



The Web Site of The Sacramento Bee

This story is taken from [Sacbee](#) / [Business](#).

---

## Home Front: Freebies show buyers eager to talk turkey

**By Jim Wasserman - Bee Staff Writer**

***Published 12:00 am PDT Friday, September 21, 2007***

One of Sacramento's biggest national home builders learned that if you make a big enough splash about a giveaway the buyers will come.

New Jersey-based K. Hovnanian Homes says it sold 47 houses last weekend in the Sacramento region with an offer to fully furnish every house sold.

"It was crazy phenomenal," said the builder's local spokesman, Ian Cornell. "Honestly, I set my goal at 15 sales. What it says is there is pent-up demand. There are buyers willing and wanting to buy a home and capable of buying a home."

Cornell said the builder sold another 94 houses between Stockton and Bakersfield the same weekend. The sales, which must now navigate through potential for cancellations before becoming final, were among 2,100 the builder reported nationally on Monday.

Analysts quickly weighed in, saying the response proves that buyers are there if the deal is sweet. But one took another angle on the giveaway.

Southern California real estate investor and author Danielle Babb issued a statement saying the builder's big weekend may have made things worse for home builders.

"Hovnanian sent a signal to the entire consumer base that things are scary out there," she said this week. "This has prompted buyers to wait it out for both resale homes and new homes."

Cornell said the sales speak for themselves, though there are no plans to repeat the offer. He said the sales event also tripled the number of shoppers -- what builders call "traffic" -- going through the firm's subdivisions in Natomas, West Sacramento, Plumas Lakes, Galt and Suisun City.

### **Everything's on the block**

Big giveaways are one way for builders to generate traffic in a market where many buyers are sitting on the fence. Another is to auction off most of an entire housing development.

That tactic has pulled more 1,000 people through 22 West Sacramento townhouses at River's Side at Washington Square in the past three weeks. That far outguns regular traffic at the development.

So says Keith McLane, senior executive at Irvine-based auctioneer Real Estate Disposition Corp. His firm will auction the West Sacramento townhouses Saturday. The builder has sold just three since sales began late last year.

### **A local builder hits No. 1**

This time of year home builders like to shout from the rooftops about their new No. 1 ranking from J.D. Power & Associates. That's especially true when it's a hometown builder and not one of the industry's giants.

"We were so proud to receive that award," says Tim Lewis, owner of Citrus Heights-based Tim Lewis Communities. "It's a kick in the pants in a market like this. I was elated."

In J.D. Power's sixth year surveying customer attitudes toward Sacramento-area home builders, Lewis is the first family-owned local builder to rank highest in customer satisfaction.

More often than not in 34 building markets across the nation, the award goes to publicly traded home building giants or big regional builders. The last five years in Sacramento it's gone to Dallas-based Centex Homes.

Now it's the little guy's turn.

"We worked so hard for it," Lewis says.

### **Fed cuts? Rates tick up**

For all the cheering this week for the rate cuts announced by the Federal Reserve, what's the first thing that mortgage rates did? According to mortgage giant Freddie Mac they're up slightly instead of continuing to fall.

Interest rates for 30-year fixed loans averaged 6.34 percent this week compared with 6.31 percent last week.

Mortgage experts say people routinely think Fed cuts and mortgage rate cuts are one and the same. They're not, which makes predicting mortgage rates a lot like guessing the weather. Already -- at least this week -- they're running contrary to public expectations.

### **Sunshine and prices**

News from the front porch: Builders continue to go solar. Centex Homes announced this week it's partnering with Roseville Electric to build 450 solar houses on the city's west side. ... And Sacramento's TrendGraphix, an affiliate of Lyon Real Estate, says the region is seeing more price tags under \$200,000 -- 686 properties in August vs. 47 in June 2006.

The research firm says the "logical bottom of the market will likely occur when investors can rent a property for more than the mortgage payment, and this is already happening in select areas."

Go to: [Sacbee](#) / [Back to story](#)

---

This article is protected by copyright and should not be printed or distributed for anything except personal use.  
The Sacramento Bee, 2100 Q St., P.O. Box 15779, Sacramento, CA 95852  
Phone: (916) 321-1000

[Copyright © The Sacramento Bee](#)