

# The Arizona recovery and beyond, according to **Maracay's Andy Warren**



**Andy Warren**  
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**M**aracay was one of five builders in the Weyerhaeuser Real Estate Company portfolio that merged with TRI Pointe Group in 2014. The new parent company retained the senior management and organizational structure of each builder in order to maintain their entrepreneurial spirit and ability to make decisions based on activity in local markets. Andy Warren, president since 2009, talks about what's happening in Arizona.

**Q** At the beginning of the recovery, Phoenix's new-home builders were competing against a sizable inventory of distressed housing. Maracay responded with a new product line that was more water and energy efficient than resales, offered better indoor air quality, and introduced Flex Design. Now that the distressed housing inventory has shrunk, what other variables are affecting the Phoenix market and pushing Maracay to stay fresh?

**A** You're describing our Living Smart program, originally pioneered by our sister company Pardee Homes, and which we adapted to Arizona about five years ago. We continue to include Living Smart and Flex Design today as part of our standard offering in all of our communities. While all of the components of the Living Smart program are important to our buyers, it's no surprise that they are most interested in energy efficiency, which translates to low monthly operating costs. HERS ratings were relatively new when we launched the program but have become the de facto rating system for gauging the energy efficiency of a builder's new homes. By making continuous improvements to our designs and components over the past several years, we've driven down our HERS ratings to be best-in-class, which stack up favorably against our competitors. So what was once a differentiator of new versus used has become a differentiator among home builders. With our newest com-

munities achieving HERS ratings in the mid-to-upper 50s, we're enthusiastic that we're winning that battle.

Onto design ... While we were excited about the portfolio of home designs we launched during the depths of the recession, the market dynamic at the time placed an emphasis on cost-effective designs and internal operating efficiency. So we tended to offer the same well-designed plans in multiple communities. Over the past few years, we've moved to more site-specific architectural designs that optimize the relationship between the footprint of the home and the size of the home site, and also create more tailored and unique architectural statements that make sense for the locational context. For instance, Pueblo or Spanish Hacienda designs are popular in some of our Tucson communities, while in Phoenix we've found great success with more Craftsman- and Territorial-inspired designs.

The main difference between today and the immediate post-recession period is probably location. Coming out of the recession, builders in our market were building homes on the pre-boom existing supply of lots, in whatever locations they happened to be. Most of those communities have long since been completed, so now we are developing new communities from scratch. Maracay targets premium buyers who have the purchasing power to be selective on their location choices, so we've been focused on being in only the best locations with transportation access, great schools, thoughtful community designs, and no site negatives.

**Q** Did the recession change the Phoenix buyer from looking at housing primarily as an investment to being a place that meets their individual needs? If so, what are the ramifications for builders?

**A** I think the dynamic you describe was really a national phenomenon—not unique to Phoenix. But perhaps our market felt it more acutely than most because when people were considering where to invest in housing, it made sense to choose Phoenix because of our strong job and population growth.

My opinion is that we've returned to a more healthy perspective on homeownership that really existed for multiple decades prior to the housing bubble. **PB**

To read the complete interview with Andy Warren, see [probuilder.com/warren](http://probuilder.com/warren)