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Homebuilder Taylor Morrison for sale: sources

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NEW YORK (Reuters) - British housebuilder Taylor Wimpey (TW.L: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) has put its U.S. homebuilding subsidiary Taylor Morrison on the auction block and hired JPMorgan Chase (JPM.N: [Quote](#), [Profile](#), [Research](#), [Stock Buzz](#)) to advise on the sale, people familiar with the matter said.

The company, which has operations in Britain, North America and Spain, has reached out to major U.S. homebuilders and other potential bidders over the past few months to gauge their interest in buying Taylor Morrison, two sources said.

The biggest private, nonprofit builder in the United States, Taylor Morrison is a wholly owned subsidiary of Taylor Wimpey that builds housing in California, Arizona, Colorado, Texas and Florida.

The Scottsdale, Arizona-based builder is best known in Florida for its 2,000 homes at the Country Club at Mirasol in Palm Beach Gardens, which hosts a PGA Tour golf event. Mirasol's website lists home prices in the range of \$800,000 to more than \$4 million.

The company has some prime assets that might interest U.S. homebuilders, eager to snap up premium land at today's depressed prices after purging their pipelines of expensive lots bought during the housing boom.

But most strategic buyers have shown limited interest in buying Taylor Morrison in its entirety given the fragile state of the recovery in U.S. homebuilding, one of the sources said.

At the end of the first half of 2010, Taylor Wimpey put the cost of U.S.-owned land at \$559.6 million. At the time, it also said its U.S. housing unit had 454.5 million pounds, or about \$700 million, in net operating assets.

The estimated sale price of Taylor Morrison could not be learned.

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Taylor Wimpey Chief Executive Officer Peter Redfern told analysts earlier this month that the company does not expect to be long-term holders of the North American business but added no imminent change was expected.

Representatives for Taylor Wimpey could not be reached for comment on Monday. JPMorgan declined to comment.

"My guess is we're not going to see a lot of strong bids," said Stifel Nicolaus analyst Mike Widner. "The builders all have plenty of cash on their balance sheets but the future is not crystal-clear right now in terms of volume of sales and how far home prices are going to fall."

Homebuilder confidence remains stuck at historic lows in the United States, according to the National Association of Home Builders/Wells Fargo Housing Market Index, which was at 16 in November. A reading above 50 indicates more builders view sales conditions as good than poor. The index has not been above 50 since April 2006.

The company's focus on Arizona and Florida, two states particularly hard hit by the housing bust, will probably not appeal to potential buyers, Widner said.

Taylor Morrison does, however, have some high-quality assets, including land in Austin, Texas, said housing consultant Richard Gollis, who is based in Newport Beach, California.

In July, Taylor Morrison announced the purchase of about 1,200 lots in the largest planned neighborhood in Austin, a market builders favor for its robust local economy.

It also has desirable positions in some supply-constrained markets in Northern California, like Menlo Park and San Mateo, Gollis said.

"Austin looks strong," he said. "Phoenix is going to be a challenge."

Taylor Morrison also operates under the Monarch brand in Ontario, Canada.

(Reporting by Helen Chernikoff and Soyoung Kim; additional reporting by Andrew MacDonald; Editing by Phil Berlowitz and [Matthew Lewis](#))

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