

Press Release

J.D. Power and Associates Reports: Satisfaction with New-Home Builders and New-Home Quality Reach Historic Highs, As Home Builders Respond to Tough Market Conditions by Improving Products and Service

Shea Homes and Standard Pacific Homes Each Rank Highest in Customer Satisfaction in Three U.S. Markets

WESTLAKE VILLAGE, Calif.: 15 September 2010 — Although the recovery of the U.S. housing market appears to have stalled in many areas of the country, customer satisfaction with new-home builders has improved for a third consecutive year, and new-home quality has improved for a second consecutive year, according to the J.D. Power and Associates 2010 U.S. New-Home Builder Customer Satisfaction StudySM released today.

Overall customer satisfaction has improved for a third consecutive year, averaging 826 on a 1,000-point scale in 2010—the highest level since the inception of the study in 1997. Markets with the highest levels of overall satisfaction in 2010 include <u>Phoenix, Ariz.</u>; <u>Las Vegas</u>; <u>Southern California</u>; <u>Orlando, Fla.</u>; and <u>Sacramento, Calif</u>. Overall satisfaction has increased in 15 of the 17 individual markets that were also surveyed in 2009.

New-home quality has also increased notably to an average of 844 in 2010, reaching a record high. Home quality has improved from 2009 in 15 of the 17 markets. Overall, the most-commonly reported quality problems include issues with landscaping; kitchen cabinet quality and finish; and heating and air conditioning.

"The downturn of the housing market—along with intensified competition for a very limited pool of home buyers—has reinforced the importance of customer focus for new-home builders," said Dale Haines, senior director of the real estate and construction industries practice at J.D. Power and Associates. "In this buyers' market, builders that are attentive to customer needs and focus on relationship building stand the best chance of enduring through the market recovery. Many builders that were unable to maintain this focus consistently have had to exit the marketplace."

The New-Home Builder Customer Satisfaction Study, now in its 14th year, includes <u>satisfaction rankings for builders</u> in <u>17 markets</u>. Nine factors drive overall customer satisfaction with new-home builders: workmanship/materials; builder's warranty/customer service staff; price/value; builder's sales staff; construction manager; home readiness; recreational facilities provided by the builder; builder's design center; and location.

The study finds that satisfaction has improved from 2009 in eight of the nine factors (all except recreational facilities provided by the builder), and most notably in workmanship/materials; home readiness; and builder's design center. Approximately 92 percent of home buyers in 2010 indicate that their home was complete when they took possession, compared with 90 percent in 2009.

In addition, the importance of factors driving overall satisfaction has shifted from 2009. The importance of the builder's sales staff and the builder's construction manager have increased, while the importance of price/value and builder's warranty/customer service have declined.

"The proportion of new-home buyers who perceive their salesperson acted in an honest manner has increased notably in 2010, compared with 2009," said Haines. "In addition, customer perceptions of the professionalism of the construction manager have improved as well. It appears as though new-home builders recognize the

importance of keeping buyers engaged throughout the selling and building processes, and providing as much reassurance and support as possible."

Overall Customer Satisfaction Rankings

Shea Homes (headquartered in Walnut, Calif.) and Standard Pacific Homes (Irvine, Calif.) each rank highest in customer satisfaction in three markets. KB Home (Los Angeles, Calif.) ranks highest in two markets. Other builders with the highest rankings in their respective markets include (in alphabetical order): Classic Homes (Colorado Springs, Colo.); Darling Homes (Frisco, Texas); David Weekley Homes (Houston, Texas); JMC (John Mourier) (Roseville, Calif.); John Wieland Homes (Smyrna, Ga.); M/I Homes (Columbus, Ohio); NV Homes (Reston, Va.); Pardee Homes (Los Angeles, Calif.); and Trendmaker (Houston, Texas).

For more information on New-Home Builder Customer Satisfaction Study rankings by market, please click here.

2010 New-Home Quality Study Rankings

The New-Home Quality Study, now in its fourth year, measures the <u>occurrence and impact of construction</u> <u>problems experienced by new-home owners in 17 markets</u>. The study utilizes an index that takes into account the number of problems that occur, the severity of problems and size of the home, and measures problems in 41 categories for the following areas: bathroom; drywall; electrical/appliances; flooring/stairs; home exterior; interior paint; kitchen; windows/doors; and other significant problems.

Centex Homes (headquartered in Bloomfield Hills, Mich.); KB Home; and M/I Homes each rank highest in newhome quality in two markets. Other builders achieving the highest rankings in new-home quality in their respective markets include (in alphabetical order): Brookfield Homes (Fairfax, Va.); Classic Homes; D.R. Horton (Ft. Worth, Texas); Fieldstone Communities (Irvine, Calif.); Highland Homes (Plano, Texas); JMC (John Mourier); LGI Homes (Conroe, Texas); Pardee Homes; Ryland Homes (Calabasas, Calif.); Standard Pacific Homes; and Toll Brothers (Horsham, Pa.).

For more information on New-Home Quality Study rankings by market, please click here.

"Green" Home Features

New-home builders have improved from 2009 in raising awareness of the "green" features of their homes. Approximately 61 percent of new-home owners in 2010 perceive that their home is environmentally friendly, compared with only 31 percent in 2009. In addition, the proportion of new-home owners who indicate that their builder did not identify the home as green has declined to 48 percent in 2010 from 65 percent in 2009.

"In this hypercompetitive market, green features have become a crucial selling point, since new-home buyers are seeking to save on energy costs, as well as to increase the value of their home," said Haines.

The 2010 U.S. New-Home Builder Customer Satisfaction Study is based on responses from more than 16,400 buyers of newly built single-family homes who provided feedback after living in their home an average of four to 18 months. The study was fielded between March and July 2010. For more comprehensive new-home builder rankings for all 17 U.S. markets, visit <u>www.jdpower.com/homes</u>.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, Web intelligence and customer satisfaction. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on <u>car reviews and ratings</u>, <u>car insurance</u>, <u>health</u> <u>insurance</u>, <u>cell phone ratings</u>, and more, please visit <u>JDPower.com</u>. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

About The McGraw-Hill Companies:

Founded in 1888, The McGraw-Hill Companies (NYSE: MHP) is a global information and education company providing knowledge, insights and analysis in the financial, education and business information sectors through

leading brands including Standard & Poor's, McGraw-Hill Education, Platts, and J.D. Power and Associates. The Corporation has more than 280 offices in 40 countries. Sales in 2009 were \$5.95 billion. Additional information is available at <u>http://www.mcgraw-hill.com/</u>.

Media Relations Contacts:

Jeff Perlman; Brandware Public Relations; Westlake Village, Calif.; (808) 418-8626; jperlman@brandwaregroup.com

John Tews; J.D. Power and Associates; Troy, Mich.; (248) 312-4119; media.relations@jdpa.com

Syvetril Perryman; J.D. Power and Associates; Westlake Village, Calif.; (805) 418-8103; media.relations@jdpa.com

No advertising or other promotional use can be made of the information in this release without the express prior written consent of J.D. Power and Associates. <u>www.jdpower.com/corporate</u>

#

(Page 3 of 3) NOTE: Three charts follow.

J.D. Power and Associates 2010 New-Home Builder Customer Satisfaction Study[™]

Markets Included in New-Home Builder Customer Satisfaction Study And New-Home Quality Study

Atlanta, Ga.	Phoenix, Ariz.
Austin, Texas	Sacramento, Calif.
Charlotte, N.C.	San Antonio, Texas
Dallas/Ft. Worth, Texas	San Francisco Bay Area, Calif.
Denver/Colorado Springs, Colo.	Southern California*
Houston, Texas	Tampa, Fla.
Las Vegas, Nev.	Tucson, Ariz.
Orlando, Fla.	Washington, D.C.
Philadelphia, Pa.	

For more comprehensive rankings by market for new-home builder customer satisfaction and new-home quality, visit www.jdpower.com/homes

*Three California markets that were included in the studies in previous years—Inland Empire; LA/Ventura County/Bakersfield; and Orange County/San Diego—have been combined into the Southern California market in 2010.

Source: J.D. Power and Associates 2010 New-Home Builder Customer Satisfaction StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2010 New-Home Builder Customer Satisfaction StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates study results without the express prior written consent of J.D. Power and Associates.

J.D. Power and Associates 2010 U.S. New-Home Builder Customer Satisfaction Study[™]

Highest-Ranked Builders in Overall Customer Satisfaction by Market

<u>Atlanta, Ga.</u> John Wieland Homes and Neighborhoods

<u>Austin, Texas</u> Standard Pacific Homes

<u>Charlotte, N.C.</u> Standard Pacific Homes

Dallas/Ft. Worth, Texas Darling Homes

Denver/Colorado Springs, Colo. Classic Homes

Houston, Texas Trendmaker

Las Vegas, Nev. Pardee Homes

Orlando, Fla. KB Home

Philadelphia, Pa. NV Homes Phoenix, Ariz. Shea Homes

Sacramento, Calif. JMC (John Mourier)

San Antonio, Texas David Weekley Homes

San Francisco Bay Area, Calif. Shea Homes

Southern California Shea Homes

Tampa, Fla. Standard Pacific Homes

Tucson, Ariz. KB Home

Washington, D.C. M/I Homes

For more comprehensive rankings by market for new-home builder customer satisfaction and new-home quality, visit www.jdpower.com/homes

Source: J.D. Power and Associates 2010 U.S. New-Home Builder Customer Satisfaction StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2010 U.S. New-Home Builder Customer Satisfaction StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates study results without the express prior written consent of J.D. Power and Associates.

J.D. Power and Associates 2010 New-Home Quality Study[™]

Highest-Ranked Builders in New-Home Quality by Market

Atlanta, Ga. Ryland Homes

Austin, Texas Centex Homes

Charlotte, N.C. KB Home

Dallas/Ft. Worth, Texas Highland Homes

Denver/Colorado Springs, Colo. Classic Homes

Houston, Texas LGI Homes

Las Vegas, Nev. Pardee Homes

Orlando, Fla. KB Home

Philadelphia, Pa. Toll Brothers Phoenix, Ariz. Centex Homes

Sacramento, Calif. JMC (John Mourier)

San Antonio, Texas Fieldstone Communities

San Francisco Bay Area, Calif. Standard Pacific Homes

Southern California Brookfield Homes

Tampa, Fla. M/I Homes

Tucson, Ariz. D.R. Horton

Washington, D.C. M/I Homes

For more comprehensive rankings by market for new-home builder customer satisfaction and new-home quality, visit www.jdpower.com/homes

Source: J.D. Power and Associates 2010 New-Home Quality StudySM

Charts and graphs extracted from this press release must be accompanied by a statement identifying J.D. Power and Associates as the publisher and the J.D. Power and Associates 2010 New-Home Quality StudySM as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power and Associates study results without the express prior written consent of J.D. Power and Associates.