



Professional
Warranty Service
CORPORATION



What Do Home Buyers Want from Builders?

To buy or not to buy? That's the question many prospective homeowners are grappling with in a challenging market.

It's a confusing time for home buyers. Uncertainty over the new tax laws has left many households wondering whether it's more advantageous to continue renting. Combine that with climbing interest rates, rising home prices and intense competition, and it's no wonder many would-be buyers have chosen to stay on the fence for now.

Real estate experts have picked up on this hesitation, leading some to predict one of the weakest spring sales seasons in recent years. Home sales, which rose to **2.06 million** this time last year, are likely to remain flat due to muted demand, says National Association of Realtors chief economist **Lawrence Yun**. With home inventories

10 percent lower than a year ago, many buyers, particularly first-timers, are tempted to give up altogether.

To reach these cautious buyers, home builders typically have more barriers to surmount than other sellers. Not only do they need to showcase the benefits of buying a newly built home, but they must also sell their own quality and services as a home builder—all while offering up alluring homes at affordable prices.

Sound discouraging? Don't forget about the silver lining: Unlike most sellers, who must work with what they have, builders have the ability to tailor their products, services and marketing message to tempt cautious buyers with a deal that's too good to pass up. The key is to find out what buyers really want from home builders, and then deliver it.



What buyers want in a home builder

Imagine the pressures first-time home buyers face today, and it's not hard to understand why they're cautious.

After spending years saving up for a down payment, many have found themselves barely able to afford a house at all (assuming they can find one). Even then, they'll probably have to compromise on some major must-haves like location. And if they actually manage to squeeze an offer past the competition, it's likely to stretch the limits of their budget.

“The housing market is healthy and has many people searching for home builders they trust. Buying a home is not only a significant investment, but it is also the place people live out their personal stories, and as a result, trust is at the forefront of their purchase decision,” says Eric Snider.

In other words, many first-time buyers are operating on slim margins—something most builders can relate to.

Worried about committing to a home riddled with hidden costs that will end up threatening their financial security, what buyers want most is a builder they can trust. To assuage their fears, they need assurance that they're buying a quality home from a trustworthy builder who won't take advantage of them.

“Trust is the currency consumers are seeking from brands in the marketplace,” says Eric Snider, president of market research firm Lifestory Research. “The housing market is healthy and has many people searching for home builders they trust. Buying a home is not only a significant

investment, but it is also the place people live out their personal stories, and as a result, trust is at the forefront of their purchase decision.”

So how can home builders forge that level of trust?

Treat them like VIPs

Treating cautious buyers like your most important customers can go a long way toward putting them at ease. For builders, that means proactively communicating at every step of the process. By embedding frequent communication into their sales process, builders can help boost buyer confidence while creating the types of positive buying experiences that result in referrals. That includes **following up after closing** to ask how the new homeowners are settling in. Ryan Siebert, CEO of SG Home Builders in Chicago, starts out every buyer relationship by asking three simple questions:

- What time is appropriate to contact you?
- What are your expectations for a response time?
- What is your preferred method of communication?

Some builders utilize additional tools and technology to stay in front of their customers in a meaningful way. Platforms, like PWSC's **HomeOwner Platform** (or HOP), give builders a way to promote their brand, maintain the lines of communication, and continue a positive customer experience even post-sale.

Maintain a stellar reputation

A positive reputation within the community is a powerful tool for home builders. A strong track record for quality and customer care, built over time, will go a long way toward establishing a white-hat reputation—but that's only part of the equation. Forging partnerships with other trusted organizations can elevate a builder's credibility. Working with a respected third-party home builder's warranty provider, for example, tells potential buyers you've been vetted and approved by another trusted company.

Empower them with builder home warranties

Cautious buyers want to know **their investment will be protected**. A strong builder's warranty covering structural defects and administered by an independent party who will work with homeowners to quickly address their concerns instills far more confidence than a builder

self-administered warranty. Choose a provider that empowers buyers with home builder warranty services, such as a proven dispute resolution process or offers valuable tools to educate homeowners on regular home maintenance or extends coverage with a systems and appliance warranty.

What buyers want in a new home



Building the types of homes buyers want poses a challenge for home builders right now. Regulatory costs might be easing up a bit, but lot and labor shortages continue to keep margins on entry-level homes tight.

That's unfortunate, given that the millennial-driven market is ravenous for affordable starter homes in \$150,000 to \$250,000 range.

Still, it can be done. Some builders have devised creative ways to appeal to cautious buyers with homes they can afford that still offer at least some of the features they want. Homes with modest footprints but a few key amenities, for example, can be an effective compromise for buyers, most of whom prioritize amenities over size. While most buyers are looking for three-bedroom, two-bath homes with a minimum of 1,000 square feet, builders have plenty of leeway within those parameters.

Location still tops the list

The lack of buildable land makes it difficult for builders to secure lots in high-demand areas, but there are ways around this problem. Infill building offers one avenue for placing homes in desirable neighborhoods. Fortunately, the majority of buyers aren't necessarily interested in urban living. In fact, 65 percent are happy to head to the

suburbs as long as they can live in a single-family home with a yard.

Energy efficiency is a big draw

More than nine in 10 buyers cite energy efficiency as a top feature on their most-wanted lists. The potential utility savings are a big draw for 73 percent of buyers, many of whom will be living on tight budgets in their new homes. Builders such as Meritage Homes are capitalizing on this demand by offering modest homes with energy-efficient amenities. Top-rated green features include:

- Energy Star appliances, desired by 94 percent of buyers
- An Energy Star rating for the entire home, which 91 percent prefer
- Energy Star windows, coveted by 89 percent of buyers

Design matters more than size

Today's younger buyers value style, and they're looking for a touch of luxury in their new homes. Flexible spaces that allow room for entertaining, but can be converted to workspaces the rest of the time, appeal to this social generation, and a few finishing touches can go a long way—even if it means giving up square footage. "Understand that millennials are willing to compromise," says the National Association of Home Builders. "They'll sacrifice some space in exchange for more luxurious finishes, like quartz countertops. Good design is important to this generation."

Builders who can pull all of these factors together into a single package stand the best chance of appealing to cautious home buyers who are worried about their ability to afford a home in the current market. The right home, offered by a trusted builder, could be the impetus buyers need to take the plunge.



**Professional
Warranty Service**
CORPORATION
Confidence You Can Build On.

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](#).

Professional Warranty Service Corporation (PWSC) headquartered in Chantilly, Virginia, is the leading provider of new home warranty products and administration services to the largest tier of domestic residential construction firms.