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# 10 Things to Know Before Buying a Vacant Lot

By: [Wesley Fenlon](#) | Updated: Nov 12, 2021



Buying land introduces a host of issues you don't normally face while buying a house. [CHRISSADOWSKI/GETTY IMAGES](#)

In the 1986 comedy "The Money Pit," a young Tom Hanks finds himself struggling to repair a decrepit mansion that's falling apart around him. The gigantic house seems like a good deal at first — until the staircase starts collapsing and chimneys begin caving in. Important lesson: Never buy a house without doing your homework. Buying a vacant lot may not be the same as buying a house, but similar rules apply. You should always know what you're getting yourself into and [how much it costs to build a house](#).

Buying a vacant lot is an important and complex decision, just like any real estate purchase. For starters, there are plenty of reasons to buy a parcel of land. If you buy a house, it's probably so you can live in it; but with land, you could choose to [build your own house](#), use the property as a long-term investment or even to start a business. Property also introduces a host of issues you don't normally face when [buying a house](#). There are all sorts of restrictions that could apply to a vacant lot; you might not be able to build a house on it at all.

There's plenty to know before investing in land. Here are 10 things, including everything from the basic expenses and city ordinances to land surveys and easements.

## 10: Location



As they say in real estate: Location, location, location. That goes for purchasing a piece of property, too. JORDI C/SHUTTERSTOCK

Location, location, location. The old real estate adage nails our first, most basic concern in land purchasing dead on. Think about it: No matter why you're [purchasing a piece of property](#), nothing is more important than location. If you're making an investment, don't buy land with no resale value. If you're aiming on starting up a business, don't buy land completely isolated from potential customers. And if you're building a house, buy where you can enjoy spending your time.

Before shopping for a piece of land, you should develop a general idea of where you'd like to make a purchase. You can go for an exploratory drive and use online resources to help you. For example, if you're buying a few acres of land to build a house you'll likely want to consider things like access to schools, your job, grocery shopping and restaurants. (Later we'll delve into specific land concerns.)

In other words, you should be shopping for the community at the same time you shop for your land. When you've scored a win in both categories — community and land — you'll know you've made a good choice.

If the land is for business use, choosing won't be so easy; you'll have to carefully analyze a prospective location's business value. But if you're already planning a business, you should have that in mind already. Whatever kind of land you're looking for, the costs can add up quickly

even before you start construction. Next we'll hit on some of the basics to be ready for.

## 9: Know the Costs Involved

Real estate is an investment of time and money; the more time you spend preparing, the more ready you'll be to spend your money wisely. What kind of expenses can you expect to incur when buying a vacant lot? At some point during the purchasing process, you might want to consider title insurance. It "protects owners and lenders against any property loss or damage they might experience because of liens, encumbrances or defects in the title to the property" [source: [Hayes](#)]. Consider it your shield against legal complications involving your property. While title insurance isn't necessarily required during a property transaction, if you apply for a bank loan or a [mortgage](#), the financial institution may recommend you purchase title insurance to protect their investment and your own.

Another potential cost to consider: a land survey. It's possible you won't need a survey done on land you're interested in buying. The land could have been recently surveyed, and with a little legwork you should be able to find out if and when a survey's been done. We'll get into surveying in-depth later, but keep in mind that you may need to hire a professional surveyor to chart out the boundaries of your property. Because surveys vary based on location and a host of other factors, it's hard to give a general estimate of how much one will cost.

Finally, remember that utilities and building costs will be expensive. In some cases, you may have to pay to have electricity and water run to your house before you even begin monthly service fees. On some land, you'll have to [drill a well](#) or install a [septic system](#) before home construction. If you're buying a piece of land as an investment, you'll bypass quite a few of those headaches.

But no matter what kind of property you've got your eye on buying, you'll want to know exactly what kind of government zoning restrictions are in place. We'll discuss those next.

## 8: Zoning Restrictions

Zoning laws govern what can and can't be done with land. Essentially, zoning laws are the reason you don't have a Walmart in your back yard or a sewage processing plant right next to a town square. Zoning is a bit more complex than that, of course: They're the local laws that regulate how property can — and can't — be used in certain areas [source: [Kenton](#)]. Make sure you'd even be allowed to build a house on a vacant lot before buying and trying to start construction.

Figuring out the basics of zoning shouldn't be too difficult. For instance, certain areas will clearly be zoned residential. You can seek out the zoning office in any U.S. county or look it up online to find useful records for any parcel of land. While you're digging around in those records, make sure to pay attention to the county's long-term land use plans and scheduled road additions. Those will dictate future construction and could spell the difference between a nice quiet front yard and a house uncomfortably close to an interstate 10 years from now [source: [Kenton](#)].

Even after successfully navigating zoning restrictions, you should still be aware of a few limitations that impact what you can and can't build on a piece of property. Next up: the power of homeowner's associations and city ordinances.

## 7: Ordinances and Covenants

Land destined to be built on or sold is typically carved up into smaller parcels that make up [subdivisions](#). The land in a subdivision likely already has some restrictions placed upon it that you'll want to know about before buying. If the vacant lot you're eying is in the middle of an already developed community, chances are good that a homeowner's association governs that area. Homeowner's associations command [membership fees](#) and set the rules for behavior and decorum in the area. Following their rules could dictate how frequently you [cut your grass](#), where you park your car or even what kind of pets you have [source: [Christensen](#)].

On a more general level, subdivisions may have covenants in place that lay down specific rules for the use of the property in question. These covenants — or deed restrictions — are private agreements between the landowner and the buyer, which is what separates them from the zoning restrictions we covered last page. Within city limits, you may also be held to city ordinances that govern certain behaviors or land uses, such as the way you handle [garbage](#) removal [source: [Delich](#)].

All those restrictions may sound like a real headache, and they can be. But they can also be a blessing. After all, the rules apply to everyone else, too. If you find a piece of land you like with covenants you can live with, you'll know everyone else in the area is bound to the same standards.

## 6: Utilities



If the lot you're interested in purchasing doesn't already have utilities like power lines, internet or fiber, and phone, you'll have to deal with having those added. [WEPIX/GETTY IMAGES](#)

Those of you looking to invest in property and keep it pristine and unaltered won't have much use for utilities. For everyone else, they're a vital element of the equation. Any vacant lot you're eyeing for a home or business will need utility access. That includes electricity for power, gas for heat, and lines for [internet](#), television and phone. You'll want some or all of those piped into your property when construction begins. One way to bypass this concern entirely is to purchase vacant land that already has [utilities installed](#).

If you don't luck into such a purchase, you'll have a few things to take care of, and they're all going to cost money. You'll have to deal with the power company to have your property connected to the nearest power lines. Same goes for the [phone](#) company, and with gas you'll have to do some research to choose between installing a tank on your property and connecting to local gas services.

Water and sewage could potentially be more work. Vacant lots that aren't close enough to water and sewage lines will need wells and [septic systems](#) to gain access to these two utilities. That means added expenses and added hassle, as you'll need permits for drilling a well and installing a septic system. Assuming you're close enough to local resources to run in some or all of your utilities, the next issue to tackle is road access.

## 5: Road Access

Road access might sound like a no-brainer, but it's a surprisingly complex issue when you're purchasing a vacant lot. In urban areas, it's rarely a problem — but in the countryside, rural land for sale could potentially be cut off from a major road and be available only via private



access. This can introduce a number of problems. If land truly isn't accessible via public roadways, it might not have access to city water or [sewage](#). You could end up requiring a septic system and a well to handle those basic utilities, which will add to the construction costs.

More important, however, is the issue of access. A public road obviously guarantees a route to a vacant lot at all times. But when private roads enter into the equation, things get complicated. If your property is landlocked, the typical solution is to make an arrangement with a neighbor for guaranteed access via a private road through their land, known as an easement. We'll discuss this next.

## 4: Easements

With easements, we delve into the world of real estate law. According to Merriam-Webster, an easement is "an interest in land owned by another that entitles its holder to a specific limited use or enjoyment" [source: [Merriam-Webster](#)]. Imagine you find that perfect piece of property. It has everything you're looking for: a lush, dense forest, a babbling brook and a clearing with an amazing view perfect for your dream house. But there's a problem. There's no public road with direct access to the property, and the only way to access it is via a private road owned by your would-be neighbor. That's where easements come in.

With some luck, you'll be able to establish an easement on a neighbor's property through friendly discussion. The nature of your easement will vary by situation. Maybe you need to run a power line across a corner of a neighbor's property, or perhaps you want to install a driveway running to their private road.

In most cases, it's smart to consult a real estate lawyer when negotiating an easement. Even if you get along well with your neighbor, drawing up official documentation will allow you to lay out the terms of the agreement and protect yourself from liability [source: [Schleiffarth](#)]. If your neighbor isn't too agreeable about negotiating an easement, things can get tricky. You may be able to sue to establish a "way of necessity," meaning you'll have to prove in court that you require an easement on a neighbor's property for access. You may also be able to sue for an easement based on prior use, if it's clear that the previous owners had access to a neighbor's property before you purchased the land [source: [VacantLandInfo](#)]. If there's any legal involvement, be smart and hire a real estate lawyer.

## 3: Surveying



A new lot will require a survey to clearly define the property lines. STOCK\_COLORS/GETTY IMAGES

Finally, we're back to good old surveying after mentioning it as a potential basic cost in the lot-buying process. When you look at property boundaries on a map (in real estate, often called a plat) it won't be immediately evident how those boundaries line up with the land itself. That's where surveying comes in.

Professional surveyors research your property and use a plat to determine and mark the exact property boundaries of your vacant lot. When you look into [buying a piece of property](#), it's possible a survey has been done recently. The evidence of a survey should be visible on the property with markers identifying the corner boundaries. You may even come across evidence of a survey when investigating the paperwork of a vacant lot yourself.

Even if a survey's been done, it could be old and outdated. Getting a new survey will clearly define your property line — quite important when you delve into legal matters like easements. And surveys can serve purposes beyond plotting out property boundaries.

For example, a construction survey can help you make precise elevation determinations and plan out the dimensions of a house. And floodplain surveys (more on that next) provide critical information about the chance of [flooding](#) on your lot.

The cost of a survey will hinge on a number of factors: the size of your property, the amount of time it takes to complete the survey and how much research the surveyor has to do to with plats. And, of course, the type of survey will impact the cost. While a floodplain survey could end up costing you more, few things could wreck your building plans like being caught unaware in a flood zone.

## 2: Flooding



A survey also will help you determine if your home is in a flood zone. Most flood zones are already clearly identified on the Flood Insurance Rate Map, but a survey will give you added comfort. RALF LIEBHOLD/SHUTTERSTOCK

Unless you're buying a vacant lot with the goal of turning land into a swampy mess, **flooding** is no good. It's a powerfully destructive force that can outright destroy buildings or cause thousands of dollars of water damage. Sound appealing? Nope. Not one bit.

So how can you know if a vacant lot falls within a floodplain? First, check the plats. Past research on the land may well have done your work for you already by mapping out the property's elevation and determining potential flood areas. If you strike out, turn to a surveyor for help. FEMA flood zones are clearly defined with letter designations. Areas in Flood Zone A have a 1 percent chance of annual flooding; flood insurance is required for building here. Zones X or C are the ideal ratings; these areas have a less than .2 percent chance of annual flooding [source: [FEMA](#)].

Once you've safely determined that your future house won't be underwater the next time a big **storm** blows through, there's only one last hurdle to crest before you're ready to own a brand new piece of property: bureaucracy.

## 1: Building Permits



The image shows a collage of several planning and development forms. The most prominent form in the foreground is 'Form P1 Application for permission to develop land'. It includes instructions to read the page first and lists types of applications for which the form should NOT be used: Householder Application (Form PHD), Listed Building Consent (Form LB1), Conservation Area Consent (Form PCAC1), and Advertisement Consent (Form A1). Other forms visible in the background include 'About your Development Proposal' with questions about the type of application (Outline or Full permission) and previous applications, and various planning application forms with checkboxes for different types of developments and land use changes.

Be prepared for a long permitting process because just about everything you do on the property will require a permit.

TATTYWELSHIE/GETTY IMAGES

It's a sad fact of real estate life: Just about everything you build is going to require a [building permit](#). You'll have to deal with government zoning before starting construction, and obtain permits for building, permits for burning, and permits for, well, the list goes on and on. Yes, it's a hassle, but permits aren't necessarily bad news. After all, remember that restrictive covenants protect you from the nasty habits of your neighbors even as they restrict you. Construction permits help protect the land and keep you honest to building codes, and those building codes ensure you can't haphazardly build a structure that's going to collapse on itself like a house of cards.

Be ready to apply for permits, permits and more permits as construction progresses. Need to drill a well on the property for water? You'll need a permit. Need to install a septic system for sewage maintenance? You'll need a permit. The construction process is laden with permit requirements, from plumbing to electrical work. On the bright side, at the end of the day, all that paperwork will guarantee you have a solid, completely legal investment after all the work is complete. But first, you need to find that perfect plot of land. Time to get out there and start looking.

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## Buying Vacant Lot FAQ

**What is due diligence when buying land?**

Due diligence simply means doing your research on a piece of land and taking precautions before you make a purchase. Engaging the services of a reputable real estate agent is recommended to ensure due diligence.

**What should I check before buying land?**

There are a number of things to check before making an offer. These include checking to ensure the title on the land is clear, that you can legally carry out your plans for the land, and whether it's hooked up to municipal utilities or not. A real estate lawyer can be of great assistance in carrying out some of the checks, as there is a long list of them.

**Is buying vacant land a good investment?**

Land ownership can be a great investment, as long as you do your homework ahead of time so you don't succumb to some of the pitfalls. Key factors to consider when deciding value is location, soil quality, drainage, road access and zoning restrictions.

**Is it better to buy vacant land first and build later?**

Buying the land first and then building on it later allows you more freedom to do what you want with the property, but it likely won't save you money. Be sure to double check that government zoning restrictions won't prevent you from building your dream home on the land you're purchasing. Alternatively, a house and land package may help you save costs, but will likely limit the amount of customization you can do. This sort of option is often available when a big developer buys a large plot of land and subdivides it into lots for a neighborhood. You may also be limited as to what you can do on your property. For example, you may not be allowed to build a fence, put in a pool or hot tub, or have campfires.

**Is building a house cheaper than buying one?**

At one time, purchasing a home was cheaper than building one. But according to the [National Association of Home Builders 2019 Construction Cost survey](#), the median sales price of an existing single-family home in the U.S. was \$485,128, the highest in the survey's history. The average construction cost of a typical single-family home in the 2019 survey was \$296,652. But keep in mind, construction, labor costs, land and materials prices will vary from city to city.

**Lots More Information****Related Articles**

- [How House Construction Works](#)
- [How Mortgages Work](#)

- [How Real Estate Property Taxes Work](#)
- [How Much Does It Cost to Build a House?](#)

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