



The Pros And Cons Of Buying A Fixer Upper

Are you thinking about buying a home that needs a lot of work done before it's livable? Consider these points first.

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03/23/2018

In today's HGTV-obsessed world, the thought of buying a fixer-upper may seem exciting and even romantic. But when you're spending countless hours working on your home to make it livable for you and your family, you may not be happy with your decision to save a little money on the front end of your home buying experience. To help potential homebuyers determine whether or not investing in a fixer-upper is the best decision for them, ESTATENVY spoke with two realtors to identify the pros and cons.

On the positive side of the aisle, buying a project house means that the listing price will be significantly lower than what more complete houses will go for. There's also a lot of design freedom with fixer-uppers since you're starting from a different point when it comes to moving in and decorating.

MKT Properties showing specialist Alex Staff said, “Two of the biggest pros to buying a fixer-upper include the discounted price and the design freedom. Since fixer-upper homes aren’t considered completely move-in ready the price will reflect that. The price is usually below the potential market value and makes sense for buyers looking to move in a few years due to the potential increase in resale value. In addition to being a great financial option, fixer-uppers are blank canvases that allow you to update according to your personal preferences.”

Nadine Shehaiber, a real estate broker and designer with @properties, agrees with Staff. The biggest plus that comes with a fixer-upper is the ability to put your mark on it from day one. It also means that because you’re working with a smaller budget and price point, you may be able to afford a home in an area that you may not otherwise afford. It may also mean that you can buy a bigger home, as long as you have the capital that you need to fix it up.

“It will have your personal stamp—you get to make it yours with all your personal touches and style,” said Shehaiber. “There’s also the opportunity for value improvement in the home, especially in a neighborhood or market that is proven to have those price points. Could you get into your dream neighborhood if you’re willing to put in the sweat equity? Plus, another pro is tax breaks! Property taxes are based on a home purchase price. You can also write off all expenses related to fixing up your home.”

On the other hand, there are a handful of negatives and potential cons that come with buying a project house. For starters, there’s a lot of work that needs to be done once the deal is officially closed. It takes a lot of time and effort to do the work of construction and design teams yourself, and bringing in the professionals at this stage can also be costly.

“Two of the biggest cons to buying a fixer-upper include the extra work and potential surprises you could run into. Buying a fixer-upper home is more work in comparison to a move-in ready home. Hiring contractors and/or potentially doing the work yourself will no doubt be a time-consuming process,” said Staff. “During the remodeling process, surprises often occur. While it is possible to find issues with a move-in ready home, they are more updated than fixer-upper homes.”

The financial burden that comes with fixer-uppers is another potential negative that comes with buying a home that needs a lot of work done. You may not know the extent of the work that needs to be done to a fixer-upper until you get in there and start to renovate a space. That’s why when asked what the biggest thing to keep in mind about buying a fixer-upper is, Shehaiber said, “Budgeting—many under plan and overspend—and I’m not just talking about just finishes.” She continued, “You never know what’s behind those walls or underneath those floors until you start ripping into them. Sometimes remodeling costs could outweigh your savings, so do your homework before purchasing.”

However, Shehaiber notes that at the end of the day, there are three main cons that need to be considered before purchasing a fixer-upper: “Extra work. Extra Time. Potential extra cost if you have to live somewhere else while your home is being remodeled.”