



THE TOP 8 MISTAKES TO AVOID WHEN FLIPPING A HOUSE

We've learned a lot over the years working with house flippers & many Certainli agents are flippers themselves. Here are our top 8 tips to help you get started:

1. Avoid flips that have major renovations required

- The bigger the project, the more time consuming, the more cost & the more margin for error in your estimates (think unforeseen issues & inflationary costs etc)
- Big renos push up the baseline price of the home and end up pricing out a lot of buyers that would have otherwise offered or overpaid
- A successful house flip doesn't require renovating every inch of the house– do 'just enough'. This will save on time and costs plus, chances are the buyer will want to do stuff as they live in it anyway and reno drives up cost

2. Steer clear of pricey homes (the cheapest houses sell the fastest)

- Stick to purchase prices under \$600k
- You will always have your biggest pool of buyers at the lowest price point
- When interest rates are high, double down on this rule!

3. Pass on flips where there is less than \$30K profit

- When running the numbers on a potential deal, ensure at least \$30k in profit. Anything less has too much margin for error.
- Calculate the most realistic After Repair Value (ARV) as possible. This is the homes value after any renovations. Your ARV should be conservative with realistic completion timelines & comps
- If the ARV is tight, try and make up some money on the purchase price. Work with your agent to see if you can save a bit there.
- Always include a minimum \$5k contingency in the reno budget (even if the reno is small – you never know)

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4. Don't ignore the exterior of the home, curb appeal matters

- When determining your renovations and budgets, be sure to include curb appeal. Buyers want to feel excited to go in and are willing to pay more
- Spend on easy exterior fixes (don't go crazy but mulch, stones, getting rid of ugly flower beds, fixing a falling down fence, etc) – this stuff goes a long in impacting the curb appeal

5. Avoid flips in small towns

- Stick to flips in cities with bigger populations (esp if it's your first 1-5 deals)
- Bigger towns keeps your potential buyer pool bigger – smaller towns is a smaller pool.

6. Don't make a purchase without physically seeing the property

- This one can cost you a lot. If you buy based off of photos and videos – you miss curb appeal, smell, layout, hidden renos and overall feel. Go see the home in person!

7. Don't wait until closing to start the work (a lot can be done before closing)

- You don't need to wait for a property to close to begin our renos/project management
- Line up people to quote the project
- Line up junk removal if necessary
- Pre-order known materials (roofs/furnaces/electrical panels/appliances/etc) and have any install people ready to do the install a couple days after closing
- The city can be called if an inspection is needed and line that up in advance
- Utility companies can be called and lined up in advance of closing

8. Never skimp on a good cleaning before listing

- A house should look and smell spotless. A good, deep cleaning can cost up to \$2,000 and is worth the money
- Make sure all windows look spotless, inside and outside
- Consider exterior power washing (house, decks, driveway)

