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Builders & Real Estate Professionals Team Up for 2017

People are hungry for new homes.

Rising rents, low mortgage rates and a rallying economy have transformed a new generation of renters into would-be home buyers. Competition for homes is fierce in many markets, where there aren't enough to go around—for now.

As builders and real estate professionals set their marks for 2017, many are anticipating the strongest home buying season in more than a decade. In the race to meet pent-up demand for new home construction, seven in 10 builders report feeling optimistic about the coming year, while nearly a third see opportunities for increasing their profit margins.

“Home builders plan to sell more than 650,000 new homes this year, and buyers could usher in even higher demand next year,” says The Mortgage Reports.

Even with buyers clamoring for more inventory, there's no guarantee of success. Ramping up production of new homes is one thing. Selling them is another. Are you ready to meet the needs of today's buyers?

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The New Home Buying Experience

As digital consumers with “unlimited information in their pocket,” today’s home buyers expect a new type of customer experience, says Jimmy Diffie, principal of Bokka Group. They’re used to personalized interactions that require minimal effort on their part, and they’re bringing these rigorous expectations into the home buying process.

Sixty percent of customers will change their channel of contact with a company depending on where they are and what they’re doing—for example, they might browse your website at home on a laptop and your Houzz listings on a mobile device while out house hunting. Nine in 10 expect a seamless cross-channel experience when they do so.

“Builders will be forced to reexamine the current home buying experience, which has remained relatively unchanged for many years,” Diffie says.

Meeting the demand for an immaculate customer experience will require more teamwork and coordination than the home building industry has ever seen before. Sales teams will need to collaborate with marketing professionals. Builders will need to partner with real estate professionals. Now, more than ever, it’s critical to get everyone on the same page.

“It’s a new day for homebuilder–Realtor relationships” says Tim Costello, CEO of Builder Homesite Inc (BHI), a consortium of 32 of the nation’s largest homebuilders.

The Changing Role of Real Estate Professionals

With new home listings at their fingertips wherever they go, buyers are able to conduct much of their own research and find properties they’re interested in

without the help of a professional. But that doesn’t mean professional real estate agents are obsolete. More than eight in 10 home buyers intend to use an agent when purchasing a new home, and real estate agents help to sell 63 percent of all new homes sold. Their role, however, is changing. In more than 70 percent of new-home closings, it’s the customer who initially finds the home (usually on the internet), then enlists an agent as an expert third party to validate the price, location, builder, quality and more.

MORE THAN **8 in 10** 

HOME BUYERS INTEND TO USE AN AGENT WHEN PURCHASING A NEW HOME

“While realtors used to locate homes for their clients, today their primary role is to validate the home selected by the customer and negotiate on their behalf,” says Professional Builder.

This makes them powerful allies for builder sales teams in a marketplace where buyers rely heavily on third-party endorsements such as online reviews.

“Our emphasis today is to find ways to earn the realtor’s endorsement of our community,” says Rick Vale of Daniel Island Development, a master-planned community in Charleston, S.C. “The customers can find our homes on the Internet. We need the realtor’s stamp of approval to reinforce their client’s decision.”

Builders and Professional Real Estate Agents: A Partnership for Success

Builders have the inventory. Real estate professionals have the market knowledge. By working together as partners, both can achieve more sales—and give buyers the customer experience they want.

“We have common goals,” says Tammie Smoot, regional sales manager for Builders Digital Experience. “The agent and the builder both want to sell homes. Both want repeat business. Sometimes we forget we are partners in this.”

The key is to develop a symbiotic relationship that leverages the strengths of both builder sales teams and pro real estate agents to make the entire home buying process more seamless and convenient for clients. Builders who strive to earn the endorsement of real estate professionals often find themselves reaping the benefits of a steady stream of quality leads and satisfied **2**

clients. Nearly half of real estate professionals say having a personal relationship with the builder is the biggest factor in whether they refer buyers.

It doesn't take a complicated or expensive marketing plan—just a simple strategy for engaging the local real estate professionals who are working with your sales team. Today's builders are learning it pays to be proactive about reaching out to agents by offering training, sharing website materials, hosting seminars and posting information to Multiple Listing Services.

“While we used to focus primarily on showing off our home inventory to realtors, we now turn more attention to making realtors ambassadors of our community, our quality, and our trust,” Vale says.

What Builders Can Do:

✓ Host sales training for agents and brokers.

Buyers rely on professional real estate agents to shepherd them through the home buying process, answer their questions and allay their concerns. This frees the builder to focus on meeting construction timelines.

The more agents know about buying and selling a new home, the more effective they are. Many real estate professionals have expressed a desire to develop a stronger understanding of how the building process works, what structural warranties for new homes cover, and what financing options are available for new home construction.

Builders can help agents become better ambassadors by hosting new home sales training within their communities says the National Association of Home Builders. Regular training sessions not only help real estate professionals learn how to answer buyer questions, but they can help foster a sense of teamwork between agents and internal sales teams. They also provide an opportunity for builders to learn how they may better support agents in the field.

✓ Showcase your inventory.

Selling homes that aren't yet built can be a challenge. It's hard for potential buyers to get a sense of what a neighborhood will be like while it's still being built. Plus construction debris, trash or unkempt construction sites can tarnish that crucial first impression.



It falls on builders to provide real estate professionals with communities they can be proud to show. Offer as many tools as you can to [help agents showcase your homes](#), such as access to model and inventory homes, quality photos and videos, virtual tours and other marketing materials. Make your communities appear as desirable as possible by keeping construction sites tidy and establishing strong cleanup policies with vendor and trade partners.

Whenever possible, seek feedback from real estate professionals as well as your internal sales team on what they need from you to present your homes in the best possible light.

✓ Communicate key selling points.

Today's home buyers have different needs and priorities than previous generations, and no one is more plugged in to what they're looking for than real estate professionals. This makes them a valuable resource. Talk to the agents you work with to find out what their clients' biggest concerns or pain points are, and offer solutions or selling points that will help persuade undecided buyers.

For example, many of today's buyers lead busy lives and want homes that will cause them minimal grief. Empowering agents to discuss the details of your structural warranty program, as well as the home builder warranty services you offer, could help sweeten the deal for buyers who don't want to worry about paying for major repairs in the future.

What Agents Can Do:

✓ Provide much-needed market knowledge.

A home builder “is really just a person in need of market knowledge, sales knowledge, trends, absorption rates, and current buyer desires,” says Jerry Rossi, former Realtor and manager



of one of the largest brokerage firms in Albuquerque. Rather than simply selling whatever homes become available, you can help create the inventory the market wants by sharing your insights with the builder.

“If a builder offered you 10 houses to sell, what would you do? Most agents would jump at that,” Rossi says. “But before you commit, tell the builder that you need to do some research, and you’ll get back to him. What you are going to find out is the absorption rate of all houses in that price and category, you find how many homes like that are started, and pull the number of permits for homes to be built. You take those figures, and divide them to find out how many are selling per month.

If you have an eight-month supply, no, you don’t want the listing, because the advertising costs and open-house times will eat you alive. But if you can go back to the builder and say, ‘Look, I did a little research, and if you will build homes in this other price range with these features, we can sell them in less than four months.’ Then the builder will know you are worth every dime of what he will pay you.”



✔ Understand negotiation boundaries.

Home buyers are naturally looking for a great deal, and most expect to negotiate on the price of a home. But builders are often working on slim profit margins and can only negotiate so far. As a real estate professional, you can set the buyer’s expectations early on so things are less likely to fall apart during the negotiation stage.

“It’s a lose-lose scenario when the realtor gives the buyer an impression that we will discount our homes far more than is possible,” says Gus Sankers, president of Group IV Properties, Jacksonville, Fla. “Not only do we lose the deal, but it frustrates the buyer and the builder, and the realtor doesn’t earn a commission.”

✔ Leverage tools for new-home sales.

The coming year is likely to be a big one for home builders and real estate professionals alike. To take full advantage of the opportunities 2017 will bring, you’ll need to leverage all of the sales tools at your disposal.

PWSC not only offers home builder warranty services and products, but we can also serve as an extension of your marketing team.

For example, PWSC not only offers [home builder warranty services and products](#), but we can also serve as an extension of your marketing team. Our new home construction warranties and related products help you sell your homes faster. We provide training to help you use our products as a sales tool as well as virtual and print marketing options for your sales office and model homes that you may easily customize with your logo and photos.

Rallying your sales team is the first step toward reaping more profits in a market that’s ripe for new homes. By having the builder, real estate agent and PWSC all on the same team, you’ll be poised to make the most of the exciting sales season ahead.



This report is a product of [PWSC](#), a leading provider of best-in-class new home warranty products and home warranty services. They are experts when it comes to [home builder warranties](#), [home warranties](#) for homebuyers, and [realtor home warranty solutions](#). We invite you to learn more [about PWSC](#).

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