



WRIGHT BUILDING COMPANY

BUILDERS OF DISTINCTION



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Welcome to Our Newsletter!

Wright Building Company is pleased to introduce our new company newsletter! It will be distributed electronically each month to our many friends and colleagues.

The goal of this newsletter will be to provide you with intriguing and useful content as it relates to home building and renovation. We'll follow trends in the marketplace for you and keep you up-to-date. And we'll give you an insider's look at home building best practices, keep you informed of upcoming events in our area and showcase the latest home related products and technology on the market today.

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Building Success 101

Q: What is an escalation clause?

A: In a contract that includes an escalation clause, the customer agrees to pay any price increases for specified items that occur between the signing of the contract and the start of construction. Volatile materials markets have made these clauses fairly common today. The alternative is for the builder to inflate the contract price to cover possible increases. The decision to sign or not sign such a clause is basically a market bet, and will depend on whether or not the customer expects prices for the materials in question to rise.



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Why The Time to Build is Now!

New homes won't be any more affordable in a year or two.

Potential home buyers who are waiting for costs to come down before building might want to reconsider. The fact is that the past year's rise in new home prices will most likely continue. While higher interest rates and a weak dollar could play a role, the biggest factors will likely be supply and demand.

Simply put, the home building industry predicts buyers will demand as many as 1.5 million new homes next year. This pent-up demand has saddled some builders with lengthy backlogs. At the same time there has been a serious shortage of labor and materials.

When it comes to labor, the pendulum has swung. Two years ago, contractors were short on work and willing to accept wage cuts. Now we're hunting for skilled labor. The downturn saw legions of carpenters and other skilled workers leave the construction industry. The ones who remain are commanding higher wages. The same is true for quality subcontractors such as electricians, plumbers, and drywallers, who often have more work than they can handle, and have raised their prices accordingly.

On the materials side, lumber shortages drove prices in early 2013 to double that of a year earlier. And lumber is a bellwether: the costs of other building materials, from cabinets to carpet to light fixtures, tend to follow its lead.

There are several reasons for the lumber crunch. A number of mills closed during the housing crash when demand was weak. Some of these mills have re-started, helping to lower prices a bit from the recent peak, but tight credit has slowed the process, according to the National Association of Home Builders. It will take time for the industry to ramp up to the needed capacity.

What does all this mean for home buyers? With prices predictably on the rise, value engineering is becoming ever more important. Value-engineering is a service provided by builders who look for ways to economize without sacrificing amenities or quality. There are lots of ways to do this. The ability to value-engineer is one of the many benefits of working with a professional builder.

The bottom line is that while getting into a new home may be more expensive than it was two years ago, waiting for prices to come down is a roll of the dice. Anyone considering building in the near future, should do it sooner rather than later.

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