



A Guide To
Build-to-Rent Homes

New Construction

Spartan's construction team not only oversees the restoration of the properties we purchase but also oversees the development of the properties we build. Providing our investors with newly constructed rental homes allows them the ability to diversify their portfolios without having to lift a finger and offers low maintenance costs for the foreseeable future.

- New construction homes provided by Spartan Invest in the Northern Alabama markets will typically run from **\$235,000-\$260,000**, generating a great return on investment.



216 Pleasant Grove Road Pleasant Grove, AL 35127



*All figures are subject to change and are not guaranteed.
Renovations are in progress and are subject to change.*

PROPERTY STATS

Beds/Baths	3 / 2.5
Garage/Carport	N/A
Year Built	2022
Lot Size	~0.34 Acres
Property Size	1454 Ft²
Basement Size	N/A
Projected Completion Date	Complete!

PROPERTY CALCULATIONS

Purchase Price	\$255,000
Rent Range	\$1750-\$1850
Rent Used in Calculations	\$1,800
Annual Taxes	\$2,500
Annual Insurance	\$509
HOA Fees	0
Property Management Fees	9%
Annual Net Income (cash)	\$16,647.00
Annual Net Income (finance 20% 30 yr)	\$3,181.02

CAP RATE

1 Year	5 Year	15 Year
6.53%	7.35%	9.87%

LEVERAGED CASH-ON-CASH

1 Year	5 Year	15 Year
\$3,181.02	\$5,357.88	\$11,831.72
5.0%	8.4%	18.6%

CAPITAL APPRECIATION

10 Year	20 Year	30 Year
\$32,064	\$89,252	\$191,250

Insurance Quote provided by •Scott Cantrell State Farm • 205-631-6201 • scott.cantrell.nnqu@statefarm.com

The Pros



- **Location** is a major factor when buying a home. Newly constructed properties are typically found in nicer neighborhoods (A- areas). They are also a good sign that the community is experiencing growth.
- Newer models are more **energy-efficient**. Nowadays, they are built with lower energy costs in mind. They have increased insulation, energy-efficient appliances, and windows. This means that during times of vacancy, there are fewer utility bills and potential tax deductions!
- Inspections for new construction projects are very cut and dry, with little variation. Better real estate markets lead to more city inspection requirements, resulting in **higher-quality structures**.
- From an **acquisitions** standpoint, it can be easier to find deals when looking at new construction properties.
- The home builder is required to provide a One Year Real **Warranty**.
- All capital expenditure items are **brand new!**
- Long-term **maintenance** ratios are much lower when it comes to new construction.

The Cons

- Understandably, a brand new home is going to **cost** an investor more than an older, renovated property.
 - Generally, this means there may be a lower rate of return given the higher price points. It may not always be the case but it is a factor to consider when assessing the opportunity.
- The Unknown.
 - We can provide massive amounts of data on the history of Spartan's rental properties, the neighborhood's rental rates, occupancy rates, rent inflation, etc. New construction cannot give us a **great deal of history** to rely on.



Additional Readings



"Regardless of whether old or new, real estate can be an extremely great opportunity with fantastic returns on investment."

[Read more here!](#)

"...if your market offers it and you want your real estate portfolio to run like clockwork with less headache and less management, buy newer rental properties. If instead, you only want investments in central locations to attract professional tenants, buy older and established rentals."

[Read more here!](#)

"When it comes to new construction, the beauty is — you escape the endless costs that tend to accompany older homes, which is just one of the many benefits."

[Read more here!](#)