

# MONDAY BUSINESS

## STOCK SPOTLIGHT: THE NEW HOME

# Building a portfolio of urban lots

The firm specializes in finding dense spots in coastal Southern California, the Bay Area and Sacramento to erect properties.

By RONALD D. WHITE

A real estate meltdown might seem like a bad time to start a home-building operation.

The four men who founded the New Home Co. in August 2009 had a different view even though the industry was still reeling from bad loans, shrinking bank credit, low housing prices and too many homes on the market.

"We were starting from scratch," said H. Lawrence Webb, chief executive of the Aliso Viejo firm. "It was our own money. We got to hand-pick the best and brightest in the industry, and that's what we did."

Company strategy was to "build in infill sites near jobs, where people wanted to live," Webb said. By infill, Webb means those rare pockets of open space in densely built-out urban land.

Webb said the company doesn't have a set number of home blueprints. "Each site is unique," he said.

Founders Wayne Stelmar, Joseph Davis and Tom Redwitz are still with the company. Davis is chief investment officer. Redwitz is the chief operating officer and Southern California president. Stelmar is chief financial officer.

The New Home Co. has built up its portfolio of homes in three geographic areas: coastal Southern California, the San Francisco Bay Area and Sacramento.

When the company was starting, so-called fee building was the focus. The New Home Co. built, marketed and sold homes for landowners, mostly in Southern California. Fee building remains a big part of the business.

The company also does joint ventures with landowners in master-planned communities, typically under the New Home Co. name.

In 2013, joint ventures had become 68% of total sales.



CHERYL A. GUERRERO Los Angeles Times

**THE NEW HOME** typically builds detached, primary residences ranging from \$300,000 in Sacramento to about \$4 million in Newport Beach. Above, a couple visit a luxury home for sale in Irvine last month.

**The company:** The New Home Co.

**Headquarters:** Aliso Viejo

**Ticker:** NWHM

**Employees:** 220

**Leadership:** H. Lawrence Webb, 66, chief executive since 2009

**2013 revenue:** \$83.2 million

**2013 net income:** \$7 million

**Stock price:** \$14.25 at Friday's close

**52-week range:** \$11 to \$15.96

**P/E ratio:** 75 based on estimated 2014 earnings

**Quarterly dividend:** none

According to a recent investor presentation, the bulk of the company's lots — 3,743 — are in Southern California, running along the coast from Ventura County to San Diego County.

The Sacramento area is next largest with 1,889 lots, followed by the Bay Area, with 892 lots.

Webb said the company typically builds detached, primary residences ranging from \$300,000 in Sacramento to about \$4 million in Newport Beach.

### The latest

On Dec. 5, the company formally unveiled its Meridian project, featuring 79 homes in Newport Beach, ranging from 2,335 to 3,905 square feet. The homes cost more than \$1 million.

In November, the company released third-quarter earnings that showed revenue growing to \$28.6 million



PETER COOPER New Home

**LARRY WEBB**, CEO of the New Home, helped create the firm in 2009.

from \$21.2 million a year earlier. But an increase in costs pushed the company to a loss for the quarter of \$1.3 million, compared with a profit of \$2.1 million a year earlier.

### Accomplishments

In January, the company raised \$86 million through an initial stock offering, with plans to buy land and build homes.

Consumer research company Elliant named the New Home Co. tops in its "best customer experience" category in 2013 and 2014.

The Bay Area Building Industry Assn. gave the company Community of the Year awards in 2012, 2013 and 2014.

### Challenges

The New Home Co. must contend with the inevitability of ups and downs in the housing market. "Cyclical is part of our business," Webb said.

Another obstacle has been finding suitable land in dense areas, he said.

"Our biggest challenge is growing the company while

maintaining the core values that we have," Webb said. "If you're not careful, you can lose sight of that."

### Analysts

Of the five analysts who regularly cover the New Home Co., one considers it a strong buy. Two others rate it as a buy. Two suggest holding the stock.

Alex Barron, senior research analyst for the Housing Resource Center in El Paso, has a neutral rating on the stock but is generally upbeat about the company.

"They are less exposed to swings in the market than competitors who have more properties in inland communities," Barron said. "They have a pretty bright outlook, and I'm expecting significant growth over the next few years."

ron.white@latimes.com  
Twitter: @RonWLATimes

## TRAVEL BRIEF CASE

# Airport may revert to old name to boost traffic

By HUGO MARTIN

Comedian Bob Hope might not find humor in a promotional campaign proposed for the regional airport named after him.

Nationwide demand for air travel has been on the rise, but you wouldn't know it by visiting Bob Hope Airport. Passenger traffic was flat for the first 10 months of 2014, following two years of declining numbers, according to airport statistics.

One possible reason for the lackluster flier traffic, according to airport officials, is that many out-of-town travelers don't know that Bob Hope Airport is in Burbank, less than 15 miles from downtown Los Angeles.

Hoping to increase the airport's visibility and improve awareness of its location, the appointed panel that runs the airport awarded a \$50,000 contract last week to a branding consultant.

One possible strategy is to use the name "Hollywood-Burbank Airport" for marketing purposes but keep Bob Hope Airport as the legal moniker, according to the airport panel.

"We think that a clear geographic identity and creative marketing tools will help us broaden our passenger base," airport executive director Dan Feger said.

Hollywood-Burbank Airport is not a new name.

The airport, which opened in 1930, was named Hollywood-Burbank Airport in 1967. It was renamed Burbank-Glendale-Pasadena Airport in 1978 before it was dubbed Bob Hope Air-



RAUL ROA

**MANY OUT-OF-TOWN** travelers don't know that Bob Hope Airport is in Burbank, officials say.

port in 2003 — the year the comedian died in nearby Toluca Lake.

## Starwood to end Wi-Fi charges

Another major hotel chain is planning to eliminate wireless Internet charges, but only for guests who join its loyalty rewards program.

Starwood Hotels & Resorts Worldwide Inc., with more than 1,200 properties including the brands W, Westin, Sheraton, Four Points and St. Regis, an-

nounced last week that standard in-room Internet will be free to all Starwood Preferred Guest members starting Feb. 2.

The move mirrors a decision announced last month by Marriott International to offer free standard Wi-Fi to members of its loyalty rewards program, starting in January.

With the Starwood offer, loyalty reward members get the Wi-Fi if they book through Starwood's online sites or the SPG app. Without a loyalty membership, guests pay up to \$20 a day for basic Wi-Fi service, with even higher prices for Inter-

net with premium speeds.

Guests pay nothing to join the Starwood rewards program. Industry experts say hotel companies value loyalty membership because it allows the hotels to pepper guests with offers and shower them with perks to keep them loyal.

"Once they get you into their system, they can start to track you and your buying behavior, and that's valuable to them," said Carl Winston, program director at the school of hospitality and tourism management at San Diego State University. "It's a prudent business move."

## How long will the delay be?

The biggest travel headache is getting stuck in a long airport line, and travelers think it's time that airports do something about it.

In a survey of more than 2,000 travelers, 93% said they want airports to warn them about delays and wait times at gates, security checkpoints and customs and passport lines.

More than half of the travelers surveyed (53%) said they would even allow airports to anonymously track their mobile device to give them alerts about wait times they face as they walk through the facility, according to the survey by FlightView, a website that provides real-time flight information.

The Cincinnati/Northern Kentucky International Airport became among the nation's first this year to install the technology to track

smartphones and other electronic devices to gauge and display airport gridlock. About 90% of the world's airports expect to install similar technology by 2017, according to a study by an airline technology company.

"I think airports are starting to realize they can offer more information," said Katherine Wellman, vice president of marketing at FlightView.

hugo.martin@latimes.com

## Key rates

These rates are annualized and are the most recent available.

### Benchmarks

Federal funds rate	0.25%
Prime bank rate	3.25
Discount rate	0.75
30-year mortgage	4.12
GDP growth (Year over year)	2.40
U.S. inflation (Year over year)	1.30

### Treasury yields

13-week	0.03%
26-week	0.11
1-year	0.24
2-year	0.64
5-year	1.65
10-year	2.16
30-year	2.75

Source: Bloomberg

Los Angeles Times

## CAPITOL BUSINESS BEAT

# Interest groups crank out new studies

By MARC LIFSHER

SACRAMENTO — It's that time of year when public relations firms roll out impressive numbers to boost clients' images at the Capitol.

Interest groups fill a holiday news vacuum by releasing specially commissioned economic studies. The reports are jammed full of data showing, not surprisingly, large amounts of jobs created, money spent and taxes paid.

"They are trying to say 'We're important to the economy,'" said Stephen Levy, director of the Center for the Continuing Study of the California Economy in Palo Alto. "It's usually preparatory to some piece of legislation ... about their industry that might affect their growth."

Levy's description is on point with a diverse trio of recent economic studies.

Almond growers brag that they generate more than 100,000 direct and indirect jobs in California and create \$11 billion annually in added economic value. That figure includes everything almond growers consume, including trucks and Disneyland trips.

"Almonds have become a crop of choice in California because California is one of the only places in the world to effectively grow them," said Richard Waycott, chief executive of the Almond Board of California, a marketing organization. "This report shows that advantage is translating into value — not just for growers but for their communities and the state as a whole."

And what might almond growers be needing from policymakers next year? Plenty of water to keep trees healthy and produce a bumper export crop in the midst of a drought.

Meanwhile, a similar analysis by Advanced Energy Economy, a business association, says that 40,000 California companies employ almost 432,000 people in every phase of green power generation, energy conservation and efficiency, and cars, trucks, rail and transpiration modes that don't use fossil fuels.

The total is bigger than employment in the motion picture and television, semiconductor or aerospace, the study contends. "This is a large industry that affects pretty much every region in California," said Steve Chadima, the group's California director.

Chadima's membership has a big stake next year in whatever changes are made to California's efforts to curb global warming.

And if lawmakers didn't know it already, the Partnership for a New American Economy, which wants to overhaul immigration laws, has its own study to remind them that Latino households accounted for more than \$1 out of every \$5 spent in California and paid \$17.4 billion in California taxes in 2013.

Representatives of California Latinos, who are estimated to make up 40% of the state population in 2020, have a long legislative wish list that includes improvements to education, health care, wages and working conditions.

Would-be players at the Capitol shouldn't be shy about touting statistics, said Donna Lucas, chief executive of Lucas Public Affairs, a top Sacramento public relations and communications firm.

"This is a pretty good time to do it," she said. "These are effective campaigns, if done right."

marc.lifsher@latimes.com