

# Big Builder

hanley wood

SEPTEMBER 8, 2007

www.bigbuilderonline.com

## Stars Aligned

*Starwood Capital Group Global teams up with two former home building executives to form new land development firms.*

**C**hanges in capital structures are driving a shift in the biggest builders' business models. As capital becomes more limited and more expensive, lenders are beginning to reward home building companies for taking on home building risk rather than land risk. And at least one private real estate investment firm is seeing that reversal as ripe with opportunity.

Both Steve Cameron, former COO of California-based Fieldstone Communities, and John Peshkin, past North American CEO of

Taylor Woodrow, are entering into joint ventures with Starwood Capital Group Global to form new land acquisition and development firms.

Cameron secured \$100 million in equity from Starwood to form the JV Forestar Land Partners. With modest leverage, that gives Forestar roughly \$250 million to purchase land in Southern California.

Cameron expects Forestar's business model to play into



STEVE CAMERON

builders' need to unload land risk. He says the company will supply lots to builders in a just-in-time delivery kind of way, meaning builders will be able to "buy a finished lot on Monday and trench their slab on Tuesday."

Similar opportunities will be in play in other markets across the country with Peshkin as president and CEO of Starwood Land Ventures. Starwood plans to pony up more than \$500 million to grow the JV over the next few years. Former Taylor Woodrow colleagues Mike Moser and Jeff Handlin will lead the JV's land acquisition, development, and financing activities on the East Coast while Tom Blake, also previously with Taylor Woodrow, will head up West Coast operations. —Sarah Yaussi