



## Home sweet home: TaylorMorrison's Sheryl Palmer highlights REIAC's Distinguished Speaker fall event

Sheryl Palmer, Chairman and CEO of Scottsdale-based TaylorMorrison Home Corporation looked over the audience of REIAC Southwest members and guests.



"What's it's like out there?" she asked as she surveyed the crowd. "I can take any day and find 10 headlines that say it's good times in the homebuilding industry for lots of reasons. The demographic tailwinds top the list. Boomers and millennials."

Palmer, who possesses 30 years of experience in land, sales and marketing, and development, was the headliner at REIAC Southwest's Distinguished Speaker fall event in October at Camelback Golf Club in Scottsdale.

TaylorMorrison is the largest public homebuilder and boasts being named America's most trusted homebuilder in 2019 for the fourth straight year.

"It's a great time," Palmer reiterated.

Palmer joined the 100-year-old English company in 2006 when it was Morrison Homes. It merged with another UK company in 2007 and Taylor/Morrison was born.

"It was an exciting time for the organization," she recalled. "Coming out of the downturn it was a stronger company."

When she joined the company that year, it built about 2,000 homes. Fast forward to the present.

"Last year we built 10,000 units. It's been busy," she said. "We've also had seven acquisitions. It's not hard to get pretty excited about what's out there. Mortgage rates are definitely our friends."

But there are storm clouds on the horizon, she added.

"Interest rates to 5 percent could have a devastating effect," she predicted. "The fourth quarter (of 2018) was a wakeup call. Five percent is hard to imagine. It would shut the sector down."

Palmer said that 80 percent of mortgages in the U.S. are under 4 percent. It's not hard to believe what effect higher rates would be, she said.

"It's going to take some time; I think we're OK with interest rates for a while. A 4 percent interest rate will be with us for a bit," she said.

"I ask what's the best market for us; it's Phoenix," she said. "In Phoenix, if they build it, they will come."

Building hasn't changed that much, she said. An illustration she showed made that clear:



It showed that in 1919, building's main tool was a hammer; in 2019, building's main tool is still a hammer.

"There is a lot of opportunity; we just can't meet the need," she said. "We are continuing to under build."

Palmer also pointed out three dynamics that are affecting the home-buying process.

"Disruption and innovation, the ever-changing consumer, the experience economy," she said. "We're starting to sell houses on apps. People are not even coming to the property. We are seeing a changing consumer."

Other topics Palmer touched upon:

**>> TaylorMorrison's target market:** "Our bread and butter (houses) is in the high \$400s. A third of our buyers are first-time buyers. Millennials are not running away from how they grew up. They are now running toward it."

**>> The homebuilding industry in 2019:** "We're old when we look around. In gender, ethnicity and thought. From a management standpoint, our customers are different. If our workforce doesn't mirror our customer, how can we really understand our customer?"

**>> Affordability and lifestyle issues:** "What choices are out there? There is the issue of not having housing in Phoenix. If we build to rent, how do we play that game? Phoenix is kind of ground zero. Some parts are not there yet, but TaylorMorrison and Christopher Todd Communities are going in that direction."

Called "horizontal living," the company develops luxury single-family, single-story rental homes in gated, planned communities that are professionally managed. There are seven communities here; about 1,000 units.

**>> Labor issues:** "We lost a lot of folks who aged-out of the industry. We've lost trade schools and lost the funding for those programs. We didn't develop new talent. We've lost experienced trainers and there are no new kids coming out. The numbers don't even tell the story."

**>> Robotics:** "It's only a matter of time that we get robots on the job sites. We can only control what we can control."

