 homes a year,” Webb says. “That will probably take us three years to get there.”

Cantor says she’s eager to see what New Home will bring to the market. “They won’t be competing with anyone,” she says. “They are going to come in and create their own market and capture the true elite consumer, which production builders in Phoenix are not geared to sell to.”

New Home almost pulled the trigger on a land deal in Phoenix two years ago, Webb says, but the numbers didn’t line up to his liking. Webb is now glad that opportunity didn’t pan out because he



likes the Mountain Shadows location better and thinks Phoenix is in healthier shape economically than it was two years ago. “What happened over the last couple of years is while Phoenix grew, it didn’t grow as quickly as I think most people thought (it would),” he says. “So I

think passing two years ago worked out to our benefit but I’m very optimistic that the time is right now and over the next couple years to one: sell more houses annually and two: have price appreciation.”

The focus is now predominately on Phoenix and its California locations, but Webb says New Home is also eyeing other western markets like Denver, Las Vegas, Seattle, and Portland.

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