






Kamps Realty
Guide to Saving Money on Your Next Home Purchase



FIRST PLACE REALTY

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Guide to Saving Money on Your Next Home Purchase

By Eddie Kamps

Introduction

Saving money and getting the best value for your home purchase is always a smart idea no matter how hot or cold the market is. The goal is to buy only what is on your list of needs and wants and avoid spending money on features you don't value. This is even more important if you're working within a tight budget. There are also aspects of properties for which most buyers will demand a discount of which you can take advantage. Read some my strategies and tips if you are looking to save money on your next home purchase but not sacrificing your needs and wants.

Areas for Potential Savings

Choose a Home Further from the Downtown Core

COVID notwithstanding, jobs are concentrated in the downtown core, which makes homes located close to downtown desirable and more expensive. All things being equal, a house close to downtown will be considerably

pricier than one in the suburbs. While there are always exceptions, generally speaking the further from downtown, the lower the price. If you need to lower the price of your home, look into a neighbourhood a bit farther from downtown.

Choose a Different Property Type

If you have your heart set on a particular neighbourhood but can't fit your desired type of home (detached, semi-detached etc) into your budget, consider choosing a different type of home. Instead of a detached home, look at a semi-detached, duplex, or a townhouse.

Buy a Smaller Home

If you are limited by what property type you could buy in your desired neighbourhood, look for a home with a smaller square footage. A larger home generally fetches a higher price. Save money by buying a more cozy, economical house.

Subtract Features

Buy a home without several major features that can significantly increase costs. A detached garage or basement development add tens of thousands of dollars to the purchase price. If buying is important to you now, look for a house without these features but ensure that it is possible from a constructability and zoning perspective should you need them later on.

Street Setting

There is a premium on lots that back on to green space, that are adjacent to a school or park, or that are in a close or on a quiet street. However, houses that sit astride the main boulevard of a neighbourhood can still be very attractive and suit your needs at a lower price.

Lot Size and Orientation

Standard rectangular lots do not have the premium that a large pie lot would have, as pie lots are desirable for those who want a large space for such things as a playspace, a garden, or a garage. Smaller lots or those with an otherwise awkward shape can also incorporate a discount compared to standard lots. You can capture some value if you're not sensitive about your lot size or orientation.



Large yards command a premium and are highly sought after in family-oriented neighbourhoods. To save money, try looking for smaller yards or those with an irregular shape.

Garage Size

The size of a garage, whether it be a single, double, oversized double, triple, or additional space for a shop, can add to the premium paid for a house. If you're moving to the suburbs for value and space but can't quite afford a

front garage home with a double garage, try looking for one with an attached single. These aren't as common as those with a double garage and generally have less square footage, the savings on purchase price can be tens of thousands of dollars for a similar home in the same neighbourhood.

Middle Townhouse Units

If you're looking for a townhouse and need to save money, look for middle units within a row. End units are more desirable for privacy and noise, however, this can be mitigated by choosing a complex that have well-built common walls with adequate insulation from the activities of your neighbours.

Vacant Properties

Houses can be vacant for any number of reasons, but unoccupied homes can indicate that a seller has higher motivation to sell, which could lead to a lower purchase price. There is a cost to hold and maintain unoccupied homes and a buyer that can close quickly could command an additional discount from a seller.

Foreclosures and Bank Sales

Foreclosures can be a source of value when searching for a property. A court or a bank are not in the business of owning and maintaining property, so a well-placed offer with few competitors could see a discount to market price. However, Canadian law is different from in the US and we don't see some of the heavy discounts you hear about south of the border. Unfortunately, or fortunately, Calgary isn't Phoenix or Las Vegas in 2010. One additional caveat is that foreclosures and bank sales often come with the stipulation of "as is where is" and the property can be in rough condition. Once you buy the property, it's yours no matter what problems you may discover later. Buyer beware.

Stigmatized Properties

Sadly, murders and suicides take place in homes. After these tragic events, the property could come up for sale. Notwithstanding what took place and as long as it did not affect the functionality or integrity of the structure, these homes are perfectly fine for another family to love and enjoy. However, some buyers are apprehensive about owning a stigmatized property and fewer buyers can mean a lower price. I would not make a stigmatized

property a search criteria, but most buyers shouldn't be afraid of purchasing one.

Ugly Paint Jobs

One person's ill-advised venture into home decor or dated sense of style can be another person's negotiation point to a lower price. We've all seen wretched colour schemes or houses straight out of the 1950s on click-bait websites, but buying a house with this issues providing you're handy enough to remedy them can lower the purchase price. Ugly tiles, dated kitchens and bathrooms, and old flooring are things to watch for to yield some sweat equity.

Buy a Home with a Separate Suite to Rent

I'll contradict myself for one point as I would be remiss if I didn't mention it. Buying a home with a secondary suite like a developed basement suite or backyard suite can significantly lower your total cost of ownership. Yes, you will pay a premium on the buy for an additional suite, but the rental income and sharing of utilities costs will more than make up the difference. If you go this route, make sure there is separation between suites with strong doors and locks and that all building codes are adhered to.

Areas Not to Skimp

Home Inspection

If you're looking to save money on your next home purchase, do NOT forgo a home inspection. An inspection by a qualified person is one of the best insurance policies you can buy. A competent inspector could discover intrusive problems that would be expensive to fix. A home inspection is your main defence against unwittingly buying a lemon and is not worth skipping to save \$500.

Homes that are Otherwise Unsuitable for You

If you cannot afford the house you want, even by shrinking the criteria to just your 'needs' list, then it is likely best to continue renting rather than buy a house that is obviously unsuitable for you. You will never be satisfied and your daily stress will become increasingly unmanageable if you buy a house that does not meet your minimum requirements. The cost to buy and sell a house is too high for you to buy one that is not for you.

Homes that You Cannot Confidently Fix

Some people are extremely handy and can fix almost any problem whereas others wouldn't know what to do with a wrench if they saw one. Unless you have the skills or the budget to remediate any problems, then pass on a house that have repairs, particularly those with major foundational or structural issues.

Patently Dilapidated or Unsafe Homes

There are some houses that are clearly dilapidated or patently unsafe. Safety is non-negotiable and should never be compromised. Unless you have the skills or the budget to remedy any immediate safety issues, skip over any houses that do not meet minimum health requirements.

Former Grow Ops

Unless you have some professional experience with remediating former grow ops or are a qualified contractor, buying a former grow op will likely bring more headaches and costs than it's worth. There is sometimes great value with a low price, but grow ops are cheap for a reason. My general advice is to stay clear.



Keep back if the house you're buying ever looked like this!

Neighbourhoods with High Crime and Safe Injection Sites

Like a grow op, often homes that are in particularly high crime areas should be avoided, no matter what the price. Stress, costs of petty crime, and a future low sale price will dwarf any gain on the buy. Areas around safe injection sites are also to be avoided if possible.