

Firm Foundation Builders, LLC Investor Spec Program

What is a Spec?

"Speculatively-built" homes, malls, hotels, office buildings, or any other type of real estate are simply properties not constructed under a work/sale contract for any buyer or owner. An investor will build a house or other structure on land previously owned or leased by them, the spec investor contracts Firm Foundation Builders with their own cash and credit for construction purposes. Firm Foundation Builders, LLC passes along wholesale costs to the investor, the investor merely builds and hopes to sell the completed property during or immediately after construction. Therefore, the spec investor assumes the risk of the project. In return the investor is earning a much greater financial reward than the builder (Firm Foundation Builders, LLC).

Why invest on Spec?

It goes without saying that the primary reason building on spec is so popular is that there is more money to be made doing it than building on contracts or rehab. The spec investor is also a real estate investor, perhaps even a land speculator, and multiple sources of income are possible when spec projects turn out as planned.

Advantages of partnering with Firm Foundation Builders, LLC

Investor Checklist for Success!

- ✓ **Understand and build using the 3 step philosophy for Successful Spec Development.**
- ✓ **WE assign a Collaborative Consulting Services Group to assist each investor (Real Estate Broker, Appraiser, etc.) to find, build and sell the best deal!**
- ✓ **WE embrace new & helpful reporting tools. Technology gives our clients daily/weekly reports on every project. Our contractors are trained in the use of the latest technology.**
- ✓ **2 years system & 10 years structure residential warranty package. Extended warranty plans are available (4-10)!**
- ✓ **Greater Atlanta Home Builders member. All Builders, project managers, and contractors are required to attend annually continue education courses.**
- ✓ **Constant focus on Control & Decrease hard cost.**

Our list is long, so trust us when we say "We build quality homes and partnerships"!

The 3 Steps for Successful Spec Development

Step 1) Building spec projects at the right location. Of course everyone has heard the real estate axiom about "Location, Location, Location" a trillion times but when it comes to spec development, it's very true. A contract builder/developer can make money putting up homes anywhere their clients want them built. The risk of ownership rests entirely with the investor. But spec investors need to understand where people WANT to live and work, not where the land is cheap enough to support flimsy spec projects. It is important not to just pick the right geographic area or neighborhood to build in but also the correct building site. Poor topography (Topo) in a great location is a recipe for a spec disaster. Spec investors, especially those that lack real spec experience, tend to buy the cheapest available land as a way of saving capital and financing costs rather than buying the best available land and merely passing along the extra costs to their end buyers. *Our collaborative Consulting Services Group will assist you in buying the best building site available.*

Step 2) The right building plan and designs considerations. Building a home for an imaginary buyer is difficult because you need to anticipate not what they currently need or desire but what they may want months or years from now. This is tough in the constantly changing, trendy world of home and commercial real estate designs. What was popular a few years ago is no more. Spec builders tend to concentrate on basic broad themes of designing good floor plans and classic "always in style" designs rather than build projects only a minority of buyers may want without expensive modification or retrofitting. This may seem like a wise strategy and in reality there is not any one better but guessing what buyers will want rather than knowing in advance before actual construction begins is the cornerstone risk of spec development. *Again our collaborative Consulting Services Group will assist you in every facet of spec investing (right location, floor plan, building materials, real estate agent, construction loans, etc).*

3) Tight, Tight cost controls. Firm Foundation Builders, LLC designed the spec investment program for the investor. We understand the risk the investor is taking using their capital and credit to earn that extra profit. We are consistently researching for quality products at wholesale prices. The inevitable result is that extremely tight cost controls are necessary to maintain the highest possible profit that spec building can offer. Put another way, where a contract builder can be financially sloppy and still earn a nice profit, a spec builder cannot. This should not be confused with adding unessential amenities that drive up costs as a way of attracting buyers with "sizzle" but creating some inherent competitive advantage that draws buyers to the spec home over the retail subdivision property or one on the resale market. A classic example here would be building cheap in order to sell cheap. The bottom line is that if a builder cannot relentlessly cut costs and keep overhead and expenses low, they will not have recurring clients or referrals. We have recurring clients and referrals!