



BUY LAND, BUILD HOUSE...HERE'S HOW

HAVE YOU EVER SEEN A PERFECT LITTLE LOT SOMEWHERE AND WONDERED WHAT IT WOULD TAKE TO BUILD A HOUSE THERE? CAN YOU AFFORD IT? WHAT'S THE PROCESS? READ ON TO FIND OUT.

Building a house from scratch sounds overwhelming to many people. There are stories about delays, surprise costs, and unfinished projects that make the process feel risky and complicated.

But in reality, most custom homes follow a fairly predictable sequence. Once you understand the steps, the process becomes much less mysterious.

Here's a practical overview of how buying land and building a home usually works.

STEP 1: DECIDE ON A BUDGET BEFORE LOOKING AT LAND

One of the biggest mistakes buyers make is purchasing land first, then discovering they can't comfortably afford the type of home they wanted to build on it.

Start by talking with a lender about your total project budget.

That budget needs to include:

- The land purchase
- Site preparation
- Utility hookups
- Architectural plans
- Permits
- Construction costs
- Landscaping and driveway work
- A contingency reserve

As a rough guideline, many new custom homes in the U.S. now cost anywhere from \$175 to \$350+ per square foot to build, depending on the area and level of finishes.

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That means a 2,000-square-foot home could range from roughly \$350,000 to \$700,000 before the land itself.

The land may only be part of the total cost.

STEP 2: RAW LAND ISN'T USUALLY “READY”

A beautiful piece of land can come with hidden expenses.

Before buying, investigate:

Utilities

Does the property already have:

- Water service?
- Sewer connection?
- Electricity?
- Natural gas?
- Internet access?

If not, you may need:

- A well
- Septic system
- Utility trenching
- Propane installation

These costs can easily add tens of thousands of dollars.

Zoning and Restrictions

Check local zoning rules and HOA restrictions.

Some lots have limits on:

- Home size

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- Exterior materials
- RV parking
- Guest houses
- Short-term rentals

Site Challenges

Steep slopes, poor soil, flood zones, or protected wetlands can significantly increase building costs.

A cheap lot sometimes becomes an expensive project.

STEP 3: FINANCING WORKS DIFFERENTLY THAN A NORMAL MORTGAGE

Most people don't simply get one standard mortgage at the beginning.

Instead, they often use a construction loan.

A construction loan works in stages.

The lender releases money gradually as the builder completes portions of the home:

- Foundation
- Framing
- Roofing
- Interior work
- Final completion

During construction, borrowers often make interest-only payments on the amount already drawn.

Once the home is complete, the loan typically converts into a traditional mortgage.

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Some lenders offer “one-time close” construction loans that simplify the process.

STEP 4: CHOOSE YOUR BUILDER CAREFULLY

This may be the most important decision of the entire project.

A good builder doesn’t just build the house. They guide the process, coordinate subcontractors, manage inspections, and help prevent costly mistakes.

Interview several builders and ask:

- How long have they been building locally?
- Can they provide recent references?
- Do they have completed homes you can tour?
- What is included in their quoted price?
- How do they handle cost overruns or upgrades?

Also ask about timelines.

Many buyers underestimate how long construction can take. Even relatively straightforward homes often require 8–14 months from permit approval to completion.

STEP 5: PLANS AND PERMITS COME FIRST

Before building begins, you’ll need finalized plans.

These may be:

- Fully custom architectural plans
- Modified stock plans
- Builder-provided plans

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Once plans are complete, permits must be approved by the local jurisdiction.

This phase can take weeks or even months depending on the area.

The builder usually manages much of this process, but buyers should understand that delays here are normal.

STEP 6: EXPECT CHANGE ORDERS AND EXTRA COSTS

Almost every build includes unexpected expenses.

Buyers often change their minds during construction after seeing spaces in person.

Common upgrades include:

- Larger windows
- Better flooring
- Expanded patios
- Higher-end cabinets
- Additional lighting

Then there are surprise site costs:

- Rock excavation
- Drainage issues
- Material price increases

A smart rule is to keep a contingency reserve of at least 10–15% of the total project budget.

That financial cushion removes a lot of stress.

Step 7: Inspections Happen Throughout the Process

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New construction involves multiple inspections during different stages.

Inspectors may review:

- Foundation work
- Electrical systems
- Plumbing
- Framing
- Insulation
- Final safety compliance

Even though the home is new, many buyers still hire an independent home inspector near completion for extra peace of mind.

That's often money well spent.

STEP 8: FINAL WALKTHROUGH AND MOVE-IN

Near the end, you'll complete a final walkthrough with the builder.

This is when buyers create a "punch list" of small unfinished items or corrections.

Examples include:

- Paint touchups
- Cabinet adjustments
- Missing hardware
- Minor flooring repairs

Once completed, the lender finalizes the mortgage conversion and the home officially closes.

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Then comes the fun part: moving into a home designed specifically for your needs and preferences.

Is Building Worth It?

Building a home is rarely the cheapest option.

But for many people, it offers something resale homes cannot:

- The exact floor plan they want
- Modern energy efficiency
- Fewer repair surprises
- Personalized finishes
- Better use of the land

The process feels intimidating mainly because most people have never done it before.

But when broken into steps, it becomes much more manageable.

In many ways, building a home is less about construction and more about planning, budgeting, and assembling the right team.

NEED A HAND FINDING A PIECE OF LAND TO BUILD ON?

Let me know how I can help you. The MLS lists vacant land, but there is also a lot not listed. I can help you find owners and make offers. Call anytime to discuss.

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