



## 9 reasons to choose a new home over a resale

Newly built properties can offer fewer hassles, greater efficiency and more customization.

By Luke Mullins of U.S. News & World Report

As the mortgage crisis continues to inundate the market with distressed properties, house hunters have no shortage of cheap, foreclosed homes to pick through. But despite all those deals in the market for previously owned homes, consumers shouldn't overlook the potential benefits of buying a new home.

"New homes usually sell higher per square foot than resale homes," says Jack McCabe of McCabe Research & Consulting in Deerfield Beach, Fla. "But their selling points, I think, are pretty strong."

To help consumers understand the advantages of buying a new home, U.S. News spoke with a handful of experts and compiled a list of nine reasons to choose a new home over a resale.

1. Customization: Many homebuilders allow buyers to help design the property, which helps create a living space tailored to the consumer's tastes. New-home buyers, for example, can often decide where their bathroom might go, choose their favorite flooring or pick the exterior paint color. Buyers moving into a subdivision can sometimes pick the lot they like best.

"There is a lot of flexibility for [new-home buyers] to kind of put their personal signature on the product," says Patrick Costello, president of Forty West Builders, based in Ellicott City, Md. "Those kind of things you can't do with a used house — it's just not possible."

2. Building envelope: Building codes have mandated higher energy-efficiency standards since they began to address the issue in the late 1970s, says Kevin Morrow, senior program manager for the National Association of Home Builders' green-building programs. The most recent International Energy Conservation Code came out in 2009 and required about 17% more efficiency than three years earlier, he says.

"So using that as sort of a gauge to how newer homes should perform from an efficiency standpoint compared to older homes, it's pretty clear that just as homes meet code, they are going to be more efficient," Morrow says.

Newly constructed homes use energy more efficiently in two ways, Morrow says. First, they tend to have a tighter-sealed building envelope, or the enclosed part of a structure, that helps prevent conditioned air — cool air in the summer, warm air in the winter — from escaping. Features that create this envelope include higher-efficiency insulation, doors and windows.

"Gone are the days of the single-pane window," Morrow says. "Now, I think you are starting to see triple- and quadruple-paned windows. These are windows that are designed to really minimize the transfer of heat either from warm to cold or vice versa, and they of course will help the building envelope."

Pg 1 of 3

<http://realestate.msn.com/article.aspx?cp-documentid=25600868>



## 9 reasons to choose a new home over a resale

Newly built properties can offer fewer hassles, greater efficiency and more customization.

By Luke Mullins of U.S. News & World Report

3. Green appliances: The more energy-efficient mechanics of the house also help reduce utility bills for new-home buyers, Morrow says. New homes often include green systems and appliances — such as high-efficiency stoves, refrigerators, washing machines, water heaters, furnaces or air conditioning units — that homes built years ago might not.

“The conditioning equipment is usually considered to be one of the larger energy-consumption devices, but certainly, those kitchen appliances matter,” Morrow says.

Owners of existing homes can always retrofit their property or buy higher-efficiency appliances, but doing so can be expensive.

4. Fewer repairs: The features of new homes should also hold up better than those of existing homes, which may have experienced years of wear and tear, says Evan Gilligan of Mandrin Homes, which has offices in Maryland and Delaware.

“People will buy [previously owned] houses, and then the carpet needs to be replaced or it needs to be repainted or it needs new appliances or the flooring is shot,” Gilligan says. “When they buy a new home in today’s market, it really is new.”

5. Less maintenance: At the same time, today’s new homes are engineered specifically to minimize maintenance requirements. For example, Costello says his company uses composite products for a home’s exterior trim instead of wood, which could rot or need repainting.

“You buy a used house, you don’t know what you are getting; you might have to do a lot of maintenance,” Costello says. “We are trying to look down the road and make things as easy as possible for [homeowners] so they can enjoy living there and not have to be saddled with maintenance.”

6. Warranty: In addition, builders often agree to take care of the necessary repair work in a new home for at least the first year.

“A new home is generally fully warrantied by the builder for a minimum of a year, and most of all the other components are warrantied for extended periods,” McCabe says.

So if your roof starts leaking or the heater breaks during the warranty period, your builder will pick up the tab for the repairs.

Pg 2 of 3

<http://realestate.msn.com/article.aspx?cp-documentid=25600868>



## 9 reasons to choose a new home over a resale

Newly built properties can offer fewer hassles, greater efficiency and more customization.

By Luke Mullins of U.S. News & World Report

"When you buy a resale home, even if you have a home inspection done, it still does not turn up hidden defects that you don't find out about a lot of times for two years," McCabe says.

7. Fire safety: New homes often include fire-safety features that may not be in properties built years ago, Gilligan says.

"We use fire retardant in our carpeting and in our insulation," he says.

In addition, all new homes are required to include hard-wired smoke detectors. These devices can provide better protection than battery-operated smoke detectors, which can fail if their battery runs out, Morrow says.

"Hard-wired [smoke detectors] run on the electricity of the house and then have a battery backup for if the house power goes out," he says.

8. Concessions: Especially in today's sluggish housing market, buyers could squeeze more concessions out of a homebuilding company than an individual seller. That's because individual sellers often have an emotional attachment to their property that can blind them to its true value.

"People usually think that their home is worth more money than it is," McCabe says.

At the same time, builders often have greater financial wherewithal to absorb a loss on a sale than individuals.

"I'll put it to you this way: A \$30,000 hit [spread] over 30 lots hurts a lot less than a \$30,000 hit on one existing house," says Christopher Rachuba of Rachuba Home Builders, based in Eldersburg, Md. "So I think [buyers] may get more bargaining [power] that way."

9. Financing: New-home buyers can take advantage of mortgage-financing perks available through their builder.

"New-home builders — in many cases, the larger ones — have their own mortgage companies, or they will offer paying points or closing costs and buy down certain rates for you," McCabe says. "The seller of a resale home is generally not going to do that for the buyer."