

Should you sell when developers move in?

As soon as developers move in next door, the question most homeowners ask themselves is whether to sell or stay. Choosing to avoid a dust cloud of ongoing construction for the next few months (or years), many opt to pack up their things and leave. But, is this the most prudent financial decision?

"While living with the construction noise and mess can be an irritation, homeowners need to consider the financial implications the new development could have on their home. Selling next to a construction zone is going to negatively affect the price of your property - the very same reason you want to move will be the reason buyers won't want to purchase. However, provided that the completed project is not undesirable, the addition to your neighbourhood could significantly increase the value of your home," explains Adrian Goslett of RE/MAX.

However, he adds that the situation is somewhat more nuanced than just 'bite the bullet and wait it out'. "If the new development happens to be a housing development, then the flood of available stock when the project reaches completion will dilute the prices of other houses in the area. Homeowners should hold out until the demand for available properties in the area climbs again. '

A popular, high-end new development that has reached capacity can significantly raise the prices of homes nearby. Selling at this point will provide homeowners with the greatest return on their investment," Goslett advises.

Grant Gavin, Broker/Owner of RE/MAX Panache often offers homeowners similar advice. "It can be very disruptive to have developers in your neighbourhood, not only owing to the noise, but also the dust, sand, access disruption and sometimes even crime. However, new builds often add value to an area, especially if the finished product is modern and sets a new standard for the suburb."

He suggests that homeowners brave it out unless the development is of a nature that will negatively affect property values. "To keep abreast of developments planned for their suburbs, homeowners can become active members of their Home Owners, Rate Payers, and Residents Associations in their communities. That way they can be kept informed of the nature of the developments that are being proposed early on in the process.

Commercial and industrial buildings, particularly the type that increase the number of heavy duty vehicles accessing an area, low-cost housing developments that lower the standard of a suburb, and any development that goes against the existing zoning for that area can potentially decrease surrounding property values," Gavin explains.

If the proposed development is likely to lower property values, homeowners may still object to the build through their local municipality, but with no guarantee that the development will be ordered to cease construction. "Nobody may develop outside of the restrictions and conditions set out by local zoning criteria. Sadly though, if the developer is building within his/her rights, the disgruntled homeowner can only object, with valid reasons, through the official objection channels with their municipality in an attempt to prevent the development from going ahead," says Gavin."

"At the end of the day, you cannot fight progress. If your property is near vacant land, it is likely that there will be development in due time. If you want to avoid this, try and purchase in fully-developed, modern neighbourhoods that are unlikely to attract developers in the foreseeable future," Goslett concludes.