

the great debate

RESALE HOMES VS NEW BUILDS

Every issue we focus on the pros and cons of a particular aspect of buying property in Florida. This issue **Lesley Dolby** argues that resale homes are the best investment, but **Andrew Bartlett** fights the corner of the new builds



RESALE HOMES: LESLEY DOLBY

Older neighbourhoods usually have mature, established landscaping. You are not surrounded by sand and dirt and construction noise. Older homes can be updated, and have the advantage of bigger lot sizes and more space between houses, so more privacy.

New home buyers are often persuaded to buy expensive upgrades. When selling on, people find that these are not worth what they paid for them. Upgrades should only be added as a matter of personal taste and not to increase the home's value.

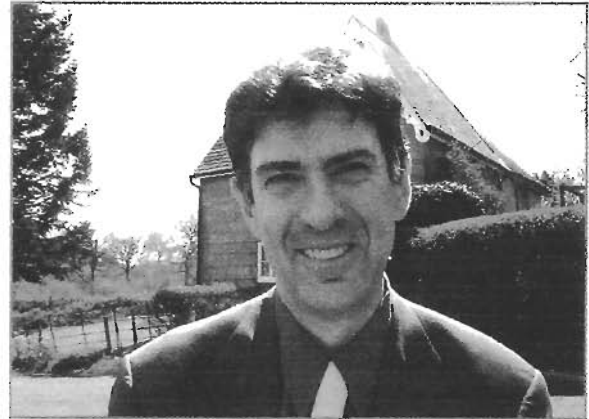
New home prices normally rise during construction, but in times of shortage of materials and labour, such as now, staggering price increases are passed on to the consumer. This doesn't happen with resales.

In 2004, there was a frenzy when prices skyrocketed and people thought they could make huge profits by 'flipping' properties – reselling new homes after putting down a deposit before completion. During 2005 there was a seller's market and high prices, but now the market is cooling slightly.

In a slowing market, new homes risk appreciating less than resales, or even losing value temporarily, because builders may offer discounts to move leftover homes. New homes in your development can then sell at less than what you paid for yours.

Only licensed agents can sell real estate in Florida. But builders are exempt, so unlicensed UK agents can sell new homes via builders. New home sales often pay larger commissions, so many agents will promote them for their own interests. www.dolbyproperties.com

“ Older homes can be updated, and have the advantage of bigger lot sizes and more privacy ”



NEW BUILDS: ANDREW BARTLETT

New homes give you the opportunity to select your ideal site, design and décor in one go. They are built to the latest building codes with warranty protection and often feature an extensive range of fittings. There is also less likelihood of eventually discovering a leak under the floor or other sundry gremlins!

A suitable new or off-plan property can deliver exceptional gains. In Sarasota clients have deposited 20 per cent (\$100,000/£56,000) on a \$500,000 (£280,000) property which will take three years to finish and the property has risen in value by 30 per cent a year. Quickly resold, that is a \$450,000 (£252,000 or 450 per cent) return; but painstaking research and advice is necessary to achieve such results.

The key to successfully buying a new home off-plan are location and timing. The most desirable locations are where few other new developments are being constructed. Timing can make or break the viability of your plan; being locked into a two-year agreement is great in an ascending market, unless the bubble bursts. Like-minded investors buying and reselling at the same time can flood the market with similar properties.

Possible pitfalls include buying directly from a developer; there is no discount if you do so and there are significant legal implications often glossed over. A specialist independent real estate agent will guide you through potential problems.

From an investment perspective however, the right new property is an excellent, hard-to-beat prospect. www.andrewbartlettflorida.co.uk

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