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## REAL ESTATE SMARTS

### Million Dollar Question: *“What are the Advantages and Disadvantages of buying a Resale Home ?”*

Many people prefer to buy a resale house when purchasing for personal use or as an investment. Here are some of the advantages and disadvantages of buying a resale home rather than a new one. These are general guidelines and do not necessarily apply in every case.

#### **Advantages:**

- ✓ A resale home is generally less expensive than a new home.
- ✓ A resale home has character or a lived-in feeling.
- ✓ An older home utilizes architectural styles that are unique and generally no longer in common use.
- ✓ Landscaping is mature.
- ✓ Neighbourhood is established and has developed its own character.
- ✓ Community services are established.
- ✓ Properties are available in and proximate to the center of the city.
- ✓ A resale home may include extras not normally included in a new home purchase, like drapes, appliances etc.
- ✓ You do not pay GST on the purchase.

#### **Disadvantages:**

- ✓ Such a home may not have been built according to current building standards, so it might not meet electrical or insulation codes (e.g., it might have aluminum rather than copper wiring, GI rather than copper pipes, inefficient insulation).
- ✓ Defects in the house construction may not be visible or identified unless a thorough inspection is done by a professional building inspector. Buyers of new homes may be protected by a New Home warranty Program, but buyers of used homes have no warranties.
- ✓ If a resale house is in a metropolitan area, the property could be more expensive because of the higher value of land, whereas a new home in a suburban area could be less expensive due to the lower cost of land.
- ✓ An older home may have been renovated by the owner or a handyman who may have done the work without obtaining a building permit and inspection, so the safety or functional aspects of the house could be deficient.
- ✓ Some older homes do not have an attractive or functional design (e.g., rooms may be too small and the layout poor); low basement ceilings can make that area less functional for comfortable use or as a rental suite; the building might have a poor location on the property (e.g., set back too far or too close from front of the property line); the bathrooms and kitchens might be too small or outdated. Costs to substantially renovate an older house can be expensive and time consuming.
- ✓ The equipment (e.g., heating system) and appliances may be outdated and need repair.

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