

# New Home or Resale?

## Which is right for you?

Do you want a home that you have helped design and that offers the latest in energy efficiency and design? Or a previously owned home that may need fix-ups, paint work and walls moved around to create the types of open spaces for today's style of living?

These are baseline questions that confront many home shoppers early in the process. Your own answers are likely to depend on your lifestyle preferences, financing needs and priorities you put on features, like high energy efficiency, functional arrangements of interior living spaces, and your desire, budget and aptitude when it comes to repairs and capital improvements.

**But, here is a quick comparison to consider when comparing new versus resale homes:**

BENEFITS	NEW	RESALE
<b>RESALE VALUE</b>	Families average five years in one home before needs or lifestyle changes and they choose to move. Your new home will still be considered relatively new.	With inevitable repair costs, newer homes will often be more desirable, energy efficient and carry additional value.
<b>MORTGAGE FINANCING</b>	Builders usually have "Preferred Lenders" who are knowledgeable about new home construction and can custom-tailor financing, down payments, loan fees and interest rates to your specific situation.	Sellers of Resale homes may be willing to offer contributions to closing costs etc., but they will not have a relationship with a mortgage company that may be able to deliver the loan you need.
<b>FLEXIBILITY FOR SPACE</b>	You choose the floor plan that best accommodates your family needs. You have choices!	Room layouts, ceiling heights, lighting, smaller kitchens, fewer bathrooms -- you get what's already there. Making structural changes can be very costly.
<b>ADVANCED TECHNOLOGY</b>	New homes are designed to include the sophisticated wiring required for today's high-speed electronics and communication equipment, entertainment centers and security systems.	Add-on electronics and internet connections may be required.
<b>ENERGY EFFICIENCY/ GOING GREEN</b>	Newly constructed homes must meet far tougher national and state building code requirements for energy efficiency resulting in lower utility bills. State of the art ventilation, air filtration systems, dual pane windows and better insulation are examples. Better filtration systems can also increase air quality for those who have asthma or allergies. Going "green" helps the environment and can save up to 30% on utility and water bills.	Energy standards in resale homes are dated, even just a few years back when energy usage was an afterthought. Retrofitting some elements to improve energy efficiency can be done but it is costly. Old design constraints such as drafty single pane windows can prevent achieving the efficiency levels of newly constructed homes.
<b>SAFETY FEATURES</b>	Consider state-of-the art circuit breakers, high efficiency furnaces and AC units using the latest environmentally-friendly coolants. Cabinets, carpets and paints use fewer volatile organic compounds. Modern fire retardants are used in materials such as carpeting and insulation. Smoke and carbon monoxide detectors are hardwired into the homes. Back-up batteries are often included to handle electrical outages.	May contain less safe components and lower efficiency furnaces and AC units. Individual smoke and carbon monoxide detectors are not interconnected into the electrical systems of the home and may need less dependable battery powered detectors.
<b>COMMUNITY AMENITIES</b>	Many new communities include direct access to hiking trails, community parks, open space and newer schools.	Older master-planned communities are often limited in features.
<b>A NEW HOME IS ALL YOURS</b>	Everything is newly designed for your personal taste, style, comfort and quality. All the stains, marks, scratches are yours.	May be someone else's preferences, dreams, memories, not yours.

## REPLACEMENT COSTS

With a new home everything is new, including costly components such as the furnace, water heater, air conditioning unit, kitchen appliances, roof, doors, windows and more. In a new home, most of these components come with a warranty, sometimes for up to 10 years. With a resale home, the equipment and structural features you buy have been in use for a while and may be close to needing replacement. There may or may not be warranties, but if there are they probably have significant limitations.

**Consider some of these typical capital improvements that may be part of the true cost to you over the early years when purchasing an existing home:**

REPLACEMENT COSTS	NEW	RESALE
<b>AIR CONDITIONERS</b>	Brand new units should provide years of comfort and enjoyment. All come with manufacturer and builder warranties.	Typical AC system has a 15 year life. Replacing a tired or worn out unit can be \$5,000 or more.
<b>HEATING FURNACES</b>	Brand new units should provide years of comfort and enjoyment. All comes with manufacturer and builder warranties.	Typical furnace has a 20 year life. Replacing a tired or worn out unit can be \$4,000 or more.
<b>FLOORING/CARPETING/ HARDWOOD</b>	Brand new materials with manufacturer and builder warranties.	Guaranteed to replace some carpeting and may need to upgrade other flooring or finishes. This could cost a few thousand to well over \$15,000 depending on choices.
<b>ROOFS</b>	Brand new with manufacturer and builder warranties.	Average shingled roof lasts about 25 years. Replacing a roof can be \$5,000 or more.
<b>EXTERIOR PAINT</b>	Brand new paint work.	Good possibility you will want to repaint. Typical cost can be \$5,000 and up.
<b>INTERIOR PAINT</b>	Brand new paint work. May be able to choose colors.	Probably will want to repaint some or all of the interior. This will cost time and money.
<b>KITCHEN APPOINTMENTS</b>	New appliances, new countertops -- colors and textures may be selected by you.	Replacements can run \$15,000 or more.
<b>MASTER BATH APPOINTMENTS</b>	Countertop materials, colors and more may be selected by you. All brand new with warranties.	Remodeling can easily run \$15,000 or more.
<b>BOTTOM LINE:</b>	Although you and your budgetary resources control what you improve and when, it is highly likely that you are going to spend money on at least several of these capital improvements in the early years following the purchase of a resale home. They are the unadvertised costs of not buying new and, importantly, will likely take out-of-pocket CASH to accomplish.	



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