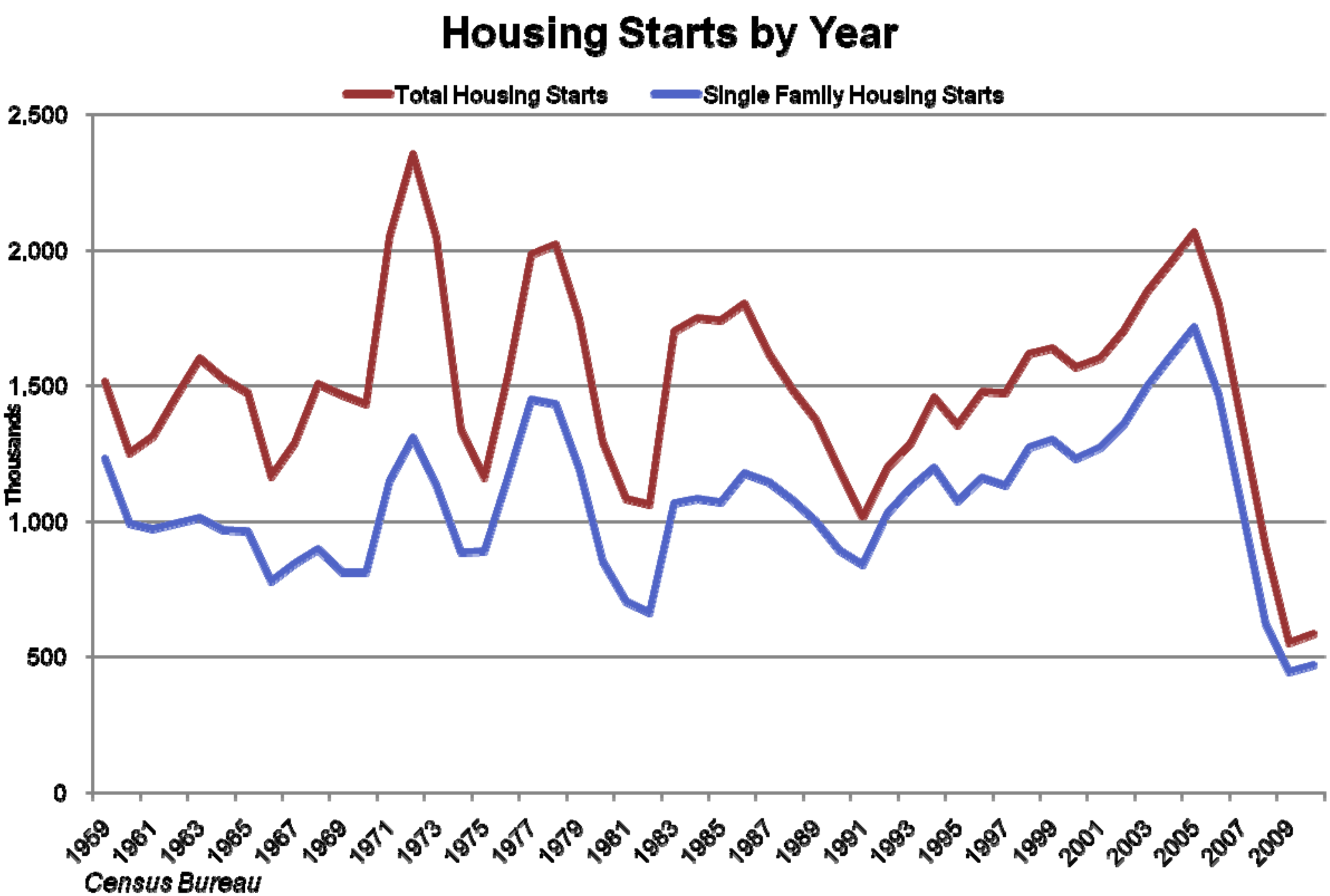
HOUSING
LEADERSHIP SUMMIT
THE BUILDER 100

Charting Consolidation

The Historical Context



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BUILDER 100 Overview

Closing Gains

Rank	Company	% Change
46	**Neighborworks America**	67%
27	**Gehan Homes**	62%
94	**Neal Communities**	55%
75	**DSLD**	53%
38	**American West Development**	52%
93	**Gentry Homes**	43%
99	**The Jones Co. of Tennessee**	42%
56	**Armadillo Construction Co.**	40%
29	**First Texas Homes**	37%
77	**Oakwood Homes**	33%

Closing Losses

Rank	Company	% Change
49	**Hearthstone Homes**	-50%
62	**Orleans Homebuilders**	-44%
65	**FieldStone Homes**	-42%
41	**The Corky McMillin Cos.**	-29%
60	**Ball Homes**	-26%
100	**Highland Holdings**	-26%
12	**Standard Pacific Corp.**	-25%
14	**Taylor Morrison**	-23%
50	**CBH Homes**	-20%
44	**Dominion Homes**	-20%
83	**The Rottlund Co.**	-20%

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BUILDER 100 Overview

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Revenue Gains

Rank	Company	% Change
27	**Gehan Homes**	70%
67	**Centerline Homes**	65%
75	**DSLD**	58%
29	**First Texas Homes**	51%
37	**Polygon Northwest**	47%
93	**Gentry Homes**	46%
38	**American West Development**	41%
87	**Bloomfield Homes**	40%
56	**Armadillo Construction Co.**	39%
78	**Oakwood Homes**	30%

Revenue Losses

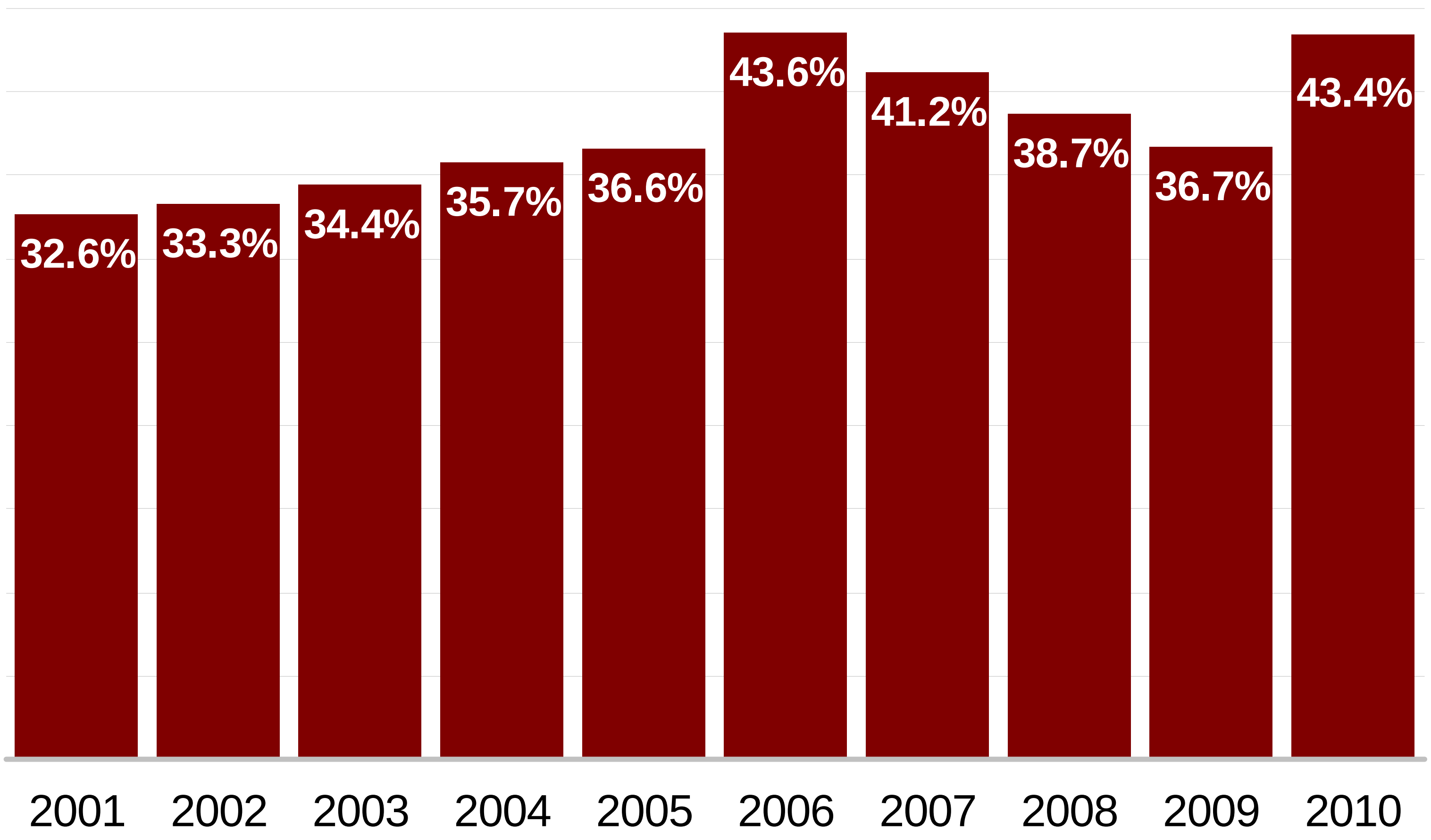
Rank	Company	% Change
49	**Hearthstone Homes**	-57%
62	**Orleans Homebuilders**	-40%
41	**The Corky McMillin Cos.**	-36%
65	**FieldStone Homes**	-36%
100	**Highland Holdings**	-33%
83	**The Rottlund Co.**	-24%
12	**Standard Pacific Corp.**	-23%
23	**Woodside Homes**	-23%
100	**Simmons Homes**	-22%
60	**Ball Homes**	-21%
50	**CBH Homes**	-21%

BUILDER 100 Overview

Moving Up in Rank

Company	2009 Rank	2010 Rank	Places Moved
Neighborworks America	82	46	36
Neal Communities	126	94	32
The Jones Co. of Tennessee	128	99	29
American West Development	65	38	27
DSLD	102	75	27
Gentry Homes	118	93	25
Armadillo Construction Co.	75	56	19
Bloomfield Homes	105	87	18
Dan Ryan Builders	66	48	18
Polygon Northwest Co.	54	37	17

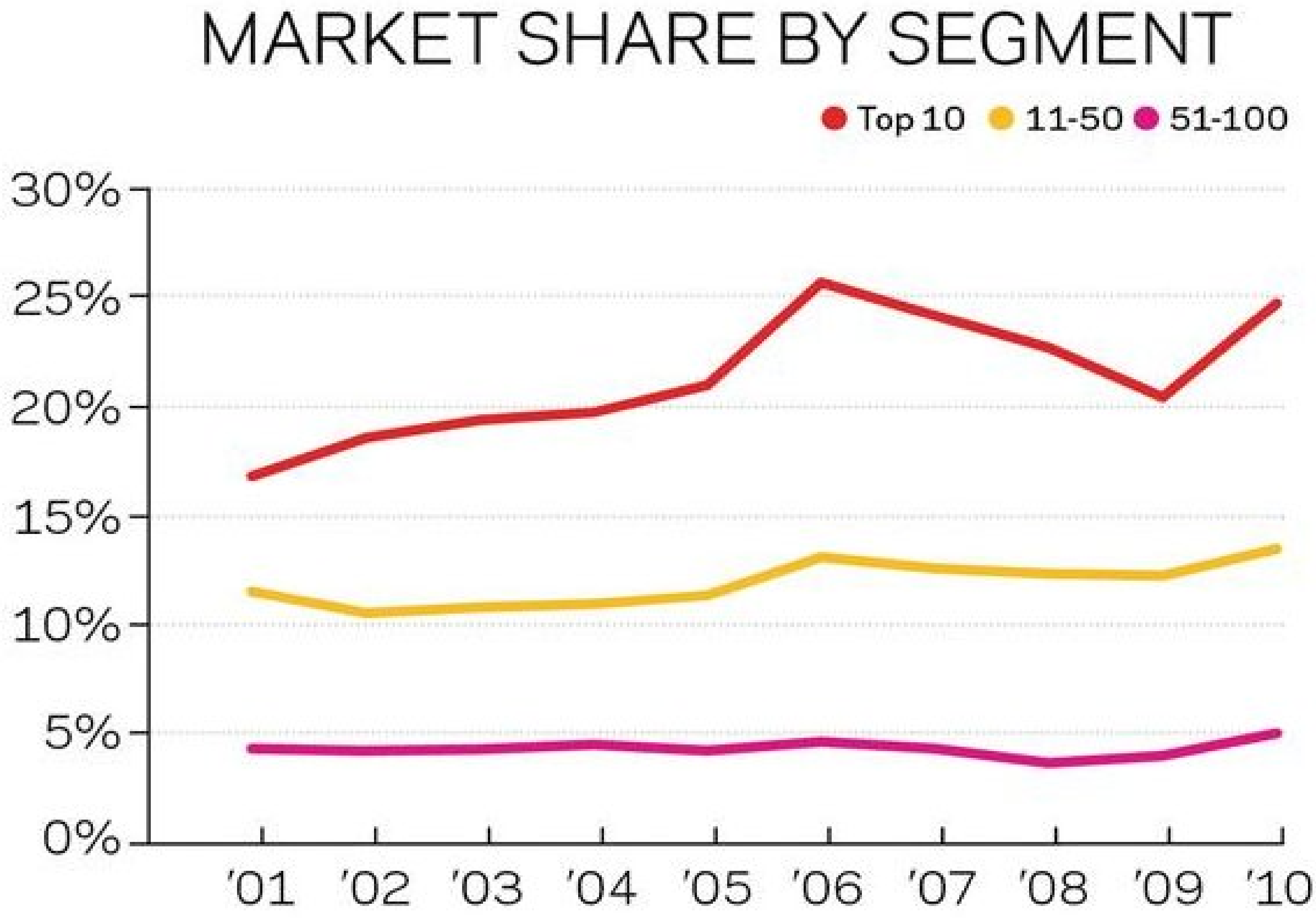
BUILDER 100 Share Rebound



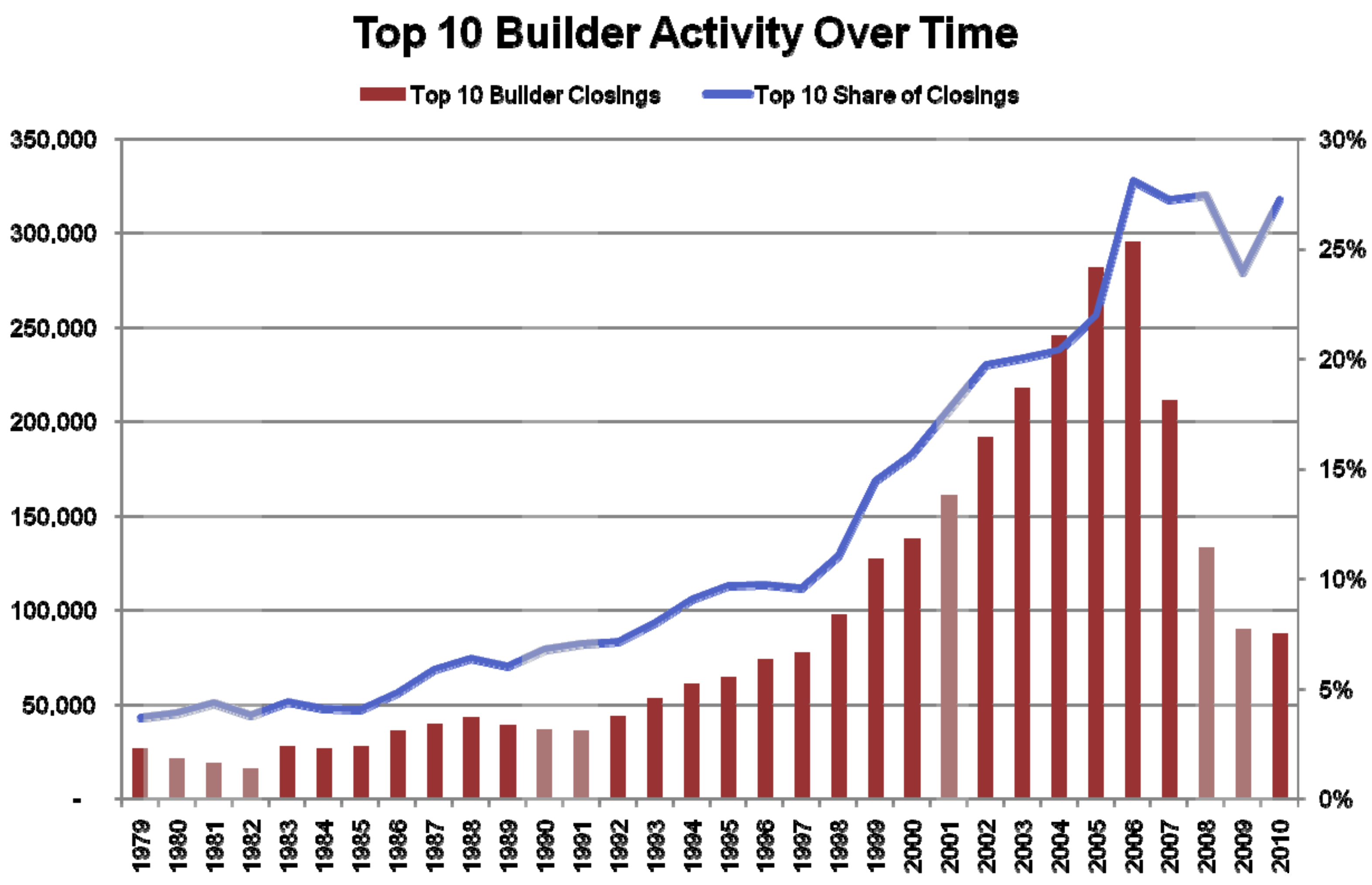
BUILDER 100 SHARE OF SINGLE-FAMILY HOME CLOSINGS

(includes condos)

BUILDER 100 Overview



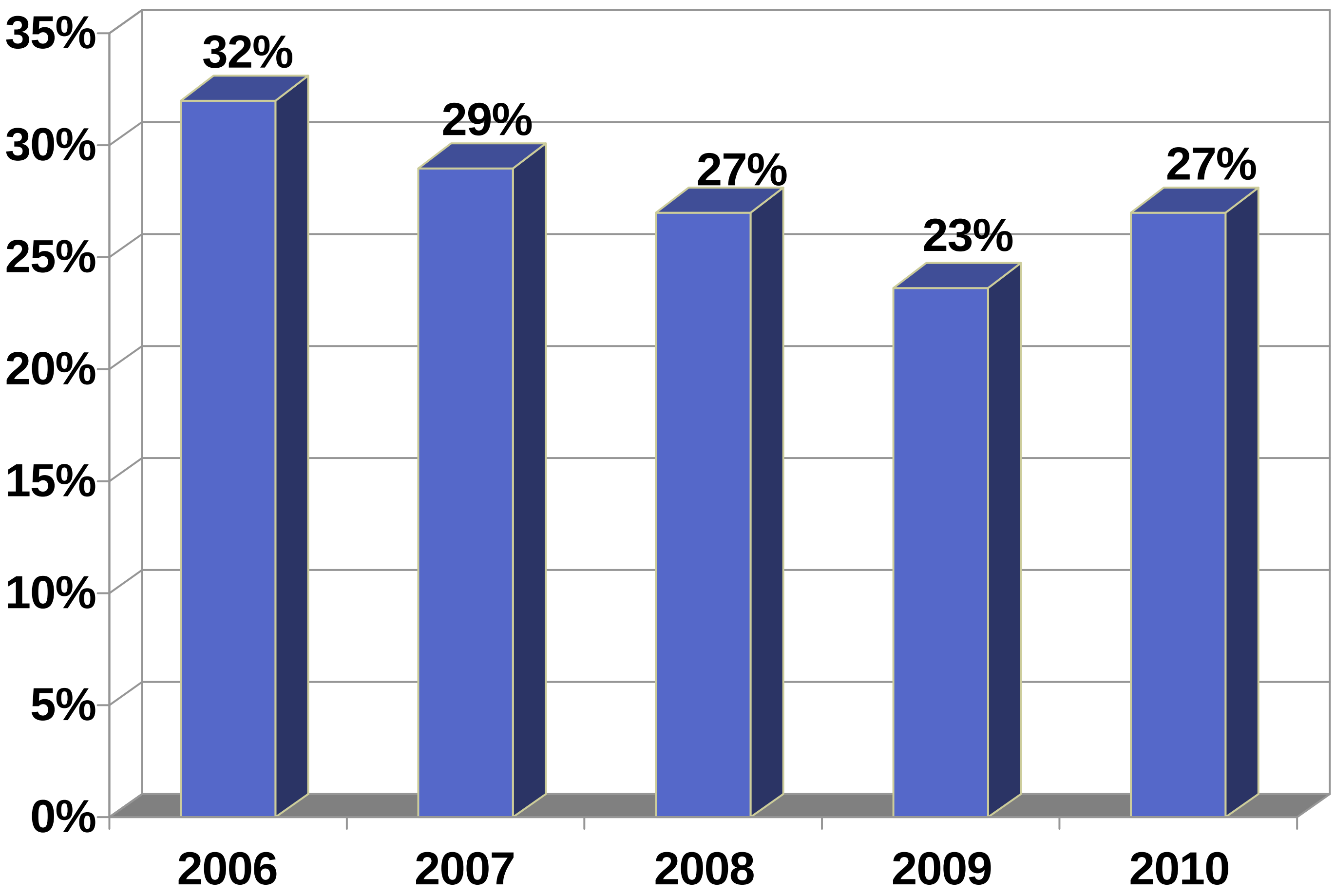
The Path of the Biggest Builders



Will There Be More Consolidation?

- A long argued outcome of the evolution of the industry—consolidation as evidenced in the share captured by the largest builders
- Now the argument has taken a decidedly public angle
- Advantages for the large public builders
  - Access to less expensive long-term capital
  - Economies of scale
    - National
    - Local
  - Volume and procurement cost advantage
  - Land pipeline
  - Brand
- A matter of when, not if, and to what degree

More Evidence: Public Builder Market Share Bounces



Public builder percentage of all single-family housing sales (incl Condos)

Source: Builder 100

The Share Battle Is Being Fought in the Large Local Markets

- The largest 100 markets in the country (ranked by permit issuance), represented 62% of new construction in 2010
  - *The largest 50 markets represent 47%*

- The next 100 markets only add 14% more permits

- There are only 28 markets outside of the largest 100 with 1,000+ permits in 2010

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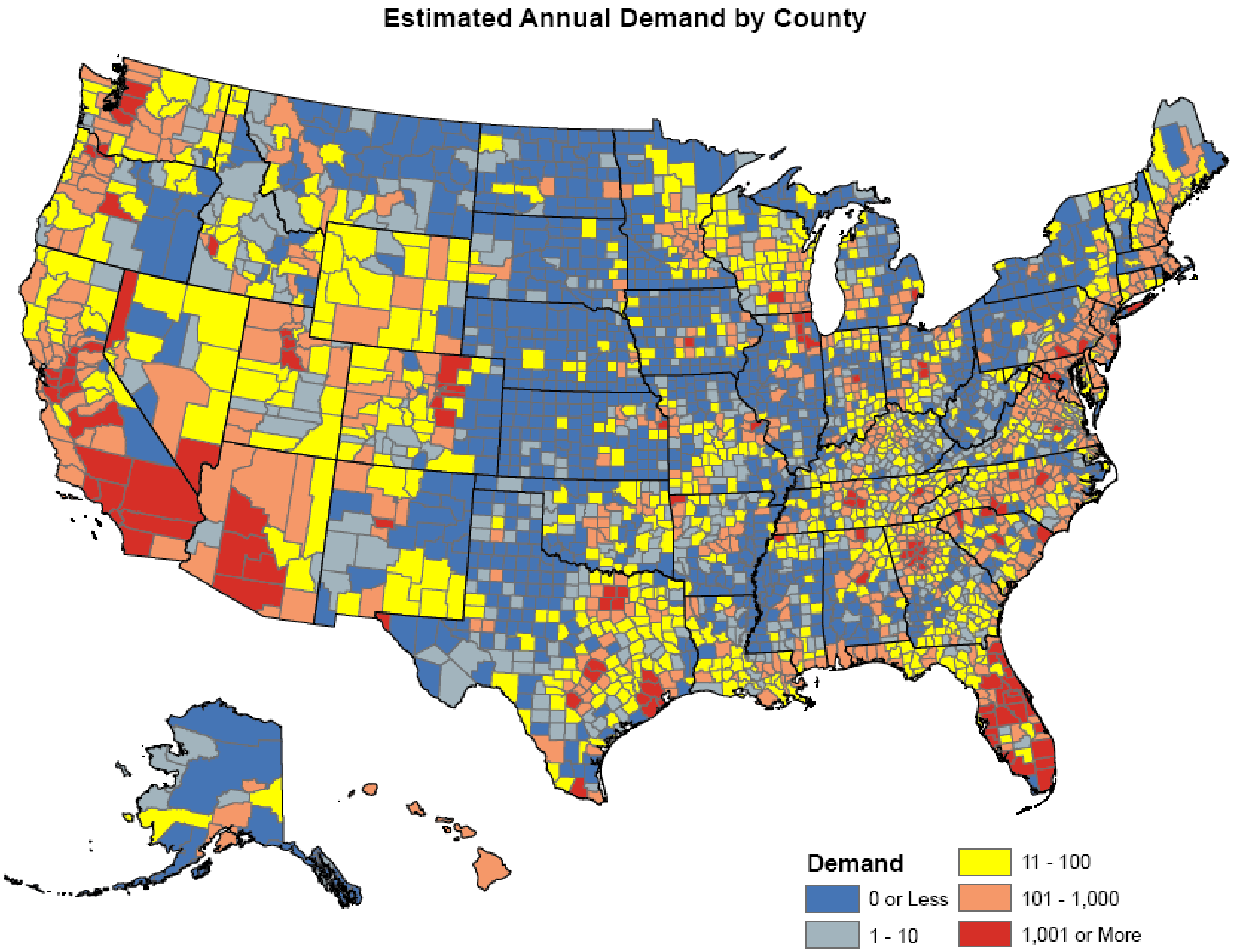
New Home Demand Is Focused in Major Markets—Where Jobs and Growth Are Most Prevalent



Source: Hanley Wood Market Intelligence

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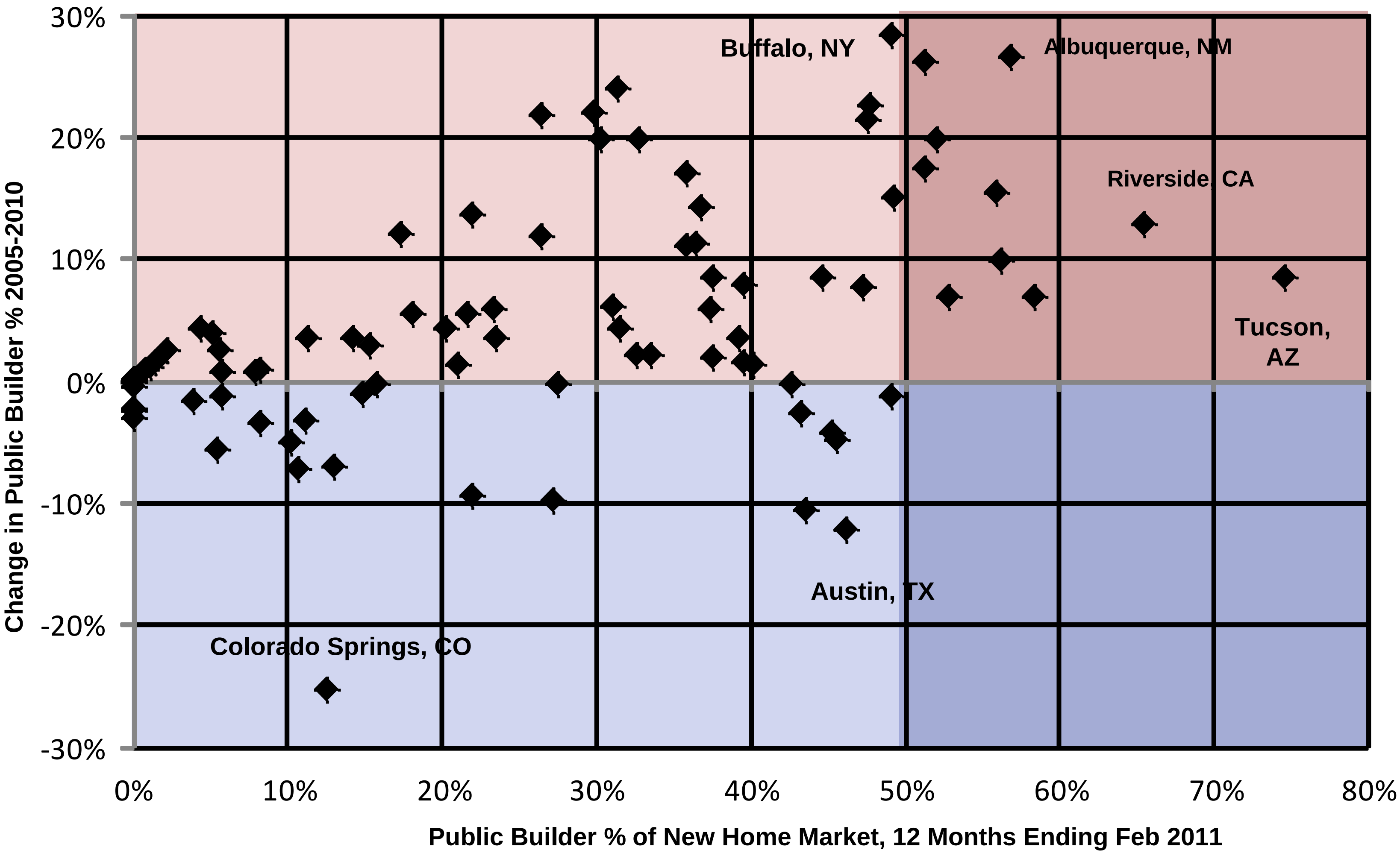
Looking at the Largest 100 MSAs, The Most Concentrated Markets Are Getting More Concentrated



Source: Housing Intelligence Pro

13 Major MSAs Already Have Publics Dominating and Positions Growing

- Akron, OH
- Albuquerque, NM
- Baltimore-Towson, MD
- Bradenton-Sarasota-Venice, FL
- Charleston-North Charleston-Summerville, SC
- Indianapolis-Carmel, IN
- Las Vegas-Paradise, NV
- Orlando-Kissimmee, FL
- Phoenix-Mesa-Scottsdale, AZ
- Riverside-San Bernardino-Ontario, CA
- Stockton, CA
- Tucson, AZ
- Washington-Arlington-Alexandria, DC-VA-MD-WV

What Makes for an Ideal “Publics’ Market”

- Size
  - There is an absolute size that a market must be to justify a public’s presence—a factor of total units and possible share
- Growth opportunity
  - Without continued growth expectations, a public can only grow by taking market share– there is a limit to how far that can go
- Dominance opportunity
  - Will the local environment support a defensive dominant position?
- Constraints
  - The strongest advantage comes from significant land constraints, tight restrictions on development, and expensive land development environments
  - The lack of constraints diminish the above factors

The Remaining Large Markets

- Candidates for eventual public dominance (not dominated yet, but moving most rapidly in that direction):
  - Austin, TX
  - Denver, CO
  - Pittsburgh, PA
  - Bradenton-Sarasota-Venice, FL
  - Richmond, VA
  - Cleveland-Elyria-Mentor, OH
  - Charlotte-Gastonia-Concord, NC-SC
  - Tampa-St. Petersburg-Clearwater, FL
- Markets that may never fit the scenario:
  - Colorado Springs, Columbia (SC), Greensboro (NC), Detroit, Seattle, Louisville, Honolulu

Then & Now: Houston ⬇60%

Houston Local Leaders

2005 (Public Share 40%)	
Lennar	5,240
KB Home	2,709
DR Horton	2,576
Perry Homes	2,278
MHI-Mcguyer Homebuilders	1,953
K Hovnanian	1,751
Royce Homes	1,487
David Weekley Homes	1,390
Pulte Homes	1,330
Ryland Homes	1,253

2010 (Public Share 43%)	
Lennar	1,645
DR Horton	1,169
Long Lake Ltd	1,161
Perry Homes	1,139
K Hovnanian	1,104
KB Home	855
Pulte-Del Webb-Centex	773
Meritage Homes	772
MHI-Mcguyer Homebuilders	662
David Weekley Homes	574

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Then & Now: Dallas ⬇69%

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Dallas Local Leaders

2005 (Public Share 37%)	
D.R. Horton	2,815
Centex	2,715
Lennar	2,009
Highland Homes	1,906
Pulte Homes	1,007
Meritage Corp.	976
Grand Homes	894
K Hovnanian	852
David Weekley Homes	825
Ryland Homes	798

2010 (Public Share 39%)	
DR Horton	2,574
Pulte-Del Webb-Centex	882
Highland Homes	870
First Texas Homes	847
Meritage Homes	696
K Hovnanian	433
Lennar	429
History Maker Homes	366
David Weekley Homes	360
Grand Homes	336

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Then & Now: New York ⬇58%

New York Local Leaders

2005 (Public Share 16%)	
Pulte/Del Webb	453
Applied Development	407
K Hovnanian	357
GDC Homes	222
Baker Residential	200
March Construction	159
Stratland Homes	124
WCI	103
Savanna Partners	102
Kaplan Companies	40

2010 (Public Share 16%)	
K Hovnanian	636
Toll Brothers	400
Lennar	256
Pulte-Del Webb-Centex	231
Fisher Development	173
Beechwood Homes	171
Timber Ridge Homes	133
DR Horton	130
Engel Burman Group	120
Extell Development Company	113

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Then & Now: Washington, DC ⬇66%

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Washington DC Local Leaders

2005 (Public Share 45%)	
NVR	3,663
Toll Brothers	2,047
K Hovnanian	1,650
Lennar	1,206
MDC Holdings	1,179
Centex Homes	1,163
Pulte/Del Webb	1,079
Beazer Homes USA	985
Crescent Heights	933
Weyerhaeuser	683

2010 (Public Share 52%)	
NVR	1,892
Pulte-Del Webb-Centex	1,008
K Hovnanian	558
Beazer Homes	535
Lennar	465
Toll Brothers	431
Stanley Martin Homes	368
Van Metre Companies	298
Dan Ryan Builders	287
Ryland Homes	272

Then & Now: Phoenix ⬇86%

Phoenix Local Leaders

2005 (Public Share 52%)	
DR Horton	5,789
Pulte/Del Webb	5,442
MDC Holdings	2,625
Shea Homes	2,573
Technical Olympic	2,218
Fulton Homes	2,202
Meritage Corp.	2,151
Beazer Homes	1,835
Standard Pacific Corp.	1,803
KB Home	1,768

2010 (Public Share 53%)	
Pulte-Del Webb-Centex	1,059
DR Horton	743
Shea	589
Fulton Homes	489
Meritage Homes	465
Taylor Morrison	410
Blandford Homes	407
MDC Holdings	296
KB Home	263
Lennar	252
Robson Communities	252

Then & Now: San Antonio ⬇54%

San Antonio Local Leaders

2005 (Public Share 51%)	
D.R. Horton	2,708
KB Home	2,243
Centex Homes	1,175
Pulte Homes	1,101
Ryland Homes	540
Armadillo Homes	425
Meritage Corp	340
Standard Pacific Corp.	334
The Fieldstone Corporation	333
Medallion Homes	325

2010 (Public Share 46%)	
DR Horton	1,178
Pulte-Del Webb-Centex	908
KB Home	673
Ryland Homes	317
Fieldstone Communities	301
Sivage Homes	284
Lennar	254
Meritage Homes	249
Armadillo Homes	235
David Weekley Homes	221

Then & Now: Chicago ⬇85%

Chicago Local Leaders

2005 (Public Share 19%)	
Pulte/Del Webb	2,374
Lakewood Homes	1,714
Lennar	1,603
DR Horton	1,598
Neumann Homes	1,445
Ryland Homes	1,122
Centex Homes	852
American Invsco	792
Pasquinelli Construction	760
Kennedy Homes	714

2010 (Public Share 20%)	
Pulte-Del Webb-Centex	389
DR Horton	353
Ryland Homes	240
Belgravia Group Ltd	193
Enterprise Companies	178
Mesa Development Llc	172
K Hovnanian	143
Lennar	142
MI Homes	125
Magellan Development	118

Then & Now: Miami

⬇84%

Miami Local Leaders

2005 (Public Share 12%)	
The Related Group	1,592
Lennar	1,190
Shoma Homes	1,137
Century Homebuilders, LLC	1,066
Standard Pacific Corp.	606
Lucky Start	350
Lowell Homes	210
WCI Communities	199
Lenox Homes	159
Centerline Homes	129

2010 (Public Share 15%)	
The Related Group	1,074
GL Homes	539
Lennar	506
DR Horton	316
Centerline Homes	206
Minto Communities LLC	204
Neo Epoch LLC	163
Pulte-Del Webb-Centex	126
Masterra Doral LLC	105
DYL Group LLC	84

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Then & Now: Atlanta ↓87%

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Atlanta Local Leaders

2005 (Public Share 12%)	
Pulte Homes	1,934
DR Horton	1,630
MDC Homes	1,192
Bowen Builders Group	1,179
Ryland Homes	1,175
Scenic Homes	1,065
John Wieland	1,035
KB Home	964
Centex Homes	933
Beazer Homes	788

2010 (Public Share 17%)	
DR Horton	582
Pulte-Del Webb-Centex	495
Crown Communities	300
Ashton Woods	260
Providence Group	241
Ryland Homes	208
John Wieland Homes	173
Traton Homes	153
Novare Group	132
The Knight Group, Inc.	119

Then & Now: Austin ↓53%

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Austin Local Leaders

2005 (Public Share 61%)	
DR Horton	2,193
Lennar	1,935
KB Home	961
Pulte Homes	950
Centex Homes	886
Meritage Corp.	610
Ryland Homes	447
Morrison Homes	437
David Weekley Homes	430
Technical Olympic	405

2010 (Public Share 49%)	
DR Horton	930
Pulte-Del Webb-Centex	657
KB Home	541
Lennar	423
Meritage Homes	311
Gehan Homes	290
Buffington Homes	243
Standard Pacific Homes	233
Taylor Morrison	231
David Weekley Homes	179

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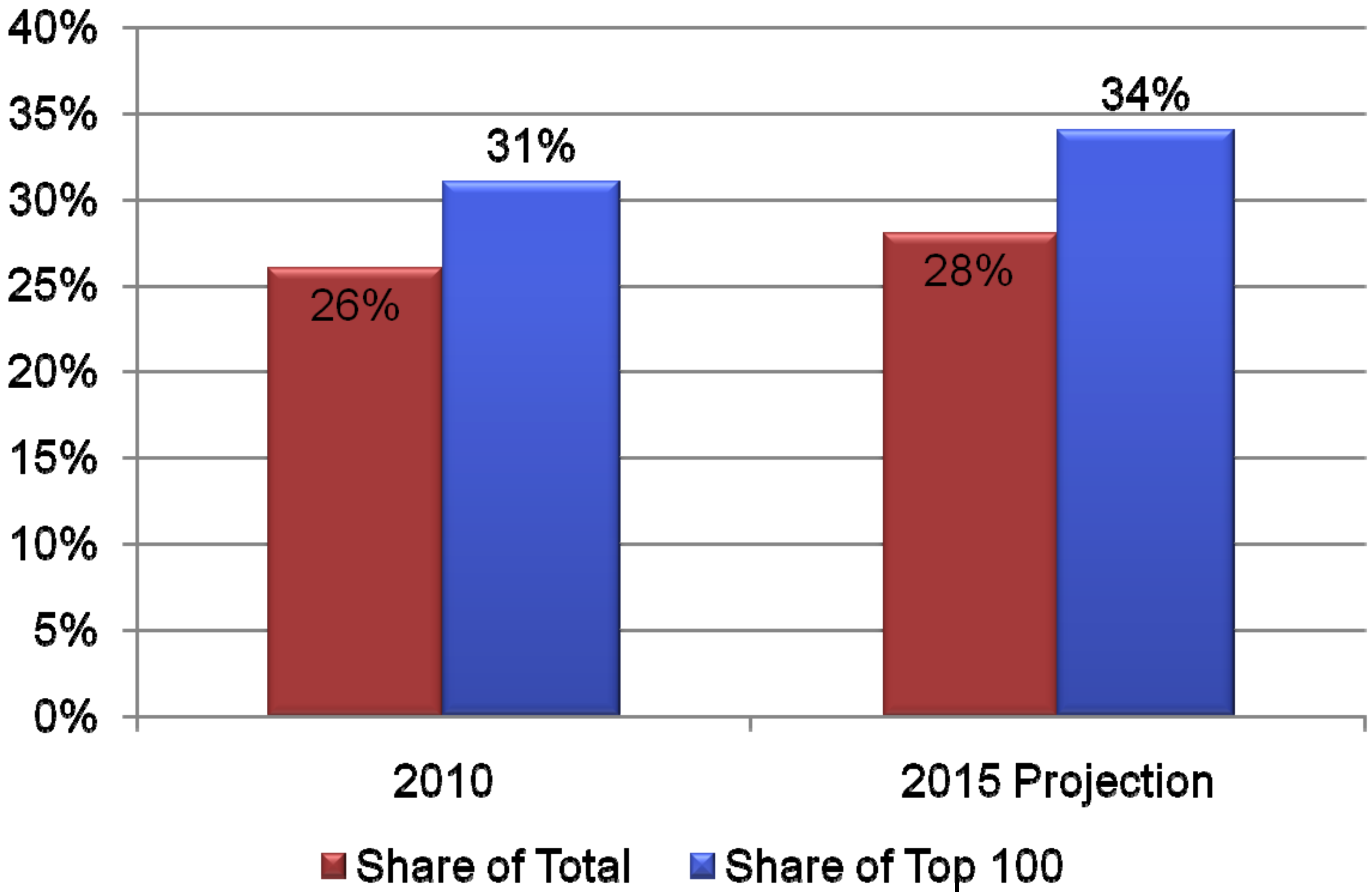
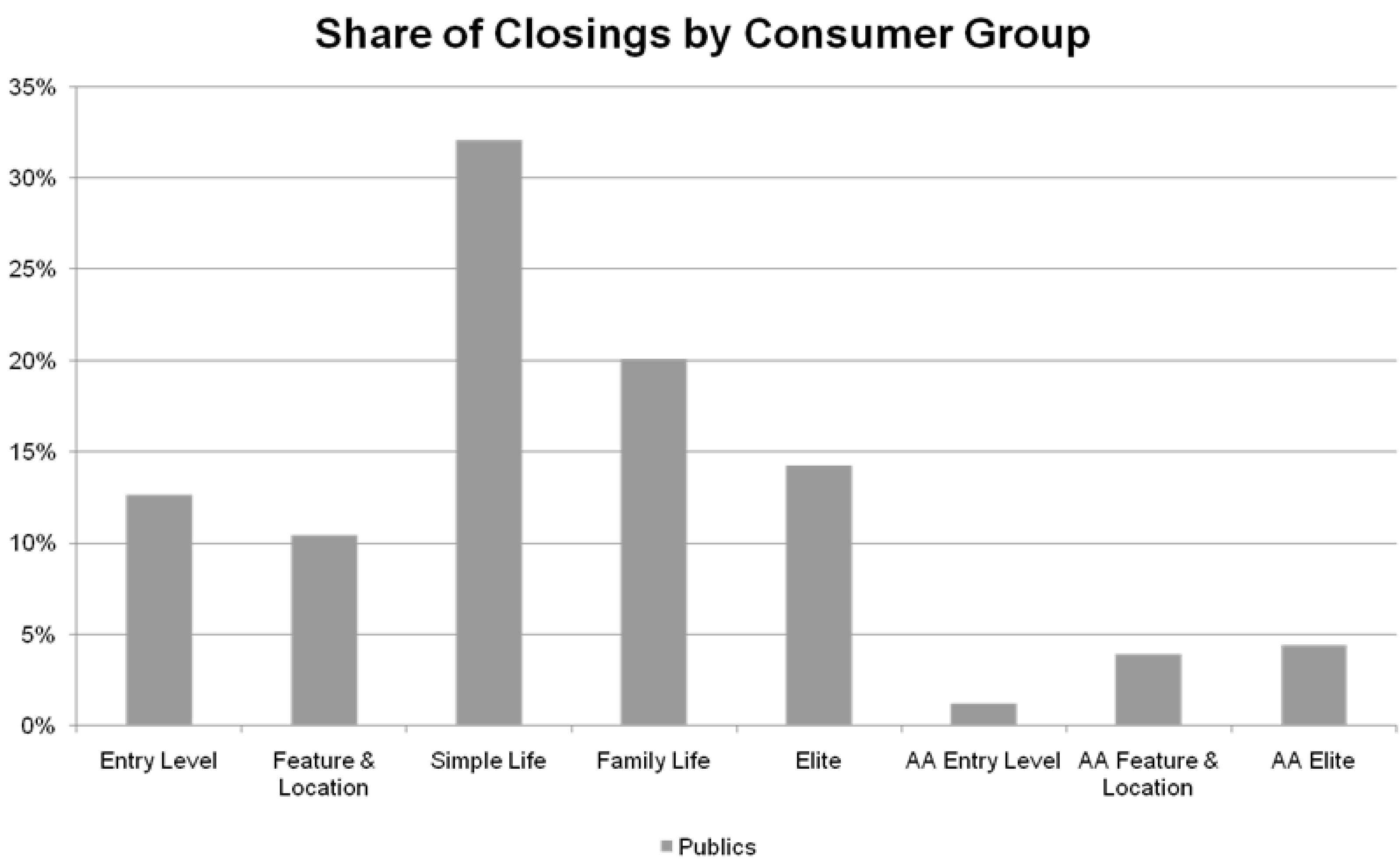
Public Builder Share Forecast



Source: Hanley Wood Market Intelligence

Applying the Lens of Demand



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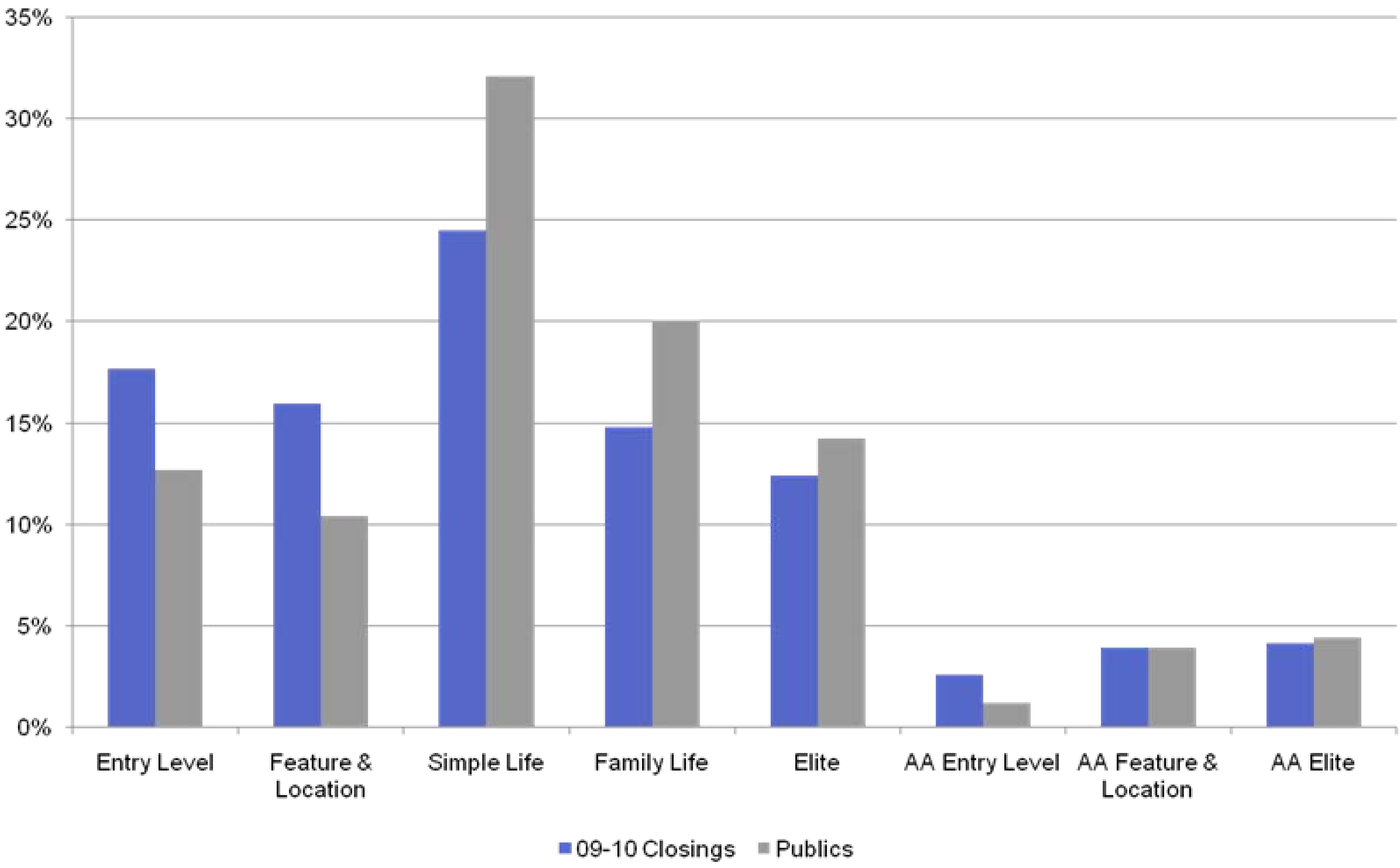
Applying the Lens of Demand



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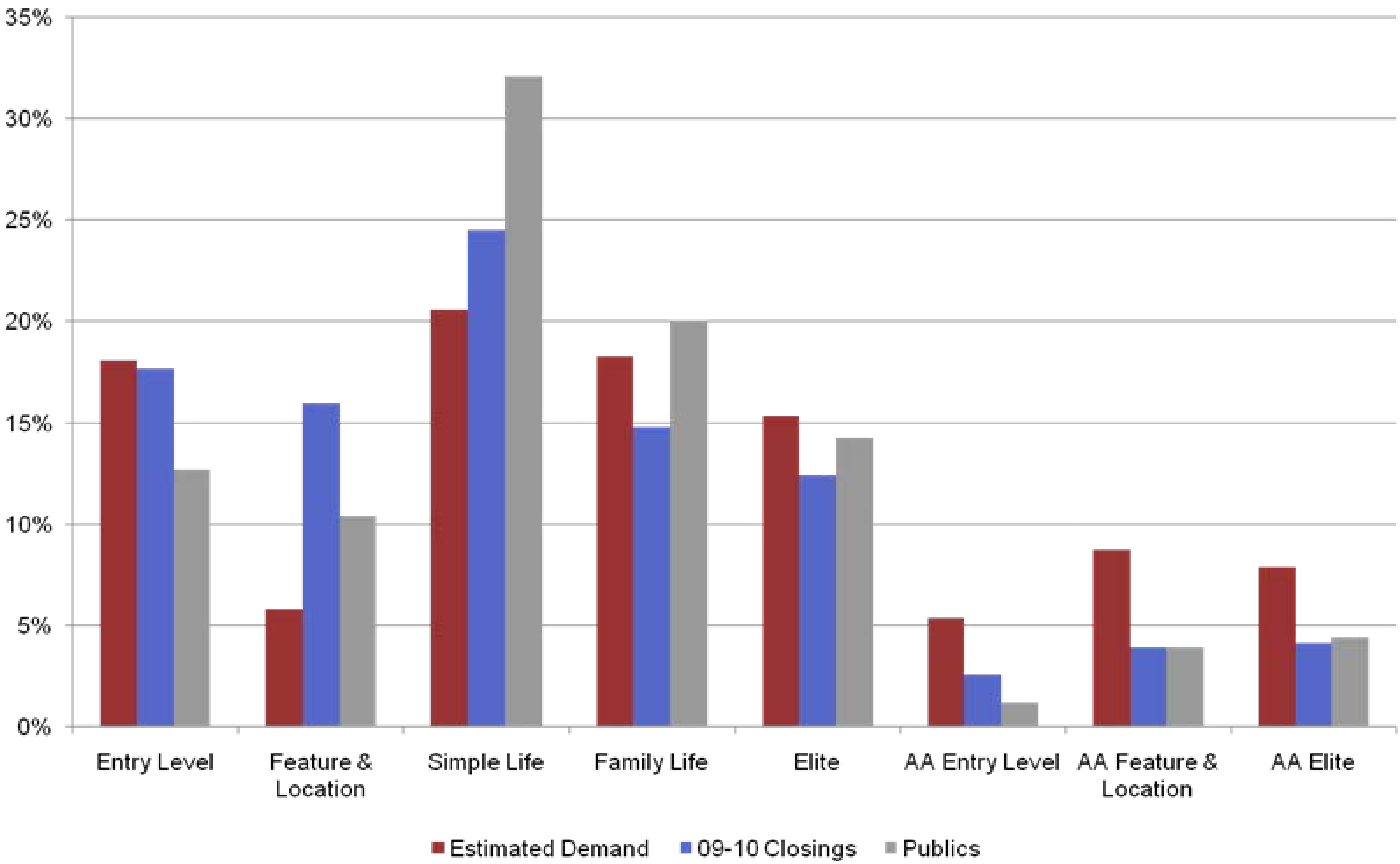
Applying the Lens of Demand



Source: Hanley Wood Market Intelligence

Implications

- Big Builders
  - The public builders will emphasize the markets they have chosen strategically
  - They all can't be #1 with double digit market share
  - A few markets that are on the bubble may be influenced to become more constrained
- Smaller Builders
  - Emergence of dominant local/regional builders that can leverage scale but are too small for most publics
  - In markets where Publics dominate, smaller builders will have to follow a niche strategy
- Suppliers
  - If business depends on volume, publics can't be ignored
  - The big builders are production oriented so they do not align fully with all segments

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Jonathan Smoke

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