



Fletcher Longstaff

The Home Of Conveyancing

Top Tips

For Buying A New Build Home

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Introduction

New build homes are a great option whether you're a first time buyer, have a growing family or "right sizing" in later years. But there are also common problems many home buyers aren't aware of. Here are the most common pitfalls - and top tips for side stepping them - when buying your new home...

The Benefits of New Build Homes

New build homes are appealing to home buyers for a number of reasons:

- ➔ Many people like the fact that they will be the first to live in the property
- ➔ Repairs and redecoration costs should be minimal for the first few years
- ➔ Buyers can often select fixtures and fittings to tailor the property finish to their taste
- ➔ New properties usually come with guarantees. As well as NHBC's 10-year warranty, other companies provide warranties and insurance for new homes, such as BLP's housing warranty insurance
- ➔ If the property is built to the correct standard, homeowners can enjoy lower running costs and energy bills

Problems and Pitfalls with New Build Homes

But what about the downsides of buying a new build? Here are some common pitfalls and top tips for side stepping them...

Dodgy Developers

Whether you're buying a toaster or a new home the transaction and after sales care can vary. Trouble is, of course, you'd expect a better level of service when you're spending hundreds of thousands on your home. Sadly, developers don't compete on quality and after sales service. So it's down to you to do your research.

Here are our top tips:

- ➔ **Get to know the developers** in the area where you want to buy and research them online. Look out for where they are mentioned on forums and see what people are saying. Don't let it put you off completely but let these forums inform you of the issues you need to be alive to.
- ➔ **Get talking** – If the development has been partially completed ask the neighbours how they found the process of buying. You might pick up some top tips for negotiating and things to watch for in your contract.
- ➔ **Visit the developer's other sites:** How do they look? Do the new residents speak highly of their homes and the developer?
- ➔ **Never rely solely on the developer's promotional material.** Get a feel for what you're buying by visiting the site and the local area. Look at transport links, do your journey to work, walk to local facilities and so on.

Premium Pricing

Just like a new car, a new build house will depreciate in price the minute you turn the key in the door. Even in a rising property market you may not get your money back if you have to sell within a year or two. Here are out top tips for tackling this:

- ➔ **Compare** the new build home you are looking at with similar "old" properties in terms of value, space and rental value in the local area. Check the price per square foot, and compare it with the resale market so you understand the extent of the premium you will be paying.
- ➔ **Negotiate** with the developers. Find out what other properties on the site have been sold for on Zoopla or Rightmove. There can often be deals to be done at the end of their financial year, or when there are only a few properties left to be sold.
- ➔ **Shop around for good deals.** Many developers offer incentives to differentiate them from other local developers, such as free furnishings, a car parking space, or by paying your legal fees or stamp duty. If you can't negotiate money off the price, the offer to pay your stamp duty is probably the best freebie to take up as it will probably save you the most money, but be aware that any incentives offered by the developer over about 5% will impact on how much your lender is willing to hand out.

- ➔ **Plan to stay put for a few years.** Future proof your purchase by ensuring it fits with your personal plans for the next few years. Could your new partner move in? Could you comfortably fit a new baby in?
- ➔ **Think about adding value.** When buying think about whether there is scope to add value in the future – a conservatory on the back, or a landscaped garden or loft conversion. You may not be able to afford it now, but it may be an option in the future or make your home an attractive proposition to future buyers wanting to add value

Delays in moving in

This is particularly the case if you are buying “off plan” before the development has been completed. We recommend you get the builder to agree a **‘long stop’ completion date** which means he’ll be liable to pay you compensation if he doesn’t finish the work by that date.

Getting a mortgage

Delays can also be a problem when it comes to your mortgage.

Workmanship and Finish

NHBC warranties and the like are not going to cover workmanship and quality finishes. So make sure you’re happy at every stage of the build with how your new home is shaping up but especially before you complete.

By the time you instruct solicitors you should have seen copies of the plans and specification of what the developer intends to build. The more detail this shows, the better.

In fact, properly prepared plans and specifications will tell you exactly what you are getting – to include design, measurements, the type and quality of materials and decorative finishes. Anything less, and the developer has scope to reduce the specification and build you something of lower quality than you might otherwise expect.

Watch out for Warranties

NHBC and similar guarantees are supposed to give peace of mind for the first 10 years after construction of the property. The policy attaches to the property, so that it benefits successive owners during the 10 year period. You should be aware however that the NHBC is an insurer and the guarantees are in reality insurance policies. If you make a claim, NHBC may use the small print to avoid paying for or carrying out remedial work.

Make sure there is a “snagging” provision in your contract to allow you to get little issues sorted – such as doors catching on carpets – directly with the developer. During the first two years from completion of your home, NHBC will step in if you make a claim against the developer and the developer fails to carry out the remedial work.