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## What's A Turnkey Home, And Is It Right For You? Pros And Cons To Consider

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Turnkey homes can appeal to certain buyers. GETTY

If you're a potential home buyer or investor, you may have seen the phrase "turnkey home" in the MLS listings. But, what does this term really mean? It can sometimes be confusing, since turnkey is used in different ways.

"A turnkey home is a move-in ready property that needs little to no work for it to be livable," says [Scott Bergmann](#), realtor at Realty ONE Group Sterling in Omaha, Nebraska. "This means the major components, such as the roof, water heater, and HVAC, are all up-to-date, and a buyer can sleep nice and sound knowing their home needs no immediate attention."

Beatrice De Jong, agent at [The Beverly Hills Estates](#) in West Hollywood, has the same interpretation of a turnkey home. "As the name implies, a turnkey home is one where you can simply move in without the hassle of making any fixes or changes — just bring your furniture, and the house is ready for you."

However, to [Maureen McDermut](#), a realtor at Sotheby's International-Montecito, California, turnkey has a different meaning. "Turnkey homes are properties that have been fully renovated and are then sold to investors or management companies to lease/rent." And some of these homes — especially those in luxury condominiums — are also fully furnished.

So, when you're looking for a turnkey home, keep in mind that some realtors consider it a property that doesn't need any home improvement work. And other turnkey homes can be purchased or rented, and include furniture and furnishings.

Keep reading to see examples of fully-furnished turnkey homes and also learn the pros and cons of purchasing or investing in these types of properties.

### Examples Of Turnkey Homes That Are Fully Furnished

But there's a problem. Real estate isn't your wheelhouse. Nor are international tax law or settling foreign property rights disputes—not to mention managing the logistics of owning and renting a residence in another country that you'll only actually live in for a few months a year.

So, what do you do? Give up and go back to your portfolio? Not a chance. Success didn't find you sitting on the sidelines.

Instead, you do what you've always done with big ticket, trophy purchases—like your Aston Martin Vantage, your wife's gold Bulgari ring, or the \$9,000 Armani cashmere coat that you just brought back from Rome: you stick with the premium, luxury brands you know and with whom you've already entrusted the most important decisions, events, and possessions of your life.



Turnkey condominium in Boston. THE PARKER

[The Parker](#) in Boston is one of the condominiums that offers fully-furnished (turnkey) residences. "The Parker offers a rare opportunity for Boston residents: the chance to own a turnkey home curated with a bespoke, limited-edition furniture collection inside a luxury condominium with all the amenities and services you could want," says Manny Sarkis, chief operating officer of The Sarkis Team at Douglas Elliman. He explains that the Boston luxury market is hot, and savvy buyers understand the benefit of investing in a move-in-ready home that provides a seamless lifestyle experience and design approach.



Turnkey home at Thompson Central Park, New York ONE11 RESIDENCES

[ONE11 Residences](#) in Central Park, New York is another property that's fully furnished. "We've seen a tremendous response to the Thomas Juul-Hansen-designed turnkey packages from buyers who appreciate the rare opportunity and convenience of purchasing a move-in-ready home with contemporary furnishings exclusively curated for and available at ONE11 Residences," says Maria Mainieri, director of sales at ONE11 Residences at Thompson Central Park in New York.

"The onsite model residences give potential buyers a taste of what their lives could look like at the building, and the optional turnkey packages allow for these visions to become reality.



Turnkey property on Fifth Avenue, New York MANDARIN ORIENTAL RESIDENCES

[Mandarin Oriental Residences](#) on Fifth Avenue in New York, and also in Beverly Hills, are other examples. "Building on the pillars of the Mandarin Oriental brand, we have designed a turnkey offering at both properties that elevates branded living to a whole new level," said Michael Shvo, chairman and CEO of SHVO. "Outfitted with everyday necessities from luxury accessories to custom home furnishings, our turnkey package is truly one-of-a-kind in the market and has resonated with our buyers, whether they are looking for a new home or a pied-a-terre."



Turnkey condo in New York City 547 WEST 47TH STREET

According to Matthew Drennan, sales director at Corcoran Sunshine Marketing Group, "[547 West 47th Street](#) was one of, if not the first, luxury condominiums in New York City to offer a super-convenient post-pandemic turnkey residence program." He says buyers eagerly embraced the idea of moving into a home with all of the essentials in place. "This level of convenience is rare anywhere, let alone in a Manhattan condominium with resort-like amenities." Drennan says buyers can choose from a variety of custom-designed turnkey packages.

## Pros Of A Turnkey Home

If you're considering a turnkey home without furniture/furnishings, De Jong says there can be several benefits. "Buyers are drawn to the convenience of moving in without the need to budget for renovations or adhere to renovation timelines," she says, adding that this can be an effortless transition to the next chapter of your life.

And unlike buyers who may consider [competing with flippers to purchase fixer-up homes](#) or properties that need some level of updating, Bergmann says you can use your money elsewhere. "The main benefit of a turnkey home is that homeowners can spend a bit more money on the property itself, knowing they won't have to make significant financial contributions to the bones of the home." So you could, for example, focus on getting a pool, or creating an exterior entertaining paradise.

Regarding fully-furnished turnkey homes, Bergmann believes they are more likely to appeal to single, traveling professionals who don't spend a lot of time in the home itself, so personalizing it isn't as important to them." However, many people struggle to design their own spaces (hence the popularity of so many HGTV design shows), so I think the idea of having professional designers create the space in advance could be appealing to many buyers (and renters) as well — if they can afford it.

Also, De Jong thinks these types of homes would appeal to individuals who don't plan to use them as their primary residences. "These homes are ideal for vacation stays or second homes, presenting a well-put-together and complete living space without any additional effort," she explains

In addition, De Jong sees these properties as appealing to investors who don't want to assume responsibility for renovating — or liability for disclosures and other legal issues. And investors are able to immediately rent out the space.

## Cons of A Turnkey Home

Since unfurnished turnkey homes are popular, De Jong says they often attract multiple buyers, which can lead to increased competition for purchase. In this tight market, even homes that aren't in perfect shape may attract multiple buyers. However, more buyers are likely to want a move-in-ready home instead of one that needs repairs.

One advantage of purchasing a fixer-up or a home that needs a little work is the opportunity to put your personal stamp on it and make the home your own. But if you purchase a perfect home, it can be cost-prohibitive to remodel it. For example, removing outdated cabinets and floors is a smart move that can modernize the home. However, if the home already has new cabinets and floors — but you just don't like them — it can be wasteful to renovate an already recently-renovated space.

"A turnkey home can also be more expensive to purchase than, say, a foreclosure," warns McDermut. And some buyers are surprised when their [monthly mortgage payer is higher than they thought](#) it would. "So anyone looking to invest in these properties would need to run a strong cost-benefit analysis before making a decision."

De Jong agrees that an outdated home or one that requires some work will often go unnoticed "As a buyer, opting for a property in need of repairs can result in a lower purchase price and provide you with the opportunity to customize the home exactly to your preferences," she says.

And there's another con to consider. "There isn't much initial equity to earn if you're looking to grow the manual equity of your property," Bergmann says. "When you purchase a turnkey home, you really only get to write off market appreciation, compared to a property that needs a little bit of a facelift where you can earn some sweat equity."

<https://www.forbes.com/sites/terriwilliams/2024/02/13/whats-a-turnkey-home-and-is-it-right-for-you-pros-and-cons-to-consider/?sh=5537222162fd>