NEW HOME EXPERTS
METRO DETROIT

In a Sellers' Market, Build!

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Last weekend, articles in the Detroit Free Press and Crain's suggested that the metro Detroit real estate market had transitioned into a seller's market. To potential buyers currently looking for a new home, this was hardly news.

A steady increase of home prices across the region – including several neighborhoods in Detroit – along with limited inventory, has led to a fairly quick change in market conditions. Bidding wars have become common for the few desirable homes that remain.

The Free Press noted that some Oakland County brokers report five buyers for every one listing.

Both articles also touched on another recent trend frustrating potential buyers: homes not appraising for the offer amount. You might have the mortgage approval to support the highest bid on a property, but if the home doesn't appraise for the bid amount, your mortgage is useless.

As Crain's put it, that would mean "cash is king and 56 percent of all sales in Detroit during June were of the cold-hard variety…"

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Our question is, why not just build?

With hundreds of new homes available now and thousands ready to be built, just about any price point in southeast Michigan can be accommodated. No bidding wars. No appraisal concerns.

Of course, you'll also likely end up with a more energy efficient and modern floor plan, without incurring the costs of updating a resale home. Keep in mind, it's rare to purchase a home even 5-10 years old, without making some changes.

According to Remodeling Magazine, a new kitchen could run you $60k; a bathroom remodel could run over $17k. Often, you'd only recoup 50% of those costs in resale value.

With a new home, it's all included and even if your dream home isn't move-in ready, waiting a couple months for what you want is far better than settling for what's available – especially if you plan to be there for a while.

As for financing your new home, few people realize how easy the process is. In most instances, construction financing is not necessary. A small deposit is due up front – as low as $500 with some builders – and the rest is due at closing when your mortgage kicks in. Just like it would with a resale home.