

Should You Buy or Build Your New House

Here is a general real estate primer about whether to buy or build a new house.

If you have the construction wherewithal, easy access to supplies, and a source of labor for difficult parts of the home building process, such as drywall installation, you can save potentially six figures by simply building your new home.

In addition, you can tailor your home for your needs and/or aesthetic tastes and potentially afford property in pricier neighborhoods. Moreover, if you time the market accurately, not only might your property appreciate over time, but your home itself could serve as an attractive selling point years down the line when you are ready to move.

On the other hand, buying an existing home allows you to move in as soon as possible and to take advantage of the architectural and aesthetic features that are already there. You can modify them at personal expense to get the 'custom fit' house that you desire without spending weeks to months on construction. Moreover, you don't need to have any specialized knowledge about construction, permits, licensing, or insurance to purchase an established house.

Of course, general real estate investors encourage buyers to explore modifications. Focus on acquiring good construction crews and researching the home values in your target neighborhoods. You should also be aware of your personal time constraints. If you only have a month or two to move or if you earn a substantial amount of money 'on the clock,' it will be literally not be worth your while to build your own home. On the other hand, if you are a construction hobbyist, or if you have ample time to move into a new place, you may give the building option more serious consideration.

You can look up construction tips on general real estate information websites, and you can also find a general real estate agent who can help you parse local prices and explain permit requirements and the pros and cons of hiring local contractors. Regardless of whether you build or buy, it may make sense to invest in a 'conventional' property, since idiosyncratic houses are generally much harder to sell. That said, if you have an ambitious aesthetic design, or if you plan to stay in a particular house for decades, it won't hurt you to choose something idiosyncratic, as long as you make sure it's structurally sound.