



Guide: What do you need to know when buying a new build property?

Why buy a new build property? What are the benefits?

For many people, buying a brand new home and being the first to occupy it can be a dream come true. Indeed, there are quite a few advantages that come with buying a new build property:

- In the early years, you are less likely to spend time, money, and effort carrying out maintenance and decoration as you would with an older property.
- New homes often come with everything you need so you don't have to worry about buying a cooker or tiling your bathroom for example.
- If you are able to exchange contracts early enough in the build process, then there is usually plenty of scope to tailor the interior of your home to suit your needs and preferences with the many options and extras that most developers offer these days.
- Modern building standards require new homes to be well insulated and thermally efficient. Combine that with modern, energy-efficient heating systems and you should see savings on your fuel and energy bills.
- New homes come with insurance backed warranties such as the NHBC 10 Year Buildmark warranty which can offer some peace of mind for buyers of new homes.

- If you need financial help to buy your home, then you can take advantage of the government's Help to Buy equity loan scheme which only applies to newly built homes. Help to Buy shared ownership is also available on new homes.
- Developers frequently have promotions – particularly when the property market is slow. You will often see developers offering incentives such as contributions towards fixtures, fittings and extras, help with the deposit, and contributions towards stamp duty to name but a few.



So are there any drawbacks to buying a new home?

Believe it or not, there can be some. Here are some of the common issues that buyers of new homes have experienced with some ideas on overcoming them.

Getting a mortgage

Lenders tend to have more stringent lending criteria for new build properties. Often they are only prepared to lend up to 75% of the value on a flat and 85% on a house. This is lower than on older properties. Take advice from an independent mortgage advisor who should be able to help you.

Beware of timing part 1

Having made a reservation, many developers require you to exchange contracts within 28 days. That means that you really need to have your mortgage arrangements in hand before you make the reservation. You could for example, get a mortgage agreed in principle beforehand. Again your mortgage advisor should be able to help.

Beware of timing part 2

Having achieved your exchange of contracts within 28 days you now wait for the developer to complete the building of your home. This can sometimes take many months if the build has not started or is only in its very early stages. This could cause problems as most mortgage offers are only valid for 6 months and you will need to complete the purchase within that time. Sometimes it is possible to get the period extended but often lenders will want to reassess your application.

Beware of incentives

If the developer is giving you incentives, then be careful that the value of these does not exceed 5% of the purchase price otherwise it could affect the amount you can borrow.

Have your money ready

It is worth bearing in mind that when you make a reservation on a new home you will have to pay a reservation fee to the developer. Generally, this can be anything from £500 – £1,000. Although the payment will be taken into account as part of the purchase price, you need to make sure you have the funds available when you make the reservation.

Will you pay more for a new build?

It is a common perception that the price of a new home is more than equivalent older housing. However, you are getting a brand new, energy efficient home which hopefully will have been finished to a high specification and that is worth something. Even so, do comparisons with other properties and don't be afraid to negotiate the price. If you plan on living in your new home for a number of years then this probably won't be an issue in the long term.

All developers are not the same

Of course this is true but highlighted, perhaps by the diversity in build quality and finishing standards that you often find. Do take the time to compare different developers, look at the detailed specifications and the quality of the fixtures and fittings that will be used. Don't get too taken in by the show home!

Talking of show homes

Developers will naturally want to make their show homes as appealing as possible. They regularly kit them out with the premium fittings and best quality options that they offer. Yes, you can have those too but it is very easy to run up significant sums on extras. Also, the pricing of extras and upgrades can sometimes be inflated and you may be better off buying your own items.

Your perfect new home.....or is it?

Even a brand new property will have minor blemishes and faults. These are called snagging items. They will not prevent you from completing the purchase but you will need to ensure that they are rectified. When your home is ready you will be invited to view it with the developer to identify snagging items which the developer will rectify. Do take your time and carry out your inspection thoroughly. Open the kitchen cupboards and draws, check that taps turn on and off properly, look out for scratches and a cracked tile. Once you move in who is to say that any damage wasn't caused by you? If you are not confident, consider appointing a professional snagging surveyor to do this for you.

Buying on a new estate

Most new estates will have landscaped and recreational areas. Once upon a time these areas would have been taken over and maintained by the local authority when the development was complete. This is now far less common given the financial pressures most local authorities face. Instead, common areas of an estate are vested in management companies who carry out the maintenance. The costs that are incurred are shared between the various owners on the estate. It is therefore important that you find out about this before you are committed to buying, that you understand the nature and extent of the common areas and see estimates of the maintenance costs. While the estate is new these may not be very much but in time they could be more significant.

Contact

Kevin Steele - Director

t: 01329 245 543

e: kevin.steele@movuslaw.com

movuslaw.com

Movus Law | Solent Business Park, Steel House, Fareham PO15 7FP

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