

## Navigating the New Build Process: Insights from Industry Experts

[Nick Coffey]

Hello and welcome to this episode of TW Law Talk from Taylor Walton Solicitors. I'm Nick Coffey and today we're looking at residential property, asking should you buy a new build house? What are the pitfalls and how can you avoid them?

Do you need legal advice and is the process of buying off plan a little complicated? Joining me here in Taylor Walton's offices in the heart of St Albans is Caroline Hume, Partner and Head of Residential Property. Caroline, hello.

[Caroline Hume]

Hello

[Nick Coffey]

You deal with this kind of question day in, day out, don't you? Be that from client side or from developer side.

[Caroline Hume]

Yes, absolutely. I've been helping clients buy a new build for around 20 years now and it's something I'm very passionate about.

[Nick Coffey]

Hence why we decided to do this as the podcast today. I'm delighted to say we're also joined by Siobhan Holbrook. She's the director of Mortgage Light.

That's L-I-G-H-T, isn't it?

[Siobhan Holbrook]

It is.

[Nick Coffey]

A firm specialising in mortgages for new builds. I'm really interested in this topic, and I'll tell you why. I have never bought a new build, and I've bought a fair few houses over the years and I have been in a situation where I could have bought a new build.

One in particular, actually in my early thirties, I was very much looking at a new development where I was living in Bushy, and I was put off. It felt complicated. It felt risky, proven by the fact that we ended up buying a cottage which was 120 years old.

So that shows you where my mindset was at the time. Let's buy the house that's been standing and hasn't moved for 120 years. And I think the thought of buying off plan worried me. The thought of not being able to see the house. And also, I guess there was a part of me that in the back of my mind had stories around people coming unstuck when buying new builds. And if I can't see that the house is actually there, and that the plumbing works and

the light turns on and the roads are built around the estate as promised, it may prove a little bit too risky.

Caroline, I'm guessing that I'm not alone in those fears and that's what you do is reassure people.

[Caroline Hume]

Yes, I think so. I think the problem is for a lot of people is they don't understand the process. I think most people don't understand conveyancing generally, but with new build you also have the sort of fear of the developer who has all the power, and the client feels that they don't know what's happening and that they are perhaps being rushed along in the process.

And I think that what often happens is that the process seems familiar to everyone else involved except to the client, but yet, it's their house and it's their process. So I think one of the important things that we try and do is to try and help the client from the very start to feel in control and empowered in the process and to understand that although the developer is very powerful, as developers are, that the client's needs are what matter most to us.

[Nick Coffey]

And I think it would be useful to specifically look at that process just with one point before we do so, which is I've remembered the other fear I had, which is that if I'm looking to buy a house, I can go on Rightmove or Zoopla and I can see what other houses in the area are going for. I remember thinking it was quite hard, and this must come into your workshop when we're looking at mortgages, it was quite hard to really know what the value of that house was because there was nothing really to compare it to in terms of it being a new build. Is that an issue that you face?

[Siobhan Holbrook]

No and yes. So fundamentally, when you go to a new build site and you look at what you're going to buy, of course you'll be looking on Rightmove. There is a lot of benefits to buy a new build.

And I think sometimes, where you're alluding to a moment ago about your worries and concerns, they can be mitigated by education. And I think that's where sometimes, unfortunately, we have assumptions from over the years as we've kind of gone through the buying journey or you hear historically how the journey was to some other person. And actually, what I think everybody needs to take away from this is your buying journey is your buying journey, bespoke for you.

Regarding the question about values and so forth, it's a lender's responsibility who lends you the money on the house to ensure it's worth the price you're paying for it. Now in the event it isn't, they will down value it. So, they find the comparables, whether it's stuff already historically on the site or stuff up the road.

As a rule of thumb though, new build does hold a premium, exactly like a new build car. But there are benefits for that new build. And the thing that you've got to understand, a house isn't a commodity that you change up in 12 months' time.

And historically, it's normally about a seven-year cycle, isn't it? So therefore, actually the value will go up. I think the benefit of a new build is the assurance of knowing actually, if you do move into it and that washing machine breaks down, it's under a warranty.

[Nick Coffey]

The process that you both alluded to here... So, what is that process and how does it differ? You conveyance, is that a verb, Caroline?

Day in, day out. What is the process specifically for new builds?

[Caroline Hume]

So, I would say, and if we look specifically at first time buyers and take the chains out of it, which we would all like to do, because chains are the thing that cause the most delays.

[Nick Coffey]

And the most stress as well.

[Caroline Hume]

Stress for everyone involved. So with a first time buyer, if you're buying from a developer, then it's a very clean process in that you're not then having to be at the sort of beck and call of an entire chain above you, who might have requirements such as school holidays or child school places and all sorts of reasons why they might want specific dates. As a first-time buyer, once the property's built, you'll be moving into it.

I think it also allows first time buyers, and I think that's particularly apparent these days, to choose everything in the property. They can choose their kitchen, they can choose their tiles, they can choose their bathroom. So, everything is exactly as they would want it and Instagram ready, which we do see is a huge trend now for first time buyers.

And I think also what you mentioned about purchasing off plan, that isn't really something that happens now, in that the developers have huge technology, which means that they actually show you the property you'll be buying, the inside of the property you'll be buying. If you choose a particular worktop, they'll put that into what they show you. So, the artist's impression, the CGI of your property shows you very clearly what you'll be purchasing.

It will also show you your street view, your streetscape, it will show you what your neighbour's properties are going to look like. So, you get as close a sense as you possibly can to what your living will look like on that development. So I think there's been quite a big change with the use of technology where developers are able to show you much more, what it will actually look like rather than the traditional square red box on a plan which showed you what you were buying, but then people would get there and it wasn't necessarily that.

I also think as Siobhan has said, then, things can be put right. So, if you get there and there is a problem and the shower isn't working or the washing machine breaks down, then that's all under warranty. And the vast majority of developers are very concerned about their ratings and their reviews.

So, they will fix things if there are things wrong.

[Nick Coffey]

I think this question of what happens when it goes wrong is really important. And we'll talk in a moment about the kind of legal advice you need to get and where from. When I was a presenter on BBC Three Counties Radio, I remember two big cases on the patch where developers just hadn't done what they said they were going to do in terms of infrastructure.

I think there were roads, there was a playground that was never built. In one case, I have a vague memory that there was actually a whole doctor's surgery that was never built. When that happens, is there recourse?

If you think you're moving into a lovely, beautifully constructed new estate, because often it is an estate, it's often not a single house because someone's had some land at the back of their garden to build on. When that goes wrong, I remember from these stories, they were very, very stressful for the buyers.

[Caroline Hume]

I think you do need to purchase from a reputable builder. You want to look for a builder who has good warranty cover. So usually an HBC, although there are a couple of other warranty providers.

The point of using a specialist solicitor is that we check the documentation to make sure that the very detailed planning agreements that put these requirements on the developers are there. So, in those sorts of situations, I suspect that the documents maybe have some gaps in them. One of the things that we do here is we work quite closely with the developers that we work with on a regular basis or that recommend us to go through all of the paperwork at the outset of a site.

So, when they're first setting up the site, we send to check the documents and we start to say to them, we're not sure about this. And could you have a look at that? So that before the buyers even get to buying, we've started checking the legal documentation, which hopefully deals with some of those issues.

[Nick Coffey]

And I wonder whether this is leaning into the R word. What's the R word in this case? Recommended.

We'll talk about recommending brokers in a moment with you Siobhan, but I remember when I did look into this and correct me if I'm wrong, but they had a recommended lawyer that they wanted me to use. And I seem to remember thinking, oh, you know, am I being had here? Is someone trying to lead me down the line of using their own lawyer?

Now, these new builds often do have a recommended solicitor. What is the benefit of that?

[Caroline Hume]

So, there is a huge concern, not always necessarily with buyers, but often with buyers' parents who are contributing to their purchase and therefore think they're in charge, that using the recommended solicitor means that we're working for the developer rather than for the client. And that couldn't be further from the truth. We work really hard to ensure

that our client has an advocate in the process, because as I said earlier, it feels completely overwhelming to them.

If you were purchasing a new build and you received a documentation pack from us, it would be thousands of pages. Everyone else knows what's happening. The site office, the sales manager, everyone you talk to understands the process - and you don't.

So having a recommended solicitor means that the developer has faith in us, which means if we need to buy you some time because there's something you need to do, then they will have that respect for our process and understand that if we're saying it can't be done in that timescale, it's for a genuine reason and they will usually work with us on that. I also think that to take on an individual site, you would have to spend probably eight to 10 hours minimum going through all of the site documentation to set it up. Often solicitors are reluctant to do that if they're only going to work on one property on that one site, as it's a huge amount of work to just deal with one client.

So, the recommended solicitor will deal with multiple properties on the estate and will tend to then start to build an in-depth knowledge of the estate and any particular anomalies that need to be highlighted. I often go to site setup meetings with recommended developers where they're advising all of their technical staff about issues on the site, so that I'm then aware of those issues as well and can then pass those on to the clients. But I think that Siobhan would agree with me that both of us try and advocate for our clients' needs during the process and if you have that respect with the developer then those needs tend to be listened to.

[Nick Coffey]

And I guess part of this as well Caroline is that ultimately developers want and need their houses to be sold, and they need them to be sold in a timely manner and at the price they want so they can move on to their next project. So having a recommended solicitor in effect is in everyone's interest because then the developer knows that their land is going to move.

[Caroline Hume]

Yes, I think that one of the key benefits, Nick, is certainty. So the certainty of process, I think is essential for the buyer and the developer and by using a recommended solicitor because we already know the process inside out, we're familiar with how the developers work, we're familiar with the questions to ask and the timescales they expect and how to achieve them, then we can give the developer certainty because they know we're doing what we should be in terms of moving the cases on and we can also give the buyer certainty because we can say to them if there is this situation the developer will react like this and that gives everyone in the process that confidence.

[Nick Coffey]

Siobhan, I don't want to throw you a curveball here but I'm going to throw you a little bit of a curveball. Insofar as I'm putting myself in the position of the buyer here and being the buyer's advocate if you like, and I can understand Caroline's narrative there around the benefit of a recommended solicitor, when it comes to financial products I guess immediately my alarm bells rise a little bit - insofar as if you go to a new build project and they do have a recommended broker in this case it would be you.

Commented [JW1]: just need to check the recording, words are in an odd order

There is always that concern, and I'm just devil's advocating here I'm not saying it's the case, there's always that concern that *are* you getting the best deal from that financial advisor, is the financial advisor potentially tied in financially with the developer, are you, maybe, paying more for the benefit of that recommended broker? So, I guess the question is the same as it was to Caroline, what is the benefit of working with a recommended broker and how can we ensure as a buyer that we are very much getting the best mortgage deal that we could?

[Siobhan Holbrook]

There's so many ways to answer this so let's start from the top. First and foremost, the most important thing for any broker firm, reputable broker firm, is actually to try and keep that customer for long term. So, there is no short-term gain, so if we educate the client properly it means actually you retain them for a long period of time, like mortgage, like we have 80% retention.

[Nick Coffey]

Which is high.

[Siobhan Holbrook]

Yeah, it is but we've gone out of our way to make sure people understand the buying process. With new build, and I think this is why I really enjoy it, there's an element of a puzzle so I made some notes prior to speaking today thinking about what would I like to hear as a consumer. So if you'd gone into a builder and you had said to that builder the house was let's say worth £350k, and you as a consumer said I want to buy that house for £325k, and just want a straight discount and you had a 10% deposit what that would mean is that if you got the discount you would have a slightly higher interest rate at 90%.

Now a new build specialist may still get you the same discount but might structure it slightly differently to give you an incentive and that incentive could enhance your deposit. So, a new build specialist might go "yes you could get it for £325k but actually if we got 5% deposit paid instead it means it enhances your deposit money so you now have a 15% deposit. With mortgages, the more money you put down at certain thresholds the cheaper the borrowing is'. So therefore, by structuring it that way you get a lower monthly cost but in turn it's reported in Land Registry at a higher purchase price so actually only puts you in a good stead for the future because according to everyone else in the world you bought it at that higher price to begin with not the £325k.

[Nick Coffey]

Forgive me, and this is brilliantly put, but it sounds complicated to me. So, if I tomorrow go out and buy a house in St Albans, I'll buy it at the value that we agree, I'll get my mortgage, I'll borrow my money at that rate. Land Registry will say it costs half a million although in St Albans that's going to be very difficult. I mean just as an aside, looking at the local areas, house prices in this area compared to five years ago ten years ago they're very different kettle of fish, aren't they?

[Caroline Hume]

They're huge and I do think that's why new build offers a benefit there because there are huge incentives to buying new build especially for first-time buyers, often stamp duty paid,

as Siobhan said. Plus, deposit paid schemes, and often with the local authorities, requirements on new build then that the developers have to offer affordable homes and specifically perhaps two particular job types and particular types of buyers.

[Nick Coffey]

And anyone who's taken the M1 and come off at junction 11A knows that there are thousands of new build homes there as you head towards Dunstable and that area.

[Caroline Hume]

Yes, lots of new build in this area.

[Nick Coffey]

So just coming back to you Siobhan on this, and I'm trying to get my head around this notion of the benefits; indeed, the financial benefits of buying new build. So, if I've understood correctly, firstly you can get deposit help, and that deposit help can then reduce your repayments. I know that if I put a 10% deposit on a house versus a 15% deposit on the house, my repayments are going to be smaller, and I may even get a better rate because there's less risk in there for the lender. And I wonder whether there's also something around the fact that when you buy a house especially as a first-time buyer you are likely to be maxed out.

You've put your deposit in, or as Caroline hinted, your parents deposit in. By the way, another podcast for another day is talking about the stories of you as a conveyancing lawyer having to deal with parents. I suspect there's a whole episode in that.

But yes, so you're going to be quite maxed out. So is part of what you're saying as well that you're then saving yourself money on elements you may not have been able to afford - so that can be your white goods, that can be your decor, your curtains in some cases the beds and actually there's an overall package there.

[Siobhan Holbrook]

Yeah, I think first and foremost when you're going into buying a new build you get very absorbed by the excitement of how you're going to have your house, how is it going to lay out and so forth. You've saved all your money together and you've put that all down for your deposit. You then generally don't have disposable money.

[Nick Coffey]

Yeah.

[Siobhan Holbrook]

So, the idea of a new build is actually you've got your appliances, you know they work and if they break within two years you're still under warranty. All your windows have got a FENSA guarantee and what's even better with these new build houses now which sometimes isn't broadcasted is that builders are building the houses to such a more eco-friendly standard.

[Nick Coffey]

Right.

[Siobhan Holbrook]

So actually, when you go in and then all your money is then, is actually in the house you can actually enjoy just making it look nice. When you buy a new build, the actual running cost of the new build house is a lot cheaper than residential now. So not only are you making savings potentially on having to put the house up to standard because it's already up to standard, the actual physical running of the house - gas and electric - is a lot cheaper because of the technology that's going into houses and the resources builders are putting into houses to make sure that they run efficiently.

So, there are so many benefits just outside of the conventional deposits.

[Nick Coffey]

Caroline, is it, is it a jump to suggest that there are new build buyers and not new build buyers. I say that because I'm clearly not a new build buyer, but I do know people who have systematically only bought new builds, not just as first-time buyers but they've sort of continued into new builds because they've clearly enjoyed the process and find it a benefit. I wonder whether firstly is that true.

Do you have people who are new build buyers.

[Caroline Hume]

Absolutely, people who do not like decorating.

[Nick Coffey]

And that leads on to a second question which is that part of where your role comes in, because if they have had issues around how the first new build was conveyanced, how it was bought and perhaps issues around the contracts. Is part of your job then mopping that up before the next purchase?

[Caroline Hume]

Yes, that's a huge part of what we do. So, we often find that clients are selling a property that they bought new from the developer in order to buy another new build. So, you have the quite tight timescales that the developer on the new property imposes which we want to work towards but you're also often then having to sort out conveyancing perhaps done by someone who wasn't a specialist new build conveyancer at the time.

[Nick Coffey]

Do you have face palm moments as a professional, and not to cast aspersions on any colleagues outside, do you have moments where you just put your head in your hands and go "I can't believe they did this".

[Caroline Hume]

Absolutely. I think both with the profession and perhaps people, who need to say "I don't know this" rather than take on a job that they don't necessarily have the capacity and skill to do. But also, clients don't retain any documents at all and so when they go to sell, we're trying to reconstitute potentially thousands of pages of planning documents, planning agreements, estate documents for the client yes, and often it's difficult to track those things down. So, it can make the process more complicated. We try and ensure that the clients that we work with come back to us when they sell, because when we have the documents, new builds can be quite transient. So, people will often use different conveyancers every



time, whereas we find that a lot of our clients will return to us because they were happy with the process and maybe they didn't feel like it was a process.

[Nick Coffey]

You've both touched on the importance of clients coming back to you. I wanted in this episode to perhaps debunk some of the myths around, around buying new builds and there is this notion of new builds being very much skewed in favour of the developer. And I wonder whether looking at both, whether part of this is to show that you're both independent, you both care, you want people to enjoy working with you, want them to come back. And does that actually counterbalance this fear of buying a new build being very much skewed in the favour of a developer?

[Siobhan Holbrook]

I don't know about yourself, but I always have advocated for the small man. The house buying process, when I purchased my house for the first time, I was buying by myself. I found it intimidating and there was jargon there about early redemption charge that I nodded along with but didn't understand and I didn't have resources to go and speak to. So, I just went ahead and bought the journey. Now for myself I really didn't want someone to feel in the same cloudiness, not confident in what they were doing. So, when I set up Mortgage Light, I wanted to be able to explain to the client, but then go through and advocate for them with developers. If we weren't there as competent brokers, we wouldn't be able to structure the deals for them to get their deals on the sheet. In the back of their mind or the back of my mind, my staff are trained to understand the consumer and what's the best interest for the consumer as well and then educate both parties to see if there's a mutual understanding.

So, when I set up Mortgage Light, and Caroline we've always had the customer at our forefront - what's good for the customer. Because actually they would recommend you, they tell you. And actually, someone getting their home is a remarkable thing because it means someone's starting a fresh chapter of their lives. And that's a really nice thing to be part of.

[Nick Coffey]

There's a word that I want to finish with and it's a bit of a pretentious word but I'm thinking of synergy. Caroline, that's the importance, perhaps even more so than in a traditional house purchase, of having this synergy between lawyers, brokers, developers, builders, curtain makers.

[Caroline Hume]

Yes, I think so. I think Siobhan and I have spoken a lot over the years about identifying with the client what their motivating life event is, what's motivating the move. If you can establish that early on, you can work with them to make sure that the customer is as unique to them as their situation is. We can tailor our communication between us working with other specialists such as Mortgage Light to ensure that the customer journey is as comfortable for them as possible.

[Nick Coffey]

Okay the biggest compliment I can pay both of you for this episode is I'm only now slightly dubious about new builds, and that's a huge compliment, because I came into this episode and really, I would never perceive myself as buying a new build. But what you've both really done is given me a little bit more confidence in that process, which is a different process and one which you both clearly very much enjoy. The sense I get from both of you is that as independent business owners, in effect, you offer that bespoke service to your clients. I'm guessing, you Siobhan, you know if there's a specific set of criteria around a particular builder and a block of flats that's higher than the lender may want or you know a very specific design, you can then go to your panel in a bespoke manner and say I need help on this.

[Siobhan Holbrook]

Yeah, not even a panel, we're a whole market so the relationship a broker firm builds up with the banks and building societies is also unprecedented, because relationships in this business world are the key to success.

[Nick Coffey]

And that level of bespoke as well is exactly what you do here at Taylor Walton. And we've tried throughout this whole series, and all the episodes that we're recording, to not fall down the trap saying you need to come to Taylor Walton or you need legal advice but I mean this is one of those where it is absolutely obvious that you cannot proceed without getting the right legal advice.

[Caroline Hume]

Yes absolutely and I do think that there are a number of firms out there who will take on new build transactions where they simply don't have the knowledge to do so, and I think that, that often proves difficult when the client's reselling, so I would say use a specialist and that often is the recommended solicitor.

[Nick Coffey]

If you're going to do it, do it well and do it properly. And if you want to know how it goes for these two businesses, obviously your reviews are across the internet as well, on Trustpilot and various places, if you want to see what people think about working with both Taylor Walton and indeed with Mortgage Light. Thank you both of you for your time it's been really interesting to speak to both of you. Siobhan how can we find you?

[Siobhan Holbrook]

[www.mortgagelight.co.uk](http://www.mortgagelight.co.uk) however, we are now using Instagram and TikTok.

And Caroline of course for you [www.taylorwalton.co.uk](http://www.taylorwalton.co.uk) is the website. And your email address?

[Caroline Hume]

It's [newbuilds@taylorwalton.co.uk](mailto:newbuilds@taylorwalton.co.uk).

[Nick Coffey]

Great stuff and if you've enjoyed today's episode do click on follow so you can be notified of any future episodes in this series - we've got some very interesting ideas in the pipeline and they'll be appearing in the same channel. If you have a spare moment perhaps you can leave

us a review because that really does help get the word out there. Until next time, from me Nick Coffey and of course from Caroline and Siobhan it's goodbye.

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