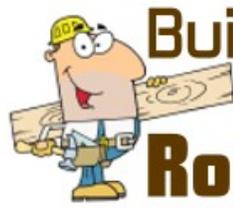


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Construction Industry Newsletter for November 2018

Here's Zillow's Top 10 Take-Aways on New Home Buyer Trends

*In a cost-obsessed home selling environment,
value matters more and more.*



By John McManus

Newsflash. It's getting harder to sell other big ticket items in a U.S. economy.

A three-headed monster--tariff-related materials cost pressure, labor inflation, and interest rate increases--preys both on consumers' pocketbooks and their confidence that now's the time to buy. So, just as new home starts and sales have hit a slow patch, now a formerly-robust new car market seems to have shifted dramatically down recently as well.

Still, if ever there were a time to dial in to as much insight as possible into the "why" behind new-home customers' motivations, their baseline demands, their aspirations, and the features and functionality that sparks them, it's now.

Zillow, whose corner on the information and data market that matches rental and for-sale homes to those on the hunt for them, has now dialed in on new construction as fresh fertile ground for its signature brand of data-driven insight.

What makes new-home buyer prospects different from existing home buyers--by characteristic, by preference, by life stage, by what they say they're looking for, and by what they wind up paying for?

Here are 10 take-aways from Zillow's annual foray into trend-spotting in the new construction space, each of which can serve as a sales, marketing, design, or land-positioning guardrail. Particularly helpful might be areas, home building firm sales associates may be able to leverage value points, and address home buyer prospect pain points in their pursuit of a home at a moment where cost and price dominate the zeitgeist.

1. *Among several home types they consider, 38 percent of total buyers add new construction to their list. Only 11 percent of total buyers purchase a new construction home.*
2. *Two-thirds (65 percent) of new construction buyers are age 39 and older.*
3. *Nearly 3 in 4 (71 percent) new construction buyers are repeat buyers.*
4. *Among new construction buyers who used financing to purchase a home, 45 percent used funds from the sale of a previous home to fund at least a portion of the down payment, compared with 38 percent of existing home buyers.*
5. *More than half (53 percent) of new construction buyers move from a different city, state or country, compared to 47 percent of existing home buyers who move that far.*
6. *Nearly half (46 percent) of new construction buyers view a mobile website using a smartphone or tablet.*
7. *During their search, new construction buyers most want to take a private tour; more than 3 in 4 (77 percent) consider it very or extremely important.*
8. *New construction buyers are more likely to consider air conditioning as very or extremely*

important (85 percent versus 74 percent of existing home buyers).

9. *Most (81 percent) new construction buyers say that a floor plan or layout that fits their preferences is very or extremely important in their decision of which home to buy.*
10. *Nearly half of new construction buyers (49 percent) say their top reason for purchasing is because everything in the home is new or never used.*

Among the top-line data points, Zillow notes that new home associates can gain advantage in a first-cost focused selling environment by addressing, and "debunking" a couple of common myths many home buying prospects carry around with them in their search for a place they want in today's market. One is that "new cost more," which on the face of it may be true, but when hidden costs--for repair, maintenance, and other expenses--get factored in to operating a resale home, the gap between new and old shrinks. By the same token, a common belief is that resales are more valuable when it comes time to sell than a new home would be. Zillow's data notes:

In recent years, home buyers valued newly built homes about 35 percent more than the average home in a given ZIP code.

In a market convulsing and trying to reach a new equilibrium around the a series of cost and price shocks, having a strong focus on value can work as a leverage point for buyers looking for predictability, transparency, and candor in their pursuit of a home. There's a lot in this analysis to work with to establish a new home value proposition.

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