

WILL THE MERGERS AND ACQUISITIONS PACE OF THE PAST COUPLE OF YEARS CONTINUE INTO 2016?

“As we enter 2016, factors that drove the last few years of M&A are still relevant, but they are beginning to play a smaller role. At the same time other drivers are beginning to play a bigger role: Markets with limited land availability may best be expanded in or entered through an acquisition whereby both a land pipeline and management team can be brought on board. Newly minted publics and some larger regionals are using acquisitions to grow and expand their geographic footprints. Builders who survived the downturn do not want to go through another one. And this is especially true for many survivors who are in the later stages of their careers. They recognize that selling the business is probably their best, and perhaps only viable, exit strategy. It’s a lot easier for estate planning to split cash than split a home building entity, and not all children are equally able. And the best time to sell is when there are potentially multiple interested buyers. Ultimately, we feel that there will still be an active M&A market in 2016, albeit perhaps not as active as the last several years and perhaps limited to fewer markets. After 2016, our crystal ball is a bit fuzzy.”