

Buying a Lot For Your New Home - Tips from a Raleigh Custom Home Builder

Part One of a Three Part Series

Cost of Land, Where to Buy, and Type of Lot

There are a lot of things to consider when choosing a lot for your new home, beginning with asking questions about **your needs and budget**. If you're planning to build in the Raleigh area, **you've already handled the most important decision** - what region in the country to build your custom home!

The rest of the answers might not be as easy to find. In fact, the piece of property you choose is so important, and there are so many variables to consider, that **we'll be providing a three-part series to help guide you through the process**.

As a custom home builder in the Raleigh area, we're often asked these kinds of questions - and we're **pleased to provide some tips** to keep in mind as you make your decision about what lot to buy.

Land Cost

How much should it cost? This sounds easy, at first. What's your budget? How much do you want your total mortgage to be when the construction is complete?

It may not be as evident in a pre-built tract house as it is in a custom-built home, but **the cost of land generally represents 17-25% of the total value of your home**.



Suppose your total budget is \$300,000. Let's look at a typical breakdown:

Land - \$60,000

Real Estate Commissions - \$18,000

Carrying Costs on Construction Loan - \$10,000

Total Construction Costs - \$212,000

Total Cost of Home: \$300,000

In this example, the **land cost is 20% of the full cost of the home**. Remember, construction costs must include permits and fees, clearing and preparing the land, and all steps of construction from laying the foundation to laying carpet and paint.

Most experts recommend that land costs represent 17-20% of the total value of the home, but that can be stretched to 25% occasionally, if land costs in the general area are high.



Where to Buy?

What is important to you?

In terms of peace-of-mind, some home buyers prefer to be in the middle of the city, where all the action is. Others prefer the serenity of the countryside, where they can get away from the stress of their

workdays, breathe fresh air, and have some space from their neighbors.

In the Raleigh area, there's plenty of both, with extremely short commute times for those living outside the city - especially in comparison to other major metropolitan areas - and lots of shopping, cultural events and work close by for those who prefer city lights to starlit nights.

In terms of cost, **land further out generally costs less** - which goes hand-in-hand with more spacious acreage for each home. Within the Research Triangle Park area, it can be very difficult to find a lot listed under \$100K in places like Cary or Morrisville. These are popular, well-developed cities with restrictions on growth that drive up land cost.

Land bordering the Triangle area, such as Clayton or Pittsboro in Chatham County, or further out in Johnston, Alamance or Harnett County, can be found for under \$60K, and **homes are typically spread out on larger acreage** for about the same cost as a lot in the more congested areas.

Not everything about a home in the country is less expensive, though. The perks have a price, as well - **there may be extra delivery, material or labor fees during the construction process**, depending on exactly how far away your lot is. These charges can be minimal, but check with your builder or a knowledgeable agent who has a good understanding of custom home building on a lot of your choice.

Setbacks

What's a "setback?" **A setback is the amount of space you are required to leave between the edge of your home and the edge of your property.** This is often required in subdivisions or fully developed neighborhoods, where space is at a premium. This is important to keep in mind, as it can impact the kind of house you want to build.



Here's how that works: If your lot is 60 feet wide, and the required setback is 10 feet, that means you must count 10 feet in from the left, and 10 feet in from the right, before you can start to build.

The "building envelope", or the land needed to place your home on, will now be a maximum of 40 feet across. Thus, the home plan you choose cannot be any wider than 40 feet from left to right. Setbacks can also apply to the front and rear of your lot - you may be required to build no closer than 30 feet from the front of your lot.

Size and Shape

What if the lot has an odd shape? Will that affect the building process? If your lot is a half acre or more, the general shape of the lot may not matter quite as much.

But if you're looking at a small lot, a triangular or other irregular shape can limit your building envelope as well. Consider carefully, and make sure your desired home will fit on the lot, without being tucked in somewhere different than you had in mind.

Slope

Is a lot on a gently rolling hill a good investment? There are a lot of variables to this. A house on a hill can provide fabulous views. The neighborhood can have more character and appeal if the roads have some slope.

But be aware of things like where the water will drain, if there's a severe storm. And also realize that even the building process can be affected by sloping terrain. There could be extra construction costs.

A home built on a sloped lot requires more foundation work and more site preparation. Depending on the size of the foundation and the slope of the lot, this can add to construction

costs. Drainage considerations can also be a factor. And make sure you'll be able to park those cars on an extra steep driveway!

Wooded Lots

Are there any lots with lots of trees? Wooded lots are extremely desirable, and harder to find when it's easier and faster for builders to bulldoze everything and cram houses closer together.

If you can find a lot with trees - and the Research Triangle Park area has more than most - especially in the outlying areas such as Chatham County - trees provide additional privacy, and can help create a feeling of seclusion, even in the middle of a city.

Just be aware that even environmentally aware builders who carefully develop lots to retain every possible tree can't keep them all. Site preparation also costs more for a wooded lot. Tree removal, stump removal, disposal of trees, and grading after tree removal takes a lot more effort than preparing a grassy, treeless lot. A lot with rocks and boulders can also require some extra preparation.

Value

What makes a lot more valuable? There can be many reasons why the price tag on one lot is higher than another. Trees. View. Shape. Slope. Streams that run through the property. Lake front. Location.

More important than what the lot has or what it costs is the value it has for your own lifestyle, interests and affordability. If you're excited about the property and it passes muster with all the criteria you've chosen, your instincts are likely on target.

Check with your builder or agent for specific recommendations, but in the end, you're the one who plans to live there - make sure it's something you're really going to enjoy.

Neighborhood

What am I getting into? Looking at property online is very helpful. Often you can see multiple photos of the lot, and pull it up on a map. This can really help narrow down choices for an initial driving tour.

Once you've started a personal tour, look beyond the home or the piece of property at its surroundings. Is the land residential, or commercial? Is the lot within a neighborhood? Are there trailers next door? What's going to impact you most when you're enjoying a Spring-time evening outside, or a weekend at home? Where are your kids going to be playing?

All of these things can make a difference with the future resale value of your home, as well as appraisals. How will the area grow? What kinds of developments are looming? Will the area be changing in a way that is positive, or negative?

Wow - What a Bargain!!

How can I tell if a bargain price is a good deal?

Be wary of a lot listed at a price that's considerably less than land has been selling for in that area. Of special concern are these words on a property listing: "no perk." This does not mean that there are no "extras."

When used in conjunction with land, the term "perk" means the ability for the ground to support a septic system. If your lot is not connected to a city sewer system, a septic system is required. **If the ground does not perk, you'll be required to use some VERY costly alternatives.** Make sure to get an expert opinion before buying a lot with this label!

[Find out more about sewer and water issues here.](#)

Whether you find a great piece of property off a private road, or a wonderful neighborhood with an available homesite, make sure to get all your questions answered before you sign a contract.

If you've already chosen a home plan, make sure that the lot you'd like to build on will support that plan.

Ask your builder's opinion, and get all the facts from your local real estate agent. And watch for the next parts in this series!

Custom Building a Home on Your Lot in the Raleigh Area



Building a home on your lot in the Raleigh area is an exciting process. You've probably already spent time looking at different home plans, and you may even have the home plan of your dreams picked out.

As a Raleigh custom home builder, **we have a unique perspective on the home building process**, and are happy to share our expertise.

No matter who you choose to build your new home, we suggest that you **make sure to walk through homes by that builder** that will be finished at a similar level to the home you've chosen, or have your builder's representative point out any optional features in a model home that you have chosen not to include in your new home.

Watch for the next parts in this series, and good luck with your new home!

[**Build On Your Lot Custom Homes - Water and Sewer - Raleigh Custom Home Builder Series Part One**](#)

[**Build on Your Lot Custom Homes - Permits and Fees - Raleigh Custom Builder Series Part Two**](#)

[**ENERGY STAR Homes in Raleigh - What is an ENERGY STAR home, and how does it save money and resources?**](#)

[**Raleigh Custom Builder Tips - Interior Trim Information, from Baseboards to Crown Molding and Everything In Between**](#)

Raleigh and the Triangle Area

Whether you're looking at relocating to Raleigh to start your career, to find a friendly place to raise a family, or retiring in a terrific climate, Raleigh and the Research Park Triangle has something to offer you. Great schools, Forbes rated #1 in 2007 for Businesses and Careers, lots of lakes and golf courses, top-rated cultural centers, universities, and hospitals - and all only two hours to the ocean and three hours to the mountains - it's no wonder that Raleigh is a "Best Place to Live"!

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Stanton Homes - bringing you information about life and experiences in the Triangle area.

Whether you're looking for a beautiful home in a Triangle neighborhood, or want a custom home built on your lot, find out more about what this local Raleigh custom home builder can do for you at [Stanton Homes](#).

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