

PRE-OWNED VS. NEW CONSTRUCTION

Pros Vs. Cons

PRE-OWNED



- 👍 Typically Less Expensive
- 👍 More Desirable Locations
- 👍 Known Neighborhood Dynamics
- 👍 Proximity to Schools, Shopping & Places of Worship
- 👍 Houses Tend to Have More Character
- 👍 Property Values can be Determined Before Purchase
- 👍 Can often improve/update house to increase value & equity in future
- 👍 Lower Tax Profile



- 👎 Smaller Inventory of Acceptable Properties
- 👎 May Require Extensive Repairs and/or Renovation
- 👎 Fewer Amenities/Older Appliances
- 👎 Financing can be More Difficult
- 👎 Competition from Competing Buyers
- 👎 Neighborhood May be in Decline
- 👎 Can have unknown underlying issues- mold, plumbing issues, termites, etc.



NEW CONSTRUCTION



- 👍 Brand New Construction with Active Warranties
- 👍 Customizable Floor Plans
- 👍 Cost of Upgraded Features and Appliances can be Folded into the Mortgage
- 👍 Green Appliances for Better Energy Efficiency
- 👍 Financing Available Through the Builder if a production home, Making it Easier to Qualify for a Mortgage and often offering additional incentives
- 👍 Fewer Maintenance Costs Associated with Repairs or Renovations



- 👎 Can be more Expensive than Resale Properties
- 👎 Subject to changing interest rates throughout build time
- 👎 Property Values are Unknown, and Possibly More Volatile
- 👎 Lacking in Character – Cookie Cutter Design
- 👎 Ongoing Construction in the Neighborhood
- 👎 Can be a Greater Tax Burden

BUYING NEW HOME CONSTRUCTION

Pros Vs. Cons

THE PROS



Personalize & Customize

A custom, tailor-made home provides a unique opportunity for builders to showcase their creative talent and craftsmanship. It also allows you to express yourself with finishes that reflect your tastes, preferences, and personalities.

Existing homes rarely offer the opportunity for you to change the layout of the house. At best, you can remodel and change out the old fixtures and finishings.



Extra Clean

Newly constructed homes offer the most sanitary solution possible. Moving into a new home knowing that no one has ever lived there is a great feeling. New houses provide all of the latest materials and sealants. Living in a brand new house that no one has ever lived in will eliminate any nasty surprises you might find when buying an existing older home.



No Need For Updating

An existing resale home is like a blank canvas. It's just waiting to be created as the buyer sees fit. When you purchase your own new and improved masterpiece, there's no need for updating because the products used are taken from the current design trends.

When purchasing an existing resale house, the previous owners could have picked out the design choices decades ago, such as colors or flooring patterns. This leaves the new homeowner with the desire to update.



Energy Efficient

The efficiency benefit from new construction causes utility costs to be lower than average. A few reasons include vinyl windows, new door trim and seals, and better insulation between walls to keep out drafts. These products can reduce the need to heat and cool your home by a significant amount. The savings help to offset the higher cost of a new home in the long run.



Less Maintenance

New construction homes have less maintenance than older existing homes. You won't have to worry about your roof leaking when it rains or your air conditioner breaking in the middle of summer. You can enjoy all the perks of living in a brand new home without maintenance headaches. When things do breakdown, they are typically covered by the builder's warranty.

THE CONS



Expensive

On average, it cost around 20% more to have a new home built than to buy an existing one. This number changes based on the area and price range of the home.



Less Mature Landscaping

Developers creating new neighborhoods typically tear down all of the vegetation in the area as the most costly way to break ground. When you have a new home built, you may have to pay extra to have new landscaping put in. This expense can be costly as the average landscaping project for a home is around \$3,000 to \$16,000. These additional costs come out-of-pocket in most cases.



Limited Options

New home builders like to stick with their most commonly used products and materials. The option of choosing products outside the showroom will most likely not be available for you. Make sure to get information on all of their products!



Additional Expenses

There are so many costs that you don't think about that are often included in a resale purchase that ARE NOT included with a new home - garage shelving/racks, water filtration systems, fencing, attic decking, storage sheds, etc.



Can Be Tough To Increase Equity

Often times, a new neighborhood continues to have homes built for the next several years. If you're planning to sell within the next 5 years, a new home can often not be the best option because you'll be competing against the builder, who has brand new homes with design customization options & incentives to offer. In addition, it's hard to upgrade your home and gain actual value, because your home value is so heavily controlled by the comparable property sales prices.

Home Builder Warranties

When working with a builder, they will typically offer warranties that you could never get on an existing home. Many home builder warranties cover anything that happens to the home within two years of the date of purchase.

Home Builder Financing Incentive

Many home builders offer special in-house financing that rivals most 3rd party mortgage lenders. Since they are already making money off your home purchase, they have the extra margin to offer financing incentives that an outside source can't offer.

It is wise to shop around to make sure the mortgage offer you're getting is the best one. Builder incentives change as the market switches from a seller to a buyer's market.

Ideal In a Seller's Market

Ideal when you can't find what you want, especially when there is low inventory and prices are soaring on existing homes.

Timeline

With a new house, typically you have to wait 3-12 months before moving in. This issue can be a challenge for people who are in temporary housing and need to get out of their current situation as soon as possible.

If you buy an existing home, you can move right into your new place within 30 to 45 days of signing the sales contract.

Higher Taxes

New construction neighborhoods often have higher taxes than older ones because they lack established infrastructure. A recent study conducted by WalletHub found that, nationally, the average homeowner spends \$2,471 per year on property taxes. New construction property taxes can be twice that amount.

Strict HOAs

Homeowners Associations (HOAs) are becoming more popular every year. When new developments are created, they design all of the homes and lots to maintain uniformity. These new neighborhoods typically have smaller lots with more regulations than older communities. When a homeowner does something extreme to their property, it negatively affects the immediate neighbor's property values. This scenario causes new HOAs to be rigorous right from their conception.

