

Pros and Cons of Buying New Construction

New construction homes are highly sought-after in the Fort Worth real estate market because they offer home buyers some advantages over buying an existing home. Much of the activity is concentrated in the Far Southwest and North Fort Worth, but new construction communities and homes are found around the metro.

Could a new construction home in Texas be right for you and your family? Weigh the pros and cons before making a decision. It pays to be aware of any potential drawbacks of purchasing new construction. Expect delays during the building process or higher prices than you might find on an existing home. But the ability to customize could be what you're looking for.

Learn what home buyers should know before buying new construction as you explore this option.

What defines new construction?

New construction is a new home with no prior occupancy history built from the ground up, often with new materials and modern amenities. New construction can be single-family, townhome, condominium, and multifamily real estate.

Buyers can purchase directly from a builder working on a planned development. The home may be in process of being built, a vacant spec or model home, or the builders have drafted models to choose from and lots ready to build. A buyer also can separately purchase land and hire a builder.

What are the benefits of buying new construction over an existing home?

Low-maintenance living

The first benefit is easy: everything is pristine in a brand-new home. Unless something unusual happens, you won't be making major repairs to hardware systems and structures anytime soon. We're talking about no new roof, HVAC system, water heater, and the like. And, if one of these components does have a problem in your initial years, it's likely covered under warranty—more on that later.

This isn't always the case in existing homes, where the buyer may need to replace key components shortly after purchasing. A new home means you move-in with fewer initial capital maintenance costs in the early years.

Make it your own

New construction offers buyers the opportunity to customize the property. Buyers choose their finishes and fixtures, select energy-efficient appliances and specific home upgrades. Individuals with specific tastes will relish the opportunity to make choices that help make their house feel like a home.

Some buyers opt to customize the look and layout of the home by working with an architect to plan a truly unique property. This gives the homeowner total control over the future home.

More efficient living

Newer homes utilize the latest technological advances to deliver a better living experience. It's increasingly common for these homes to include smart features like integrated thermostats, lighting, or voice control.

It's not just about asking Alexa to turn up the air conditioning. The upgrades include ones buyers don't always think about or see. The latest windows, insulation, and materials all combine for homes with less environmental impact. Over time, new home owners save on energy costs through more efficiently built homes.

What are the drawbacks to purchasing a new construction home?

New construction does have benefits over buying an existing home, but some drawbacks are worth noting.

Move-in ready

Existing homes are ready right now on the market. Typically, you can move in the same day you close unless it's negotiated otherwise. If the home needs renovations, the timeline is usually measured in weeks. You may be able to live in the home while the construction is happening depending on the extent of the renovations.

With new construction, it's a much longer timeline. If you're contracting with a builder to start on a lot in a master-planned community using one of their floor plans, expect a move-in day months away. And that's if they can start tomorrow! A typical start to delivery is 8-9 months on a single-family home. High-demand markets and builders face longer delivery dates. Custom builds may have a different timeline. Along the way, building delays may affect how long construction takes before the home can be delivered to you for moving in.

The good news in the late 2022-2023 market is Fort Worth new home builders are scaling back their projections. In the coming years, they may not be as backed up with orders as they were during the pandemic years.

New construction costs

Additionally, new construction homes tend to cost more than similar existing homes in the same area.

According to the U.S. Census Bureau and the Department of Housing and Urban Development, the median sale price for a brand-new home in [December 2022](#) has skyrocketed to \$493,300.

The steep cost can be attributed to factors such as:

- The innovative construction materials used
- Limited availability of builders in certain areas due to overbooking or market growth complications
- Increases in overall home values across many parts of America

Inflation, material shortages, and labor shortages additionally increase costs for building supplies. The home builders pass on these costs to their buyers.

Many builders include in their contracts a contingency clause that permits them to raise the purchase price if they incur additional materials expenses. It's not uncommon for these costs to surpass what was initially budgeted.

Locally, Fort Worth's median home price was \$355,000 in November 2022, including existing and new homes. The available new construction listings in December ranged from \$250,000 to \$3.5 million.

Not everything is included

Some aspects of the home build you may expect to be incorporated into the build but aren't could surprise you. These could include landscaping, fencing, or finishing a basement. Look carefully at the contract to know exactly what the home builder will provide.

Limited choices

Model builders speed up the building process by limiting buyers to specific choices on finishes and appliances. This has an added benefit to them, as bulk orders of similar materials enable manufacturer discounts.

These material choices may be more limited than buyers would like. You could be picking between two or three interior colors or three kitchen countertop options. Customizations beyond the builder's choices may slow down the process while increasing the home's budget. Some home upgrades may not be available at all, leaving the buyers to install what they want after taking delivery of the home.

How do you know if a new construction home is a good investment for you?

When deciding whether new construction is right for you, understand your needs and budget.

Consider factors like location, size of the house, quality of construction, design elements that are important to you. What are any specific features you would like in the new home? If you're finding existing properties aren't to your taste or require significant updates to meet your needs, building from scratch may be more effective.

New construction may also be ideal if you plan to make this your "forever" home or to live in the property for many years. The longer you stay, the more you'll enjoy the home and benefit from real estate appreciation.

When investing in new construction, be assertive and ask the right questions to ensure your best interests are considered. Being educated beforehand about what awaits provides peace of mind and makes navigating a new build easier.

What are some things to keep in mind when touring new construction homes with your real estate agent or builder representative?

Be sure to ask lots of questions and pay attention to the details. Model homes often highlight the top-end upgrades a home builder provides to win over homebuyers. What you see in these homes is likely not everything included in the base price.

A base price is the fundamental starting point for builders when pricing a new home. There are numerous variables to consider, which is why they use a "base price." For that reason, it's essential to begin with an inclusive list of standard "included features," such as a two-car garage, carpet flooring, and a basement. The base price won't be the same across builders or even home models. As you look at the home, ask what's standard and what is an upgrade.

Whether or not buyers have a positive experience constructing their new home depends on the builder they choose. Do your due diligence and look past what is presented in pictures. Look closely at the quality of workmanship and materials used in the home, as well as its energy-efficiency features.

Remember to check for any incentives or discounts that may be available on the new home purchase. Lastly, read through all legal documents carefully before signing anything. Be confident that you're making the right decision.

Additionally, research any incentives offered by new home builders, such as closing cost assistance or new appliance packages, that could help sweeten the deal.

What questions should you ask a home builder?

Trust is key when it comes to finding a reliable builder. Before hiring one, ensure you ask them these pertinent questions:

1. What warranties are included with the new home purchase? These warranties are designed to safeguard the buyer should any repair be needed within the given period. Look at the builder's options for providing you protection for interior issues, a full warranty coverage for a specific time span, and an extended exterior warranty.

2. Can you provide references from past clients? Asking for at least three references helps to gauge the builder's quality and reputation. Then, follow up with these references.

3. Are there additional fees that might be incurred along the way during construction? It's possible that additional costs for materials could be passed on to the buyer. Ask your builder about any contingencies in their contracts that would permit them to raise the purchase price in such cases.

How do you negotiate the best deal on a new construction home?

Negotiating for a new construction home is much like negotiating for an existing one—you will want to make sure you are getting the most value for your money by making offers and counteroffers.

For starters, work with a real estate agent. You may think a real estate agent is only used for existing home sales, but having one in your corner can be a true asset. Remember the builder's agent is there to represent the buyer's interests. Your real estate agent is there to represent YOUR interests and get you the best deal possible.

You want to bring in a real estate agent from the start, as some builders will not work with the real estate agent or pay the agent's commission if you hire one later in the process.

A real estate agent can direct you to local builders who offer homes in areas or styles you prefer. They can often help you identify new construction home incentives and discounts that could benefit you. A builder may offer you a “preferred lender,” but another lender may have the better deal for your situation. A real estate agent can recommend several companies who lend for new construction for you to shop around.

Remember, the first price a builder presents is the base price. This is the starting point for negotiation, and it's generally not the final price you'll pay. It covers the structure as designed and standard finishes. Builders expect—and welcome—negotiation on new construction homes. Wood floors instead of carpet, modern lighting fixtures, fireplaces and up-to-date kitchens are just a few items that can significantly add to the expense of your home. A real estate agent can negotiate deals for upgrades on your behalf.

Typically, it costs around 20% more to buy a new construction house than an existing one – so account for these extra costs while finding equilibrium between getting what you want and still staying within budget boundaries.

Be sure to ask the builder about their typical payment plans, as well as any additional fees that may be assessed along the way.

Make sure to read all legal documents carefully before signing anything, and remember to research any new home purchase incentives that could be available.

How long does the process usually take from start to finish?

The new construction process can take anywhere from six months to a year, depending on the size and scope of the home.

During this time period, most new construction homes require multiple inspections throughout the building process. This includes a footer inspection when the home's foundation is poured, as well as an electrical inspection once wiring has been installed.

When entering into new construction, it's important to ask the builder about their timeline and track record for completing projects. This will give you a good idea of when you can expect to move in and what type of progress updates to expect along the way.

Buying Fort Worth New Construction

Now you have the benefits and drawbacks associated with new construction. With this understanding of what to look for when touring new homes, you'll decide whether new construction is right for you. Purchasing new construction in Fort Worth real estate can be a rewarding experience with research and negotiation tactics. The Chicotsky Real Estate Group is happy to answer any questions about buying a new construction. Put our expertise in negotiating with builders to your benefit.