



December 17, 2013

The Agent-Builder Relationship: Why You Should Work with Builders

[By Mary Umberger](#)

Creating a relationship with homebuilders is in your best interest — doing so can increase your business.

It has happened numerous times to Florida real estate agent Carol Krogh: She shows her clients house after house after house in established neighborhoods and nothing seems to meet their needs or the properties seem woefully dated.

Then she suggests that they check out some home builders and create a house from the ground up.

“People hem and haw,” said Krogh, an agent for Keller Williams Realty Atlantic Partners in Ponte Vedra Beach, Fla. “They’re not sure and I’ve had to convince them to go with me.”

They change their tune once they see their options, Krogh said. “Then they’re thrilled,” she said. “They say, ‘If I build, I can do this, I can do that.’ They realize they can build their dream house.”

Clients may not be the only ones who are heming and hawing: One sure way to get homebuilders and real estate agents to nod in mutual agreement is to point out to them that they have a history of being uneasy neighbors.

There may be no single reason for that, practitioners of both businesses say, but it probably stems from the fact that the process for new home sales doesn’t match the one for resale properties: Homebuilding utilizes a different vocabulary than resale. Homebuilding usually takes longer and it can be a long wait for the commission check. Homebuilders sometimes wish that once the purchase contract has been signed the real estate agent would just back off and let the builder staff handle the client.

But many real estate agents, while acknowledging the possibility for miscommunication or misunderstanding, say their businesses have thrived by working with homebuilders.

“Most builders, in my opinion, respect the role of the agent,” Jeanne McHale, an agent with ERA Key Realty Services in Whitinsville, Mass., who estimates that about one-third of her recent business has involved new construction.

Still, she said, if the builder, client and agent aren’t communicating well and haven’t clarified all expectations, there will be bumps in the road. Agents and builders talked about factors that agents should weigh in deciding whether working with builders fits their skill sets:

1. Some builders may regard the ongoing involvement of the agent as the house is being built as akin to having too many cooks in the kitchen.

But others may shrug that off as just part of the process. Jeff Benach, co-principal of Chicago builder Lexington Homes, explained that in his 30 years in homebuilding, he’s always regarded agents as a critical marketing component, for their ability to bring in qualified prospects.

“I can tell you, we have always pounded it into our salespeople, you want to find the strong brokers in your area, you want to cultivate these relationships,” he said.

Still, Benach said, with the client in the hands of a qualified builder sales rep, the agent needn’t be knee-deep in the materials-selection process, needn’t go along for the walk-throughs, needn’t help navigate structural changes and keep a finger on construction progress.

“We think the builder should take the lead in the process (once the potential buyer has shown an interest in working with the builder),” Benach said. In his view, agents can entrust their clients’ interests to his sales people and then spend their days — more productively — working with other prospects.

“We’ve found it’s the easiest 2.5 percent you’ll ever make,” he said. “On the other hand, the agents can be as involved with us as they want.”

2. In a related vein, some agents want to be very involved.

Some call it “keeping control of the client.” Others call it good business. “My experience is the more that the agent is involved with the buyer, the better and easier the transaction is going to be,” McHale said.

Part of that job is acting as a translator, translating from construction-speak to common English, she said. Generally, though, this requires the agent to have more than a passing acquaintance with the nuances of construction: for example, helping to explain why some structural changes can be difficult (read: expensive) once the construction has passed a certain point.

Even with a strong builder’s rep in the process, McHale regards making the process crystal-clear to be the agent’s job. She said she’s only had one instance where the builder wanted to work directly with the client — in essence, cutting her out.

“As a buyer agent, I was not pleased with that, because there were things about the building process that the consumer isn’t going to know,” she said.

Krogh typically stays engaged with the clients and the construction process until the closing occurs. “I have gone to the design center with my clients because they want my opinion — should they pick maple or walnut, that kind of thing,” she said. “I do this because I’m looking to create an advocate for life, someone who is going to want their friends and family to work with me.”

The door swings both ways, Krogh said. “I sort of act like the builder is my client, too,” she said. “When I am an advocate for them, I find it’s much easier-going.”

When the decision-making deadlines are tight — as they often can be for certain production-builder projects — she helps keep the buyers on track and on schedule. Builders appreciate that, she said.

Krogh, who has had both a production home and a custom home built for herself, said that of late she has been impressed with builders’ flexibility and responsiveness to concerns, compared to years ago when she was a client herself.

“I have picked up the phone and called corporate (headquarters for a production builder in regard to a problem), and I was thrilled with the service,” she said. “I have felt welcome at the sales-rep level and I have felt welcome when I went up the food chain, too. I not only get calls back, but they’re willing to work it out.”

It’s a little different with custom builders, in Krogh’s experience. She said she didn’t feel “unwelcome,” however she felt a stronger message to back off and let the builders handle the client relationship.

“Custom builders take the process more personally,” she said. “I have felt that I should work more behind-the-scenes with these guys.”

3. Then there’s the matter of the commission.

It requires patience, the agents say.

Depending on whether the house is custom or production-built, how much the clients want to shop around for a builder, how long the permitting process in a given locality may be — plus other variables — it may take six months to a year (or more) to get to the closing table.

“That’s just part of being in the business,” McHale said. “When you close on a property, that’s when you’re paid.

And there’s always a chance that the deal may run aground, leaving the agent commission-less. Of course, that can happen with existing-home sales, too, Krogh said.

Builder/agent success boils down to knowing who, in your market, builds a quality product and who does it on-time, McHale said. “I don’t specifically tell my clients, ‘These are the builders you don’t want to work with,’ ” McHale said. “I recommend the ones that I know have proven reputations.

“The real estate agent wants to make sure it’s a good process (for the clients) and part of that is knowing who are the builders who can make their clients happy,” she said.

<http://newhomesourceprofessional.com/agentresources/articles/the-agent-builder-relationship-why-you-should-work-with-builders>