



How much will my new house cost?

As great as it would be to have an easy answer to this all-important question, there is no easy answer. A home's true value is subjective

We all tend to "shop" every purchase, looking for what seems to be the same thing for less money. We do it with everything from apples to laundry detergent. The problem is that when it comes to houses, price is not the primary basis for comparison shopping.

The real question is "What's the value to me (the buyer)?"

The real value in a home purchase is directly related to how well the completed project lives up to the expectations that led you to want to build the house in the first place.

What builders have to charge depends on several things: the cost of doing business, current market economics that affect everything from the cost of lumber to the availability of labor, regulations imposed by governments, and your own needs. The cost of a house commonly is talked about in price "per square foot."

For the sake of discussion, let's look at two 1,000 square-foot (sf) houses, sitting within a mile of each other. The first is in Niceville, the second in North Niche. To the untrained eye, both houses look the same: one story, rectangular, with 1 1/2 baths, three bedrooms, full basement, and attached, two-car garage.

Because of restrictive zoning requirements, and a plan review and inspection process that adds at least three to four weeks to the project, the Niceville house costs an additional \$3 per square foot.

The house sits 100 feet from the curb (compared with 60 feet for the North Niche house) and the 16-foot wide concrete drive adds another \$1,500 to the total cost. The Niceville builder wrapped his foundation with a drainage layer and took some extra precautions to keep water out of the basement. Ring up another \$1.05/sf.

Both garages are 24 feet wide, but the Niceville house's is 10 feet deeper to accommodate storage, and the builder chose to frame a hip roof, upgrade the shingles and install a 2-foot overhang, gutters and downspouts. Add another \$4.75/sf. The house frame is #1 or better douglas fir, while the North Niche builder used framing-grade lumber throughout.

The Niceville house has a step-down great room with 9-foot side walls and a mono truss frame that produces a half cathedral ceiling. While both houses use 2-foot by 4-foot, 16-inch o.c. side walls, the Niceville house used a high-density fiberglass insulation and rigid foam to raise energy-saving "R" values. Add another \$4.80/sf.

In North Niche, the builder used a standard sheathing material.

Both builders installed gas-fired, forced-air heating systems with air conditioning, but the Niceville house received a high-efficiency unit with an electronic air cleaner and humidifier. To complete the energy upgrades, it also was air sealed with a house wrap and caulking. The upgrades added \$2.15/sf.

Interior finishes in both houses also appear similar. But the Niceville house had a small carpet and pad upgrade for better wear, and there's ceramic tile in the foyer and both baths. The interior drywall of the Niceville house had a knock-down pattern on the ceilings and a stipple on the walls. Both houses had sixpanel colonial style doors, but the North Niche house's trim was finger jointed while Niceville's builder used a three-coat clear finish.

Some minor kitchen upgrades in Niceville, including top-of-the-line counter tops, trims, lighting and plumbing justify the added \$3.25/sf.

Both homes were completed with a horizontal pattern vinyl siding, with Niceville's getting a higher-quality product. When added to the cost of some minor landscaping, the up charge was \$1.12/sf.

The differences add up

When viewed separately, the differences between each house may not seem significant. But the cumulative impact to the "bottom line" in Niceville is an additional \$21.62 per square foot or \$21,620!

Is the Niceville house a better value even though it costs 20% more? It depends on several things. Will the local housing market and subsequent appraisal support the additional costs? Over what term will the owner amortize the added costs? In terms of energy consumption and comfort during the heating and cooling seasons, it probably will perform better. If the basement never leaks, that's a definite plus -- especially in Rhode Island, where wet basements seem to be a statewide curse. The siding and shingles may allow the house to look better longer.

But the bottom line really is: If the perceived value delivered for the dollars exchanged supports your expectations -- and you can afford it -- the cost is worth it.