HOUSE RELOCATION

MARKETPLACE

The Relocation Revolution

Why relocating an existing house is better than buying or building new

Disclaimer

The Relocation Revolution

Relocating a house versus pre-existing or building new

Buying a house is one of the most significant investments you will ever make, so it is crucial that you go into the market armed with as much knowledge as possible.

Unfortunately, with housing in short supply and house prices soaring, buying a pre-existing house sitting on a block of land often means having to compromise on design, space, locality or price. The last thing you want is to end up with a house that doesn't suit your needs, knee-deep in debt, and living in an area you don't care for. And with a huge mortgage.

It's not much better if you're building a new house either. In fact, rising costs and material shortages means it is trickier to build a house today than it was just a few years ago. According to the Master Builders Association of Victoria, Australia is experiencing its most severe shortage of building materials in over four decades.

Additionally, costs rose by at least 20% during the financial year of 2021-2022, and they are expected to increase even further over the next few years. With short supplies and high costs, building new can mean lengthy delays and budget blow-outs. Just last week, I met a couple who told me their volume builder had increased their building contract by $50,000, and they only signed their contract six months ago!

But what if you could spend your hard-earned dollars on a house that meets your needs, suits your lifestyle, comes in under budget and helps reduce the carbon footprint of the housing industry as well?

It is possible, and achieving this is not as difficult as you think. The answer lies in relocating an existing house to the location of your choice.

Before you go putting that option in the too-hard basket, read on. You'll be pleasantly surprised to find how favourably relocation of a traditional house compares to other house buying or building options.

What is a traditional relocatable home?

In the context that we will be using the term, a relocatable home is an existing house that has been built using traditional construction methods and can be purchased and moved to another location.

Throughout this eBook, we will also use the term pre-existing homes. This refers to existing homes that are attached to the land they sit on where the purchase price includes the house and the land. In other words, many of the houses you see advertised for sale on popular real estate websites and in newspapers.

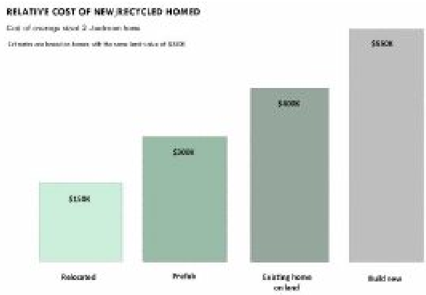
Why do People Relocate Houses?

There are lots of reasons why people relocated a house. Let's take a look at a few of these.

Budget

Buying a relocatable house can be one of the most inexpensive ways to get the house of your dreams; they sell for a fraction of the cost of a pre-existing house or a new build. You almost always get more house for your money than you would if you were purchasing a home off-the-plan from a commercial builder or buying a pre-existing house.

If you start with the right home and relocation company, you can save in the vicinity of 30-40% compared to a new house build. That is tens if not hundreds of thousands of dollars in your pocket without compromising on location, space, design or quality.



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I know of couples who end up with a house with several hundred thousand dollars of equity. I also know of one couple who made a cool half a million dollars from just one house relocation project! If you are asking yourself right now whether that's really true, I can assure you it is, because I have done it.

In fact, relocating a house can be so cost-effective, it is possible to own your home outright at the end of your project. This has been the reality for many house relocators I have come across.

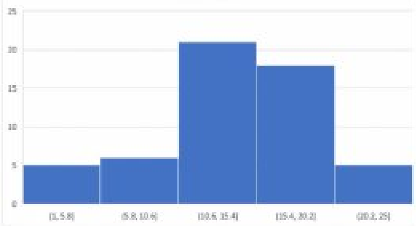
Since the pandemic, numerous homeowners have sold their inner-city homes and purchased a much cheaper rural block, enabling them to buy their relocatable home outright. The result is they have little to no mortgage and have embraced a quieter way of life to enjoy retirement, raise a family or just enjoy the simple things in life.

Budget: buying off-the-plan versus relocating

Construction costs in Australia are skyrocketing faster than inflation, and this trend shows no signs of slowing down anytime soon. According to the Q3 2022 Cordell Construction Cost Index (CCCI) by CoreLogic, national residential construction costs experienced a significant surge, marking the highest annual growth rate, excluding the period affected by the GST introduction.

Charter Keck Cramer, an independent property advisory service, provides the following data showing the increase in costs to build a house in Australia over the last 12 months (2022).

Victoria – up by 13%
NSW – up by 11%
Queensland – up by 12.7%
South Australia – up by 10.5%
Western Australia – up by 10.4%



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Decreased productivity and supply chain disruption stemming from Covid-19 lockdowns, have caused major delays resulting in soaring prices. On top of that, rains and flooding throughout Australia have added more delays, pushing prices up even further. Recent media have estimated the cost of timber, reinforced steel and plastic piping have all risen between 20% and 40% over the last couple of years.

Unavailability of materials is likely to further increase costs over the next couple of years, spurred on in part by fluctuating, unstable exchange rates and global events such as the Ukraine-Russia conflict.

According to HIA, labour shortages are also having a negative effect on the building industry with the shortage of skilled trades being the "number one constraint on Australian builders" and causing a 10.4% increase in hiring costs over 2022.

Additionally, HIA states that higher home loan interest rates are "compounding the adverse impact of the rising cost of materials, labour and land as well as the increased costs of compliance with the building code." Taking all of these factors into account, you're really jumping into a bit of a bottomless money pit if you decide to build right now.

But, in real terms, how much can you expect to pay to build a house today? That depends on several different variables.

- **Size and type of house:** Obviously, the bigger the house, the higher the cost. Price will also differ depending on what it is constructed from and how many levels it is.
- **Location:** Prices differ between states, cities, and towns. Location of a construction site can impact the availability of resources, as well as the ease and time it takes to transport those resources to the site.
- **Fixtures and fittings:** Everything from the type of kitchen bench tops you choose to the style and number of light fittings and tapware can increase the price.
- **Slope of the land:** A steeply sloped site can require extensive and costly excavation work, as well as additional structural support and retaining walls to ensure stability and prevent erosion. The slope of the land can also affect the design of the house and the placement of windows, doors, and outdoor living spaces. Additionally, the slope can impact the drainage of water, which is an important consideration for preventing water damage and maintaining a stable foundation.

As a rough guide, materials typically account for 40-45% of the total build cost. Labour costs make up around another 35-40% and the builder's profit margin makes up the remaining 15-20%. On top of that, there are other expenses such as taxes, fees, insurance, and overheads.

Based on actual figures used by builders, BMT Quantity Surveyors latest report (3rd quarter, 2022) shows the average cost to build a house ranges from $1,300 per square metre to over $3,900 per square metre.

Compare that to the cost of relocating a house, and relocation wins hands down every time.

As an example, if you have an existing block of land and you are looking at building a modest three-bedroom, two-bathroom home for around $400,000, compare that to the cost of houses on House Relocation Marketplace. You'll find many options for buying an equivalent or larger house at a fraction of the price.

But it is not just the cost of building the house that you have to consider either. Other hidden costs also come into play when you build new. Building companies are very careful to tell you what they include in the price while neglecting to say what they do not include. It can be a bit of a trap if you are not an experienced buyer.

While things like internal painting, tiles, carpets, and other fixtures and fittings may be in their standard inclusions, they commonly exclude things like driveways, fencing, landscaping, and turf laying. These are all things you must sort out after the house is completed.

Months of construction take a toll on the land surrounding the house. The constant movement of heavy machinery can compact and churn up the soil, leaving a barren landscape free of vegetation and difficult to cultivate. If you do not want to trek through mud, dirt and dust to get to your front door, you'll need to lay some turf quickly. Whether you DIY or employ someone to do it, it is an added expense and added hassle.

In contrast, the time it takes to reassemble a relocatable house on a block of land is substantially shorter. As a result, heavy machinery spends very little time on your land, resulting in far less compaction or disturbed soil. It is quick, simple and much kinder to the land, saving you time, effort and money.

Budget – buying pre-existing versus relocating

When you buy a pre-existing house, you pay for the house itself and the land it sits on. However, when you buy a block of land and then purchase a relocatable home to go on it, once all costs are considered, you end up paying far less for a property of comparable quality, size and design.

When comparing the price of a pre-existing home to a relocatable home, you must compare apples to apples, so to speak. This means considering factors such as floor space, layout, and design. For example, it is not a valid comparison to compare the cost of a small, budget-friendly pre-existing home for sale in the suburbs to the cost of a stunning relocatable Queenslander or Federation home complete with spacious bedrooms, bay windows, and high ceilings. The differences in size, style, and location make the comparison irrelevant. If you are comparing like for like, a relocatable home will always be far cheaper than a pre-existing home.

House Relocation stretches your budget further

By relocating a house onto an existing block of land, you can stage your home ownership journey rather than outlaying a lot of money at once.

By sourcing a fully or partially renovated home, living in it for a period of time and then renovating it when circumstances are right, you can stagger your outlay to suit your budget.

You might consider converting rooms into living spaces, adding extra levels, or putting in a pool and building an external entertainment area. The possibilities are as endless as your imagination.

Location, location, location

It is one of the biggest catchcries in the real estate industry, so you've probably heard the term before. It means you can have the worst house on the best street and make more money than having the best house on the worst street.

But why choose between the best location and the best house? When you buy a relocatable home, you can have the best house on the best street.

Whether you are yearning for a sea change or a tree change or have stumbled upon the perfect suburban or rare inner-city block of land, the freedom to choose your dream location and your dream house is a huge incentive to buy a relocatable home.

Relocating an existing house to your block of land is a cheap and quick way to get a home. Rather than building a 'McMansion' in an area you're not that keen on or compromising and building an off-the-plan shoe box, you can have a gorgeous home with loads of space, period features, and renovated kitchens and bathrooms for a fraction of the cost of buying off-plan or pre-existing.

Time – buying off-the-plan versus relocatable

Whether you purchase a house and land package or buy the land and then source your own builder, the time frame for building a house can blow out to a ridiculous amount of time. Once you sign on the dotted line and pay a deposit, you're at the mercy of the builder's schedule and with construction demand outpacing the availability of labour and materials, it looks like you're in for a bumpy ride if you choose to build new.

The pandemic had a huge impact on the new-build timeline. With factories halting production and global, national and local shipping issues, building schedules necessarily had to be increased. Even though production has largely returned to normal, the post-pandemic surge in demand for new builds means builders are still playing catch-up and coping with labour and materials shortages.

Additionally, because some builders were locked into fixed-price contracts, the post-pandemic surge in costs virtually crippled them. At the time of writing this, at least 17 construction companies had gone under Australia-wide, adding more pressure to an industry already struggling to cope with the demand for new builds. In today's market, builders are inundated with work, and you're just one more person in a long queue.

According to most building companies, the pre-construction phase can take 4-5 months. There are soil tests to do, engineers' reports, submissions to council, materials to be ordered, earthworks to be done, and underground electrical and plumbing infrastructure to be installed. And this is all before they've laid the slab!

Once construction starts, it can be hindered by weather delays, compliance with council regulations, issues with the supply of building materials, and waiting for tradespeople to become available.

The construction phase ranges from 6-18 months. With pre-construction, that's between 10 and 23 months waiting for your house to be built. That's a long time for you to be stuck paying rent or living with relatives.

Even when the bones of the house are in place, you still have to wait for the roof, windows, flooring, painting and lockable doors or screens to be put in before you can even think about moving in.

In comparison, 90% of these issues are already sorted when you relocate a home. Although you will still need to install essential underground electrical and plumbing infrastructure, once that's done, the process is relatively straightforward. Once the house is in place on your land, connecting to electricity and plumbing is quick and easy because the house wiring and plumbing are already in place. You can move in within a short time frame and, if needed, repaint or redecorate at your leisure.

Time – relocating versus buying a pre-existing house

In today's market, there is such a shortage of available properties that those that are available are snapped up very quickly. It can be time-consuming and frustrating to attend multiple open houses, find a place you like, and make an offer, only to discover another party has outbid you and you've missed out again.

In this market, finding any house, let alone the house of your dreams, becomes exceedingly difficult, making buying a relocatable home a very attractive idea.

Relocating is recycling at its finest

Construction generates a ton of waste, causing a significant negative impact on the environment. In fact, between 30 and 50% of landfill waste comes from construction and demolition. Extraction of the raw resources needed for building and fitting out homes also contributes to the environmental impact of the construction and housing industry.

What we love the most about the House Relocation Marketplace is that it is helping more people do more with what is readily available. It provides a platform for recycling and upcycling houses rather than building new, demolishing pre-loved and contributing to waste. When you realise the quality of the resources used in relocatable houses, you'll understand what a big deal this is.

Bones can be better than plans or designs

So many relocatable houses have great 'bones', flexible floorplans and loads of space. For example, I recently helped a couple relocate a renovated four-bedroom Californian bungalow. As it was just the two of them living in the new home, they decided to transform two large front bedrooms into a formal lounge room and a formal dining room. As their needs change, they plan to modify these spaces into a home office and a baby's nursery.

Another couple I assisted several years ago modified one of the large bedrooms of the Edwardian home they had relocated by building an ensuite. They also converted an inbuilt fireplace in another bedroom into a large wardrobe/storage space.

Many relocatable homes have been partially or extensively renovated, so much of the hard work has been done for you. Someone else has spent their hard-earned money renovating the home, saving you the expense! In addition, many of these houses feature spectacular period detailing and craftsmanship, something that is very expensive to replicate and difficult and costly to re-create today.

Size does matter

Lack of available housing and rising price tags has meant that many Australians are being forced to downsize or opt for smaller houses than they would like. Conversely, the cost of housing and lack of available rentals are forcing more adult children to remain living with their parents for longer, resulting in less space and more cramped conditions.

As mentioned earlier, with relocatable homes, you can typically get a larger house for your money compared to purchasing a pre-existing home or buying off the plan. Many of these houses have larger living areas and bedrooms than more modern houses, and many have such great 'bones' that different spaces can easily be repurposed to suit changing needs. You'll be downsizing your mortgage while upsizing your space - you can't beat that!

Flat pack and modular homes versus traditional relocatable homes

A flat pack home is prefabricated in sections off-site in a factory and then transported to the final destination in flat packed sections or modules. These modules are then assembled on-site to create the finished home. A modular home is built using a similar construction process, but the cost of a modular home includes assembly, painting, plumbing, and fittings. A flat pack home does not include these services.

Flat pack and modular homes are cheaper than buying a pre-existing home or building a new one, and if price was the only consideration, they might be a valid option. However, they do come with few disadvantages that need to be taken into account.

Design changes

Because flat packs and modular homes come in pre-designed modules, once construction is completed, it can be challenging to make significant changes to the layout or design of the home.

Quality, Finance and Resale

Because prefabricated homes are built in a factory from mass-produced materials, the quality control of the materials may not be as robust or rigorous as it could be. Mass production involves the large-scale manufacture of standardised products. Industrialisation, availability of cheaper resources and increased global trade have helped spur mass production. In many cases, modern prefabricated homes (just like modern appliances and furnishings) are produced as quickly and cheaply as the manufacturer can manage.

Unfortunately, this approach carries a high environmental cost and may result in the use of sub-standard materials as manufacturers trade quality for quantity, leading to higher expenses over time. Of course, this is not always the case, but it is something to consider.

If the quality of a flat pack or modular home is in question, it can lead to difficulties in obtaining finance. Flat pack and modular homes also tend to have a lower resale value than traditional homes because buyers often view them as lower quality and less desirable.

In contrast, the houses available for relocation must be solidly and sturdily built, or they can't be relocated. While flat pack, modular and traditional relocatable homes are all less expensive options than a new build or purchase of a pre-existing house, relocatable houses come out ahead on quality, durability and resale value.

Shipping container homes versus relocatable homes

Shipping container homes are homes built using repurposed shipping containers. While they've become relatively popular in recent years, they have some distinct disadvantages.

Space and design

Because shipping containers are fairly small and narrow, their biggest disadvantage is the lack of space, with most containers measuring between 10-15 feet wide. Once furniture goes in, that doesn't give you much room to move.

Quality, costs, and comfort

Because one shipping container is rarely big enough to become a decent size house, multiple containers need to be combined to create larger spaces. Combining several containers to make a larger structure means openings must be cut into the steel walls. This can weaken the structure, requiring additional reinforcement to ensure the home is structurally sound, all of which adds to the final cost.

Insulation is also an issue. Because the walls and roof are made from steel, they can be difficult to heat or cool without spending a fair amount on insulation.

Safety

Shipping containers may have been treated with toxic chemicals such as pesticides, fungicides, and heavy metals to protect them from saltwater or other environmental factors during transportation. These chemicals can be harmful if ingested, inhaled or absorbed through the skin. If they have not been thoroughly cleaned, there may still be remnants of hazardous materials, making them unsafe for living in.

Building codes

Building codes and permits can vary from state to state and city to city, and it can be challenging to obtain the necessary approvals for a shipping container home in some areas. Because shipping containers are a relatively new type of home construction, there aren't always clear guidelines on how to use them to construct a home. This can lead to breaches of local building codes and delays in getting approval.

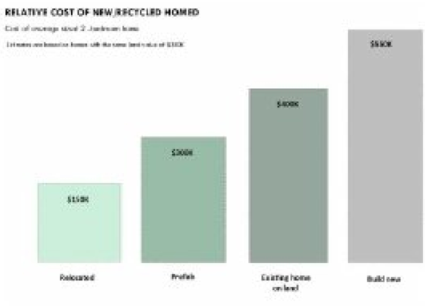
Resale value

Shipping container homes may not be considered aesthetically pleasing by some people, so they often don't appreciate in value as much as a traditional home would.

Overall, while shipping container homes offer an alternative approach to traditional home construction, they come with their own unique set of challenges and don't really hold up all that well when compared to relocatable homes. Although both are cheaper than buying pre-existing or building off-plan, relocatable homes hold their value far better, don't come with a toxic load, offer better insulation properties, and are usually far more spacious than a shipping container home.

Ready to buy a relocatable house?

All you've got to do is take a look at the price comparison chart for relocatable houses and the answer has to be a resounding "Yes!"



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But aside from the cost factor, you won't find the stunning period detailing and craftsmanship of an older traditional house in the houses being produced today; it's far too difficult and expensive to re-create.

Imagine the cost of constructing grand entranceways and wrap-around bullnose verandas with intricate iron fretwork detailing, or including ornate fireplaces, solid timber doors, bay windows, leadlight windows, ceiling roses, decorative cornices and architraves, all topped by ceilings soaring to 3.6 metres. The costs would be astronomical.

And yet, all of this is available in many traditional relocatable homes.

Instead of living in a shoebox, you could be saving money, reducing your carbon footprint and living your best life in a stylish and spacious relocatable home. Now, what's not to like about that?

Of course, you will always come across naysayers who are not one hundred per cent supportive of your dream to buy a beautiful relocatable home. They'll shake their heads and try to tell you that it's easier to buy a pre-existing home in suburbia or to build a new house. They are usually speaking from a place of fearing the unknown and unfamiliar. That's human nature. Relocating an existing house only sounds scary when you don't know what's involved or what the advantages are.

Don't let it worry you. Instead, let the financial benefit and quality of your purchase do the talking.

If you want to find out more, contact us to find out how you can get our handy house relocation guide.

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