

FORMATION

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THE BENEFITS OF BUILDING AND RENOVATING DURING THE DOWNTURN

Though house prices are currently falling, there is a generally held view that these will eventually start to rise again. In a difficult sales market, a high quality, well designed property that stands out from the crowd will sell better than its run of the mill neighbour. And by adding

value now, while construction costs are low, owners will see the benefit later from a high quality architect designed house, apartment, extension or refurbishment.

Construction is one of the few areas where the lower VAT has made a difference. On a current penthouse project a client has saved £13,750 entirely due to the 2.5% VAT rate cut. The very low interest rates are also advantageous. The cost of borrowing to finance the work is less and money that is in a savings account providing a negligible return could be better used to add value by investing it in building.

It is also a good time to get more competitive rates from contractors who are prepared to do deals to get new work. Because builders are less busy it is also very likely for home owners to be able to get projects on site more quickly, reducing the overall project time which lowers the overall construction costs. Significant savings can also be made in the cost of furniture and fittings with suppliers cutting prices. Finally, in the case of renovating, staying in the house that you already own means saving the considerable costs of moving.