

Even in today's economy, a new home may be more affordable than you realize

BY TIM MURPHY
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It's no secret that mortgage interest rates have climbed sharply this year, due in part to the ongoing conflict in Iran and uncertainties about oil supplies and cost. Rates have broken the 7% level and are likely to inch even higher.

And for homebuilders, the cost of land, labor and building materials has increased, along with government fees and

regulations that drive up costs as well.

For many families, these pressures have made buying a home in the greater Sacramento region more challenging than it's been in years.

But difficult isn't the same as impossible.

In fact, the conventional wisdom that new homes are more expensive than existing homes has been turned on its head. In a major turnaround, a recent Zillow report found that newly constructed homes in the Sacramento region sold

for nearly 12% lower per square foot than existing homes on the market.

And importantly, homebuilders continue to offer generous incentives that can significantly drive down monthly costs. These incentives vary by builder, but can include:

- Significant mortgage rate buydowns. Some are for 30-year fixed rates, others for adjustable-rate mortgages, but either option can save buyers hundreds of dollars a month in payments. For example, on a \$500,000

mortgage, reducing the interest rate from 7% to 5% would reduce monthly payments by about \$650.

- Tens of thousands of dollars in closing cost credits.

- Flex cash that can be used for a number of items including closing costs, design options and upgrades.

These incentives can reduce the cash needed at closing and the ongoing monthly cost of homeownership, which can make buying a new home substantially more

affordable.

Incentives are often particularly attractive on quick move-in homes – homes that are already completed or nearing completion. Besides potential savings, buyers can move in within a few months or even a few weeks rather than waiting for a home to be built from the ground up.

The BIA provides information about the QMI homes available via the Sacramento New Homes Facebook and Instagram pages (@Sacramento-newhomes) and on the BIA website at <https://www.northstatebia.org/realtor-hot-sheet>.

And of course, there are many advantages to buying a new home.

To begin with, they are significantly more energy-efficient than even homes built just a few years ago, with better insulation, more efficient

heating and air-conditioning systems, and solar electric systems.

In addition, buyers can look forward to lower maintenance and repair costs. Someone buying a 20- or 30-year-old home could face significant expenses replacing a roof, HVAC system, water heater or other major components. New homes also come with warranties covering workmanship, materials and structural components. That provides real peace of mind for the buyers.

New homes are designed for how people live today. Popular features include open floor plans, larger kitchens, dedicated home offices, and smart-home technology built in. Some have EV-ready garages as well. Having a home built for today also

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means not having to spend thousands of dollars to renovate an existing home to update outdated kitchens and bathrooms.

Finally, many Sacramento-area developments offer amenities you can't find in older neighborhoods, including parks, trails, playgrounds

and even recreation centers.

Yes, mortgage rates are higher, and buying a home remains a significant financial commitment. But that doesn't mean buying a new home is out of reach.

BIA members currently offer homes in approxi-

mately 200 communities throughout the Sacramento region, with a wide variety of sizes, floor plans and price points.

If you're considering buying a home, take a look at the new-home communities in the areas where you'd like to live.

You may be surprised by how affordable a new home can be, especially when you factor in the incentives builders are offering.

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Tim Murphy is President & CEO of the North State Building Industry Association, which

represents builders, developers, subcontractors, suppliers and related professionals dedicated to providing new housing opportunities in the Greater Sacramento region.