



Search

Site C

Search

FEATURES

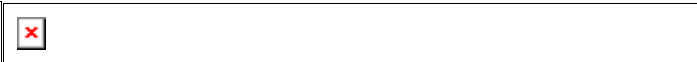
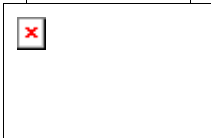
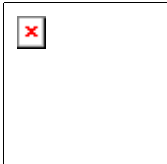
COVER STORY:

[FAST TRACK,
NARROW LOT](#)

[FOLDING DOORS,
OPENING WALLS](#)

[THE QUIET HOME](#)

[A RETURN TO
TRADITION](#)

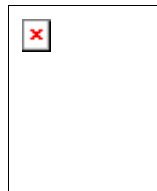


January 2006



By: [Mark Perlman](#) Best Practices: Model Homes

Selling with model homes requires commitment and careful planning

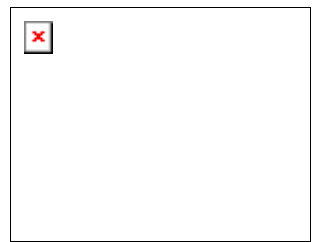


In the early 1990s, Empeco Custom Builders in Libertyville, Ill., decided a model home program was the best way to showcase its talents and hence, sell more homes. Since that time, the builder has always maintained a model home for prospective clients to view its craftsmanship and details. This practice, while a relatively costly investment, has proven to be a worthwhile business practice.

Clearly, the expense of constructing and maintaining a model home is significant. In addition to the obvious carrying costs of the loan on the home, other expenses must be considered, such as staffing requirements, heating and cooling, landscape maintenance, snow removal, homeowner association fees, taxes, insurance, cleaning, furniture purchases or rental, etc.

Empeco does not furnish its model homes but rather uses the services of a talented interior designer to create vignettes to help clients envision how a space may be decorated and/or furnished. We do, however, have modest furniture in the dining room and kitchen, which can double as meeting space.

One of the most costly aspects of building a model home is the commitment of time and money to staff the home. At the outset, I staffed the model home myself on weekends, resulting in more than a few weeks of having no days off. Like many entrepreneurs, I felt no one could sell my custom-built homes as well as I could. Of course, this is not the case and one of the surest paths to early burnout.



Building an effective model home requires a huge commitment of time and money, including staffing it with a knowledgeable person, paying taxes, decorating it to sell and much more.

Recently, my son joined the business and has become our sales manager, and quite good. Whether it's you or someone you hire, it is important to staff the model with someone who is enthusiastic and knowledgeable. It would be foolhardy to think it's possible to put someone in your model who has only cursory knowledge of new home construction and your particular business. There is no substitute for honesty, intelligence and enthusiasm coupled with a nice smile and concern for the prospective client to raise your business to the next level.

Kicking the Tires

It has been our experience that a prospective home-owner who is willing to invest \$1 million or more insists on viewing your finished product. But how many times can you traipse through one of your happy homeowners' homes before the welcome mat is removed? This is a sure way to turn a satisfied client into a not-so-happy client. The costs of a model are offset by having a readily available showcase home that shows off your talents without having to continually bother satisfied clients.

The ultimate purpose and goal of showcasing a model home is to sell more homes, and this is in large part possible only if a supply of lots is available. Empeco is fortunate to be located in the affluent Northwest suburbs of Chicago where, usually, a relatively good supply of high-quality lots are available. We have had the good fortune to control varying numbers of lots in the past 10 years, which enables us to justify the investment in a model home. Since we only construct build-to-suit residences and control our own lots, a model home program makes sense for us. Building on lots controlled by the buyer accounts for less than 10 percent of Empeco's business.

Once a builder decides that a model home program is the right way to go, the design of the model home becomes paramount. To be successful, one must do the research and know the target market. An early mistake we made was to build what we liked and what we thought fit the neighborhood rather than what the market dictated. Your tastes and biases should take a back seat to well-done research and well-thought-out plans and decorating.

Will the home appeal to the move-up market which may want a first-floor master bedroom, or a younger market that desires a second-floor master? Does your market dictate a two-story family room? How about a home office, theater room or even a living room? Additionally, talk with three or four past clients to get a feel for what they particularly like and don't like about the home you built for them. You will be amazed at the comments you'll get, which will give you invaluable insight on what to build and what to include, or not include, in your model home.

It is at this point that your architect becomes an invaluable

member of your team. It is vitally important to have a floor plan that works well, details that will knock the socks off potential buyers and an elevation to die for. The importance of working closely with an architect who designs homes with strong aesthetics should not and cannot be minimized. Curb appeal is one of the most important aspects of drawing potential clients into your model home, so much care and attention should be paid to this aspect of the plan.

Decorate to sell

After interviewing past clients and consulting with an architect, it is time to collaborate with a designer. Because Empeco's decorator has a pulse on the market and what is in vogue, she pretty much has free rein to do what she thinks is appropriate. Everything needs to be carefully chosen for your program to be cohesive and to present a first-class image to the public, from the elevations to landscaping and hardscapes, down to the bath accessories and finish hardware. It is this attention to detail you can point to with pride to prospective purchasers. My pet peeve is when the finish on the door hinges doesn't match the finish on the door knobs.

I often am asked what the difference is between a spec home and our model homes. My truthful answer is: "Not too much, really." The biggest difference is that we make the conscious, informed decision to build a showcase home that we commit to hold onto for between one year and 18 months. It is my feeling that after a year and a half a model becomes stale both with the public and the real estate community. Additionally, we make the upfront decision to advertise the home on a regular basis and have it open for viewing every Friday, Saturday and Sunday.

If a client wishes to purchase the model (we clearly advertise the purchase price), we will sell it only on a delayed closing basis. We recently sold our last model home wherein the purchaser gave us 20 percent down with a closing scheduled for six months later. Since Empeco owned the home free and clear, we did not feel the need to close the purchase and lease it back from the buyer, although, that certainly would be a possibility if an outstanding loan existed.

We agreed to repaint certain rooms, wash all the carpeting and provide our two-year limited warranty from the date of move-in, even though the house was already more than 1 year old at closing. This creates a win-win situation, giving the buyers the flexibility and time to sell their existing residence and prepare for their move-in. Once we know we have a solid deal, plans are finalized to build our next model home in a new community, and the process begins again.

Mark Perlman is president of Empeco Custom Builders, a

design/build firm he founded in 1982. Empeco builds between seven and nine homes a year, all for roughly \$1 million or more. Perlman holds a bachelor's degree from the University of Illinois and has been in the building business since the mid-1970s. He is past chairman of the Tour of Homes committee and the Custom Builders Council. Perlman is a member of the Builder 20 group, The Craftsmen.

RESIDENTIAL DESIGN & BUILD

[HOME](#) [COLUMNS](#) [FEATURES](#) [BUYERS GUIDE](#) [CONTACT US](#)
[MEDIA KIT](#) [INDUSTRY EVENTS](#) [ARCHIVES](#)

Copyright © 2003

All rights reserved Cygnus Interactive,
a Division of Cygnus Business Media,
a Commerce Connect Company

[User Agreement - Privacy Statement](#)