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A Web-Surfer's Guide To Finding Discounts on Brand-New Homes

By Lauren Baier Kim

It's no secret that business has been more difficult lately for U.S. home builders – [demand for new homes](#) saw its biggest drop since 1990 in 2006, according to the Commerce Department. Faced with rising home inventories, home-building companies are offering incentives and, in some cases, slashing prices to attract buyers.

"It is the best time to buy a new house," says Harley E. Rouda Jr., chief executive officer and managing partner of real-estate firm Real Living Inc. "Builders are being very aggressive in terms of selling down their inventories."

In Central Virginia, local builders are lowering their asking prices and "advertising incentives such as offering to pay buyers' closings costs, where they never used to do that before," says Jim Duncan, a Realtor with Century 21 Manley Associates in Charlottesville, Va. "The one national builder in our market [[Ryan Homes](#)] is offering upgrade incentives, such as 'free' rooms and other enticements. Builders, as are other sellers, are adjusting to the changing market. Buyers have room to negotiate on new construction for the first time in many years."

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Sites for New-Home Listings



- [American Home Guides](#)
- [iNest](#)
- [Move.com](#)
- [Newhomeguide.com](#)
- [RealEstateJournal.com](#)
- [RealLiving.com](#)

In some areas, home buyers can get new properties for 15% to 20% less than what they were selling for a year ago, says Michael B. Eckerman, founder and chief executive officer of Residential Asset Management in Phoenix, a real-estate firm that buys and holds residential housing for investment purposes. Builders' home inventories are growing because as homeowners find it increasingly difficult to sell their homes, many are backing out of new-home contracts, he says.

So how can consumers locate and evaluate builder discounts on brand-new homes? The Internet is a useful tool. Here are three strategies for finding a deal on a new home online:

1. Start with builder Web sites. The more homes a builder has on the books, the more likely he will be ready to deal. "The first thing home buyers should look for is inventory," suggests Ohio State University finance

professor Anthony B. Sanders. "Spec" homes – properties that builders build without first securing a buyer – present valuable opportunities for home buyers, he says.

"You want to look for builders who have spec homes completed, because on those homes, builders will be more flexible because it is sitting inventory that they want to sell," says Allan Domb, president of Allan Domb Real Estate in Philadelphia. Property on which a home has been built is more costly for a builder to carry than land that is vacant, he explains.

Spec-home inventories are up in most markets, Mr. Rouda says.

These properties are advertised on builders' Web sites and are sometimes referred to as "Quick Move In," "Immediate Occupancy" or "Quick Delivery" homes.

Use the Internet to compare and contrast prices and features of homes. For instance, Web sites for [Toll Brothers](#), [Beazer Homes](#), [Ryan Homes](#) and [KB Home](#) offer online tools for house hunting by state and variables like price, community type and home size.

Once you find homes that appeal to you, Andy Heller, co-author of the book, "Buy Even Lower," (Kaplan Publishing, 2006), says to email the home builder. He suggests asking whether price cuts or incentives are available and specifying the neighborhood or community where you want to buy. "Home builders in a position to deal will often reply or contact the home buyer and give an early indication of the discounts being offered," he explains.

2. Use new-home listing aggregators. There are multiple online tools for searching home-builder inventory. For example, [RealLiving.com](#) offers a new-construction portal where visitors can look for newly built homes using identifiers like property type, location, size, price and school district. [RealEstateJournal.com](#), [iNest's Web site](#) (which offers [1% cash back](#) on the purchase of a new

Home Builder Web Sites



- [Beazer Homes](#)
- [Centex](#)
- [D.R. Horton](#)
- [KB Home](#)
- [K. Hovnanian](#)
- [Lennar](#)
- [Ryland](#)
- [Ryan Homes](#)
- [Toll Brothers](#)

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home to its buyers), [Move.com](#), [American Home Guides](#) and [Newhomeguide.com](#) are other sites that aggregate listings of completed or nearly completed homes. In some cases, new-home listings on these sites include details about buyer incentives, such as a new home in Dublin, Ohio, that is being offered with [five hours of consultation](#) with an interior designer. On [American Home Guides'](#) site, shoppers can look for spec homes by searching in its ["Quick Delivery"](#) section.

3. Browse by keyword. Perform a keyword search on Google or Yahoo to find builders active in your target neighborhood. Mr. Heller suggests. Typing "new home discounts St. Louis" into Google's search box produced several real-estate listing aggregators, such as the St. Louis pages for [Move.com](#) and [American Home Guides](#). The Google search also turned up a link to [Centex Corp.](#), which has several new developments in the area, and to Coldwell Banker Gundaker, a local real-estate company that offers a [Web-search page](#) for local new homes.

Yahoo offers an [online guide to real estate](#) that may lead consumers to builders constructing in their areas. A search with "Philadelphia, Pa" in the search box and "new homes" selected from Yahoo's pull-down menu produced 11 pages of listings within a 15-mile radius of the city, and an area map. The listings were not plotted on the map, however, as they were located in suburbs outside the city limits.

Newspaper Web sites, especially their real-estate pages, can point to area builders who have available inventory and may be willing to negotiate. On these sites, "You can find banner ads from local builders," Mr. Rouda says. Try using Google or Yahoo to locate newspapers that cover your target area. A Yahoo search for "Los Angeles, newspaper, new homes" turned up a link for the [Los Angeles Times](#), whose real-estate page included a "Quick Search" for new construction, and a [Centex Homes](#) ad with links to new-home offerings in California. A similar Google search for "new homes, newspaper, Baltimore," turned up a link to the real-estate section for the [Baltimore Sun](#), which offered a "new construction search" and a banner ad for [Richmond American Homes](#), whose Web page offered a search for "Quick Move-In Homes."

Email your comments to lauren.kim@wsj.com.

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