

Reasons to buy a new home

Why investors & home buyers should buy a new build property



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Deposit

In the current market, most banks are only requiring a 10 to 20% deposit for new build properties that are sold off the plan. That means you can secure a brand new property today with just 10% deposit, and then just wait for the completion of the project in 10-12 months time before having to start paying your mortgage. This applies to both investors and home buyers.



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Value return

Currently we are seeing new builds increase in value during the build time, which gives you an instant capital gain on your initial investment. On a \$500k property with a \$50k deposit, this may mean when your build is completed it is valued at \$550k, meaning you have doubled your investment and now have \$100k equity in the property.

When built in the right locations, we also see new builds outperform existing properties in the first few years.



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It's a new market

The age old kiwi dream of buying a 'doer upper' is no longer as attractive vs buying a brand new home. In hot markets that we are seeing currently in Auckland, Wellington and Christchurch, finding these properties is very difficult and they tend to be considerably over-valued which impacts any potential returns. You also need to consider the time, money and expertise needed to complete a renovation that will add value to a property – most people underestimate this and end up not making the expected return due to budget overruns.



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Easier, cheaper maintenance

When considering property, the ongoing maintenance requirements are a key consideration for buyers. Brand new properties require much less maintenance work compared with older existing homes. This means less costs to budget for that will impact your cash flow.

New builds should also have warranties and guarantees that will cover you in the unlikely event of something going wrong with the integrity of the building. It is also very unlikely you will need to complete large one off repairs in the first 15 years like you would with an existing property e.g re-roof.



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New materials and building standards

The current building code places a greater emphasis on the quality of new builds to ensure they are warm, dry and healthy. When buying a brand new property, you are receiving something that has been built with the latest construction techniques and proven materials that give you real peace of mind with your purchase. There is real risk that you need to research and understand when buying an existing property including weather tightness and insulation standards that may mean added costs in the long run.

You will also benefit from being able to include some of the latest technology that make living in a new home so easy, like electronic door locks and great water pressure!



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Tax benefits

If you are an investor, you are able to claim depreciation on the chattels, fixtures and fittings of the property. When buying a new property, the initial book value of these items will be at their highest which you then depreciate against. This means that potential tax rebates will be greater in the first few years on a new build than they would be from an existing property.



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Get in early

The best time to buy property is always now. With new builds, you are able to lock in today's price with only a 10% deposit and continue your savings plan until you start paying your mortgage on completion. You will usually be given a set timeframe by your builder that gives you a clear timeframe to work with. As also mentioned in this guide, the value of the property may also increase in this time giving you an instant capital gain!



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Attractive to tenants

If you are looking at an investment property, you need to consider how attractive a potential property is to tenants. When weighing up opportunities, tenants will always be attracted to new builds for their warm dry qualities and modern finish. This means you are also able to charge higher rents because people will be willing to pay more for these benefits. There really is nothing like living in a brand new home!



About Williams Corporation

Williams Corporation is a property developer that produces high-quality homes in existing suburbs. Close to environments where people can live, work and play, perfect for homeowners and investors alike. Their high quality, affordable product has extremely high demand and is delivered in industry-leading timeframes. Williams Corporation is one of the largest residential developers in New Zealand.

We believe that owning a home that you can be proud of, an investment that increases your wealth, or a space where you can grow your business shouldn't be so difficult. That's why we carry the same unwavering commitment to quality and affordability through every NZ property we build.

We will develop our cities with beautiful homes that are affordable to buy, affordable to live in and affordable to maintain.



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