



# NEW CONSTRUCTION ADVANTAGE SYSTEM



**We Can't  
Afford A New  
Construction  
Home**

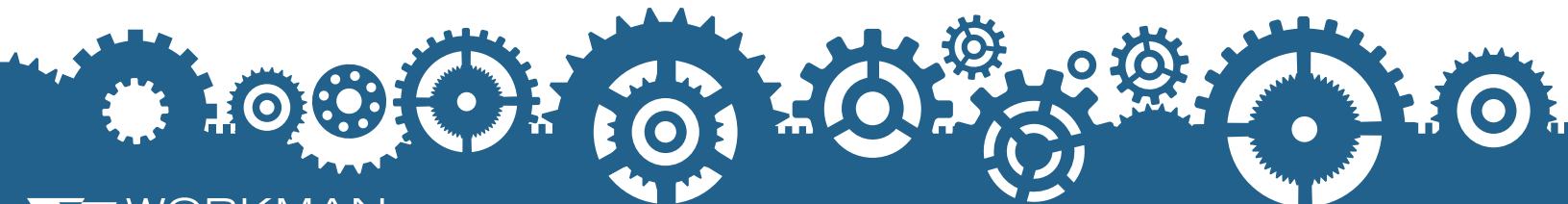


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Agent Christopher's buyer clients, Xavier and his wife Jessica, looked at existing homes for months earlier in the year and couldn't get an offer accepted. Regardless of what they tried, they kept losing out to other buyers. They wanted a brand new home for their family of four, but they believed new construction homes were out of reach due to high prices.

Christopher decided to open a marketing email from a local builder for the first time since the start of the pandemic, because it seemed that builders had lost interest in working with real estate agents. After nothing but bad luck for a couple years while trying to sell new homes, he no longer looked at new construction as a viable option for his clients. Despite this, the creative title of the email piqued his interest.





The email outlined the builder's incentives:

- Homes are available with move-in dates of 60 days
- A \$10,000 incentive for buyer upgrades or closing costs
- A 3.99% interest rate for those using the preferred lender

Christopher decided to drop by the subdivision to look at the models and learn more about the current homes for sale for his clients. After his visit, for the first time in months, he had renewed enthusiasm.



Christopher hadn't realized that new homes had become more affordable, compared to the prices of existing homes. Many national builders need to move product regardless of market conditions, in order to keep revenue flowing and stock values up.

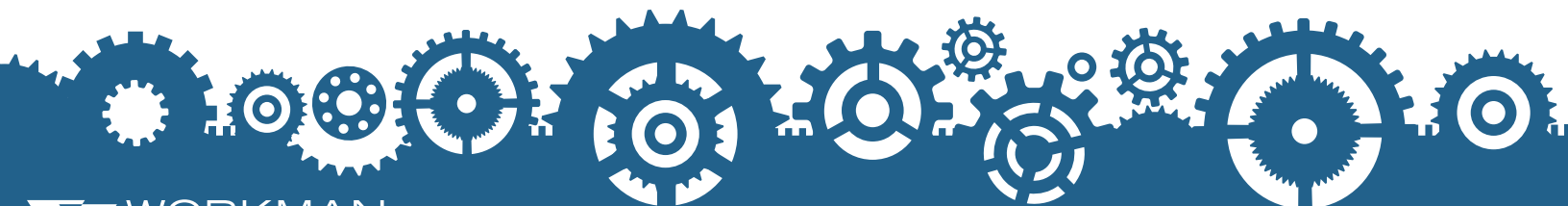
He called Xavier and Jessica to let them know what he had learned, and asked them when they would be available to meet him at the model homes. They were surprised by the request, but were willing to take a look. Christopher explained that as interest rates rose, many buyers who were waiting for their new home to be completed could no longer afford the payment. Builders were then stuck with almost completed homes — and no buyers.

Christopher explained how he could help them navigate a new construction purchase and they agreed to meet later that day. By the end of that week, Xavier and Jessica were under contract on their dream home with a payment that fit their budget. They couldn't wait to start their new life in their brand new home.

For access to our **FREE Resources**, visit: [www.WorkmanSuccess.com/THESHIFT](http://www.WorkmanSuccess.com/THESHIFT)

## NEW CONSTRUCTION ADVANTAGE SYSTEM RESOURCES:

- Story
- Eight Tips for Negotiating with Builders
- New Construction Comparison Graph (*private clients only*)
- Eighteen Reasons You Shouldn't Buy a New Construction Home Without Representation (*private clients only*)
- Script (*private clients only*)
- Assignments (*private coaching clients only*)

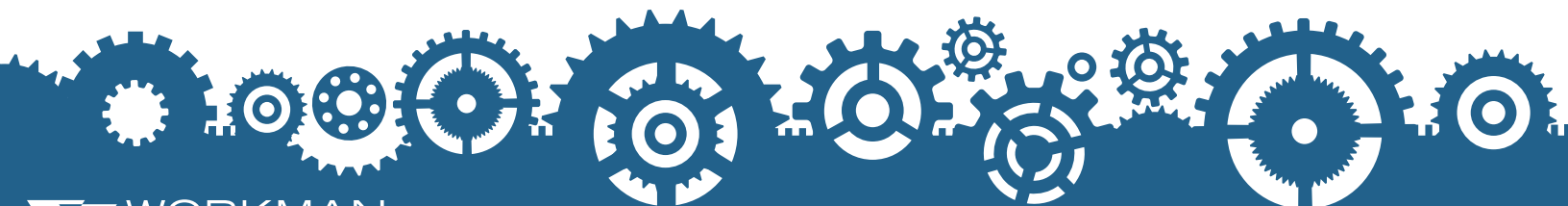




# 8 TIPS FOR NEGOTIATING WITH BUILDERS

- 1 Know the builder's incentives:** Keep a spreadsheet of communities being built and the incentives being offered. Incentives change month-to-month, so it's important to visit the models often.
- 2 Build a relationship with the salesperson:** Building a good relationship with the builder's salesperson will go a long way when negotiating for your clients. Turn the salesperson into your advocate.
- 3 Have a good lender (or lenders) you can refer to your buyer:** Most new home builders have incentives for buyers who use their preferred mortgage lender. Sometimes this mortgage company doesn't offer the best rate and terms. Have your buyer get quotes from other lenders before committing to the builder's lender. If they find a better rate and/or terms, ask the builder's lender to match it.
- 4 Focus first on free upgrades:** Builders are often more willing to include free upgrades than to decrease the sales price. Here are a few popular upgrades you may want to consider requesting:

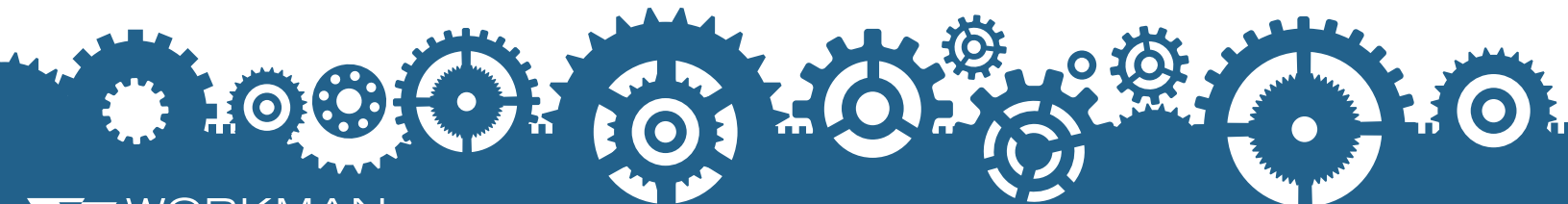
  - Upgraded appliance package
  - Window treatments
  - Epoxy-sealed garage floor
  - Upgraded lighting, exterior coach lights
  - Energy-saving features like a Google Nest
  - Upgraded flooring
  - Finished recreation space in basement
- 5 Upgrades during construction:** Some features are more difficult to install after a home is completed — like speaker systems, ethernet hook-ups, and video surveillance systems. Ask the builder to help with these upgrades during the building process.
- 6 Buy the model home:** All model homes are sold at some point and often at a discounted price. If your buyer isn't able to take possession immediately, suggest they consider purchasing one of the models.
- 7 Look for spec inventory:** Builders need to sell the homes they build. The longer a spec home (a home built on the speculation that it can easily be sold for a profit) is on the market, the more motivated the builder will be on price and other terms. Additionally, during the last fiscal quarter of the year, builders are even more highly motivated to get spec home inventory off their books for tax reasons.
- 8 If you don't ask, you don't know!** The worst thing the builder can say when you ask for discounts, concessions, and upgrades is no, so don't be shy — submit an offer, regardless of the terms, and see what happens.



# 18 REASONS YOU NEED REPRESENTATION



- 1** The new home salesperson represents the interests of the builder, not the buyer.
- 2** The builder's purchase agreement is written to protect the builder's interest, not necessarily yours. You'll want your own representation when signing the builder's contracts.
- 3** The builder has a budget for marketing — and that includes offering a commission to a buyer's agent to bring clients to their communities. You may end up paying for representation whether you use it or not.
- 4** Some buyers believe they'll save money by not having a buyer's agent, but this typically isn't true. The builder won't discount the price of a home any more than absolutely necessary because they don't want to impact the appraised value of any subsequent sales in the neighborhood.
- 5** An agent can help you navigate and deal with any disagreements or problems you have with the builder, the salesperson, or the building superintendent.
- 6** A buyer's agent will help you negotiate the best possible deal based on potential upgrades, financing incentives, and discounts.
- 7** The builder's salesperson will appreciate having someone involved on the buyer's side who understands new construction and may be more cooperative as a result.
- 8** A buyer's agent will help you pick the homesite that works best for you and has the highest resale potential.
- 9** A buyer's agent can assist you during the design selection process, which can be overwhelming. A buyer's agent has experience with current design trends, upgrades that have the best return on investment, and helping you stay on budget when the design center representative might try to sell you upgrades.
- 10** Buyers need an agent to guide them through the potential pitfalls of working with the builder's preferred lender. Your agent can help you make the most of the incentives.
- 11** Buyers will need multiple inspections during the construction process. This may not be something the builder's salesperson will disclose.
- 12** A buyer's agent will be there with you when important phases of the construction are complete and will attend walkthroughs with the builder.
- 13** A buyer's agent will supply you with recent comparable sales in the area and help you understand how these might affect the value of the new home you're buying.
- 14** A buyer's agent is aware of other new home subdivisions in the area and can help you make value comparisons prior to committing to a specific home.
- 15** A buyer's agent can analyze the new home absorption rate in the area, which will indicate how much negotiating room you may have.
- 16** A buyer's agent will remind you to schedule your one year walk through with the builder and may recommend a home inspection to help you identify everything the builder needs to cover under warranty.
- 17** A buyer's agent can help you find a builder for a custom home in your preferred area.
- 18** Most buyer's agents have relationships with builders and industry vendors that will be beneficial to you.





# SCRIPT FOR THE NEW CONSTRUCTION ADVANTAGE SYSTEM

**AGENT:** Hello Susan. I'm following up to see if you are ready to get back out there and start looking for your perfect home.

**BUYER:** Thanks so much for reaching out, but we're still totally bummed about not being able to get that new home we really wanted, since we lost out in the lottery.

**AGENT:** I totally understand that and it was so disappointing. I don't know if you are aware, but the market for new construction has changed a lot lately. Buyers have a lot more opportunities to get the home they want with desirable terms. We believe there's actually an advantage to buying new construction in today's market.

**BUYER:** Really? What changed?

**AGENT:** Well, many buyers who contracted to purchase new homes no longer qualify due to increased interest rates, or got cold feet and backed out of the contract. Now builders, who have to meet their sales numbers to please Wall Street, are stuck with unsold homes. We've created a system called the New Construction Advantage that gives you all you need to know to really get the best of the builder in buying a new home.

**BUYER:** Wow! That's so good to hear. But aren't the prices still high compared to the resale market?

**AGENT:** What a great question. Believe it or not, in 2015 new construction homes cost 46% more on average than resale. Today, that percentage is down to 22%. Some builders are even offering closing costs and upgrade incentives. So, new homes are actually way more competitively priced compared to resales today. Would you like to get out and take a look at what's available in the three neighborhoods you loved?

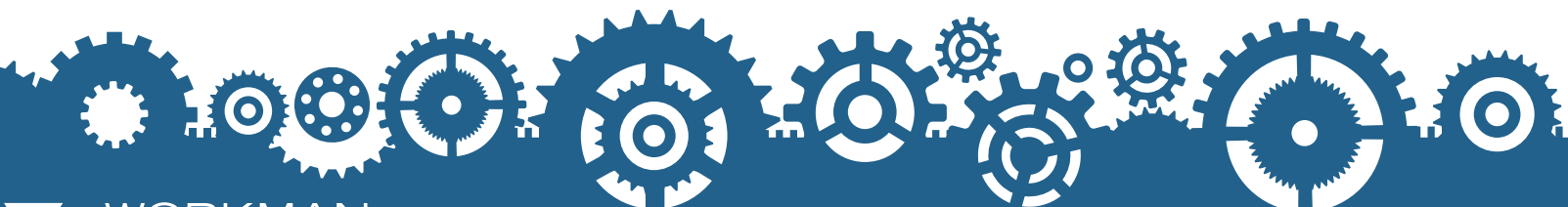
**BUYER:** Absolutely. Could you do it Saturday afternoon?

**AGENT:** I sure can. Would it make sense to start around 1 p.m.?

**BUYER:** Yes, that's perfect.

**AGENT:** Let me get the showings scheduled and I'll reach back out this afternoon to let you know the plan.

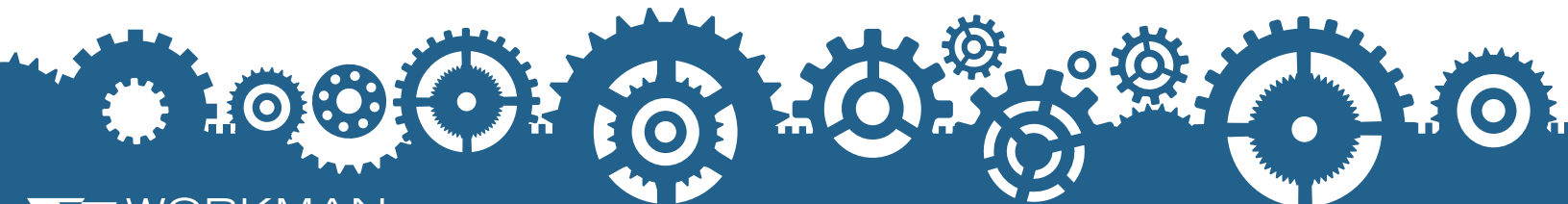
**BUYER:** Thanks so much for calling.





# NEW CONSTRUCTION VS. RESALE — COMPARISON

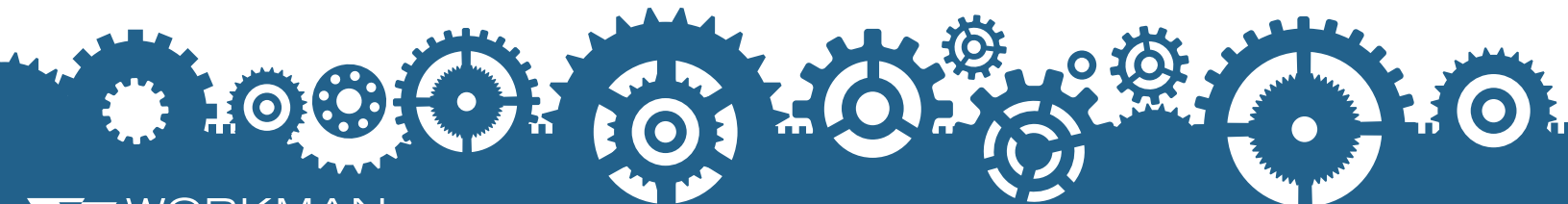
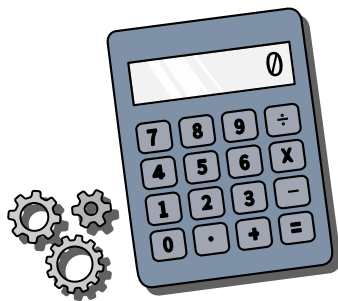
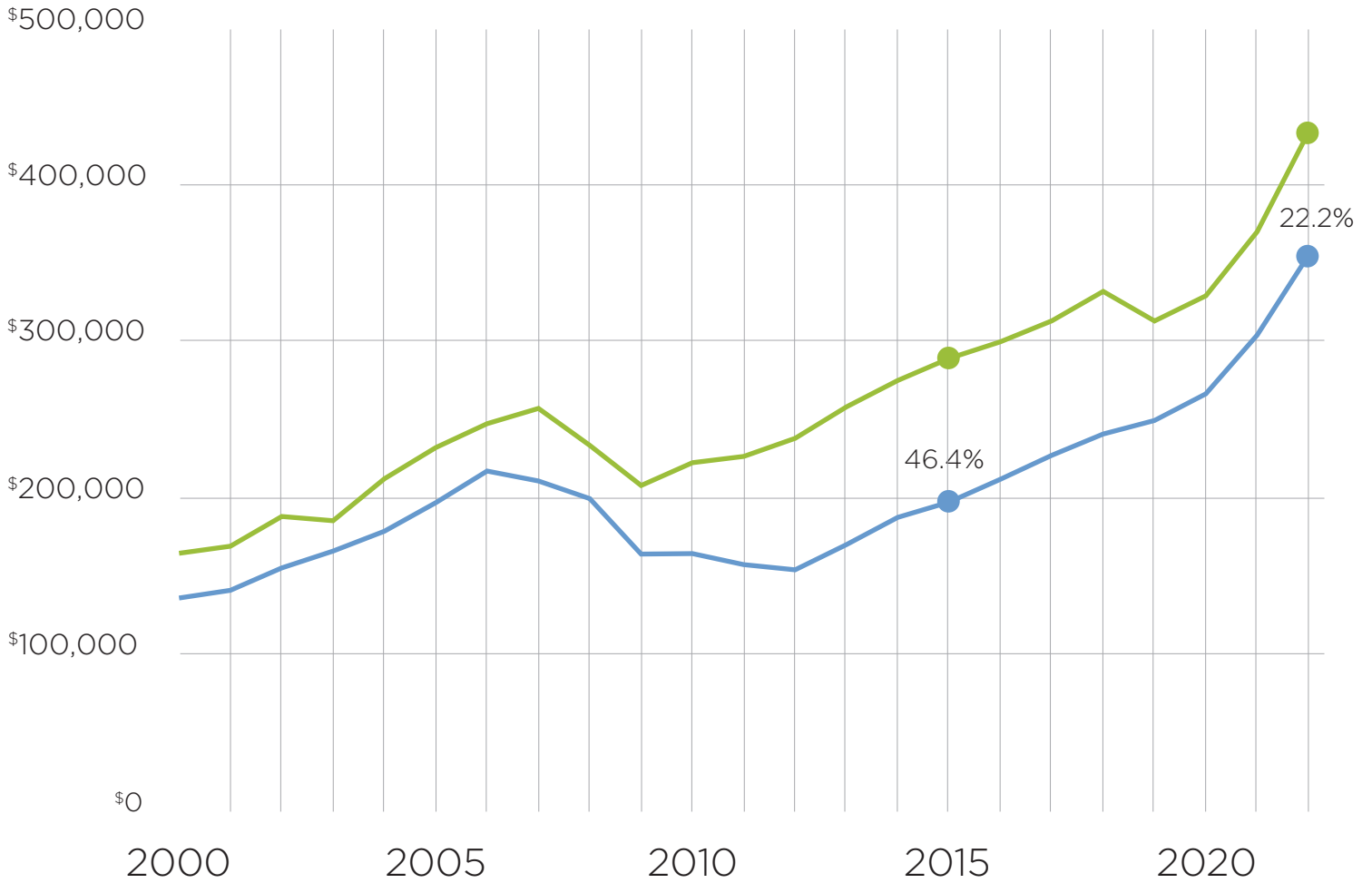
YEAR	RESALE HOMES	NEW CONSTRUCTION	DIFF %
2000	\$136,700	\$165,300	20.9%
2001	\$141,600	\$169,800	19.9%
2002	\$155,800	\$188,700	21.1%
2003	\$166,500	\$186,000	11.7%
2004	\$179,100	\$212,700	18.8%
2005	\$197,200	\$232,500	17.9%
2006	\$217,300	\$247,700	14.0%
2007	\$211,000	\$257,400	22.0%
2008	\$199,800	\$233,900	17.1%
2009	\$164,600	\$208,400	26.6%
2010	\$164,900	\$222,900	35.2%
2011	\$157,900	\$226,900	43.7%
2012	\$154,600	\$238,400	54.2%
2013	\$170,600	\$258,400	51.5%
2014	\$187,900	\$275,200	46.5%
2015	\$197,600	\$289,200	46.4%
2016	\$212,100	\$299,800	41.3%
2017	\$227,300	\$313,100	37.7%
2018	\$240,800	\$331,800	37.8%
2019	\$249,400	\$313,000	25.5%
2020	\$266,300	\$329,000	23.5%
2021	\$303,600	\$369,800	21.8%
2022	\$354,300	\$433,100	22.2%





# MEDIAN SALES PRICES: NEW CONSTRUCTION VS. RESALE HOMES

— New Construction — Resale Homes





# ASSIGNMENTS FOR THE NEW CONSTRUCTION ADVANTAGE SYSTEM

1. Download the Story and Resources.
  - a. The **New Construction Advantage System** Story
  - b. New Construction Comparison Graph
  - c. Eighteen Reasons You Shouldn't Buy a New Construction Home Without Representation
  - d. Script for the **New Construction Advantage System**
  - e. 8 Tips for Negotiating with Builders
2. Role-play the script and practice using the resources with team members a minimum of five times.
3. Role-play with safe people (friends, family, Top 50, etc.) a minimum of five times. Practice overcoming the objection "we can't afford a new construction home" (or something similar) with the **New Construction Advantage System**.
4. Use the system in live prospecting calls. Have a minimum of three conversations per day about the **New Construction Advantage System** with prospects (B and C prospects in your lead tracker or CRM) each day you work over the next 30 days.
5. Investigate seven new home communities in your market area. Collect the following information:
  - a. Discounts
  - b. Incentives
  - c. Available homes
  - d. Spec inventory
  - e. Upcoming construction plans
  - f. Plans for amenities
  - g. Homes the builder is having trouble selling
6. Include discussion and updates on the **New Construction Advantage System** during daily huddles and weekly team meetings.
7. Track dials and appointments in **Daily Success Habits** and on your **Top 50 tracker**, if applicable.
8. Keep the prospect's information up to date in the **Lead Tracker** or in your **CRM**.





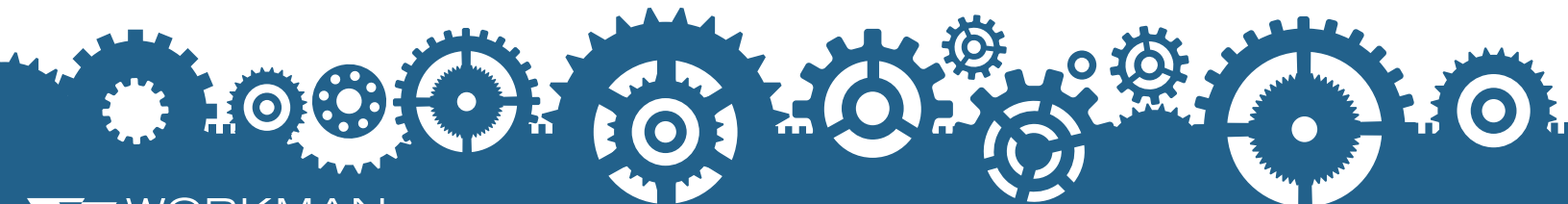
9. Identify and implement marketing activities for this system in your **Four Pillars Of Income**. How can this messaging be used in one of the marketing avenues below in all of your four pillars?
- a. Social media
  - b. Videos
  - c. Phone calls
  - d. Other marketing activities
  - e. Post cards or other mailings
  - f. Open houses
  - g. Text messages
10. Report results and issues during coaching sessions. Discuss victories and challenges, then make course corrections for improvement.
11. After two weeks of following this system, the team should utilize the **New Construction Advantage System** with old leads, dead leads, on-hold buyers who were previously in the market and then got out, reassigned leads, etc. Training on the **New Construction Advantage System** should be included with all new agents training.
12. Add success stories to **THE SHIFT** Community Page.
13. Upload examples of effective marketing materials used with this system to **THE SHIFT** Community Page.



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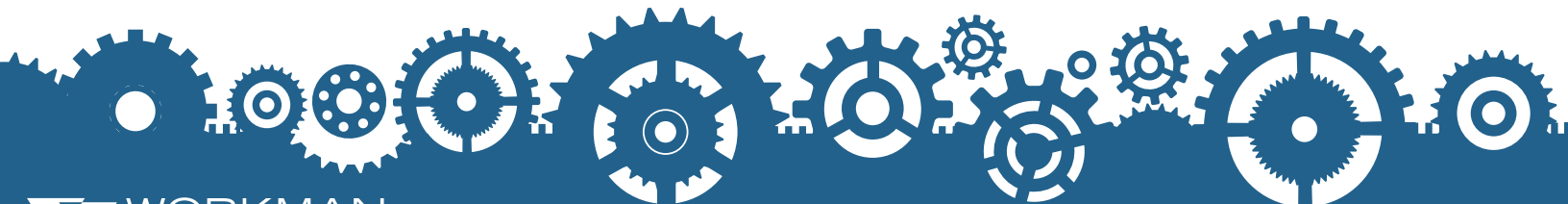
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# COACHING THE NEW CONSTRUCTION ADVANTAGE SYSTEM

1. Have the coaching client (team leader and team members) download **THE SHIFT Success Systems for a Changing Market** and read the section on The Threat: **We Can't Afford a New Construction Home**. They should download the following:
  - a. The **New Construction Advantage System** Story
  - b. 8 Tips for Negotiating with Builders
  - c. New Construction Comparison Graph
  - d. Eighteen Reasons You Shouldn't Buy a New Construction Home Without Representation
  - e. Script for the **New Construction Advantage System**
  - f. Assignments to start using the **New Construction Advantage System** in your business today (private clients only)
  
2. Schedule time during a team meeting or training session to **review** the resources above with the team leader and team members. Do they **understand** the concept or is there any pushback (any reason they believe it might not work)? If you encounter any pushback or issues of understanding, you must stick with *Review and Understanding* until they are **committed** to using the system in their prospecting efforts. Note: This commitment might come only after they give it a try.
  
3. Role-play how to use each of the resources above, including the script. Begin with the team, then move to safe people (friends, family, Top 50, etc.), and finally move to live prospects.





4. Add “Discuss the **New Construction Advantage System**” to daily huddles, weekly meetings, and role-plays.
5. Review and discuss seven new home communities in the team’s market area. What special incentives and opportunities are available?
6. Make sure the team is using the Lead Tracker, Daily Success Habits, ABC’s of Lead Management, Double-Looping, and the Top 50 program to ensure the success of this new system.
7. Have the team leader regularly ask how the **New Construction Advantage System** is helping to keep prospecting conversations moving forward when the objection “**we can’t afford a new construction home**” (or something similar) comes up.
8. Have the team download the Objection Skillset Journal (from SLAM) and update the spreadsheet weekly with common objections and potential solutions (many of which will come from **THE SHIFT**).
9. Ask the client to share any success stories with you and ensure these success stories and marketing examples are uploaded to the Community Page.



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