

A Newer, Smarter, Flipper

In the early part of the decade, people were flipping houses with the same ease and success as the stock daytraders of the 90s. There was no shortage of homes to fix and flip, and in a staunch sellers market, the ROI on even a modest mid-market home could net huge investment returns for novice flippers.

Now, the market has changed. Many areas are flooded with properties for sale and residential lots are not moving as fast as once did. Mortgage rates, although still at an all-time low, are higher than they were in the flip-centric heyday. Consequently, many analysts and real estate watchers have declared the end of the fix to flip, resulting in the exodus of many of the “make-a-quick-buck” rehabbers from the market.

Who is House Flipping Now?

Fixing houses is not without risk and given these conditions, this may seem like a scary time to jump into the flipping market. Like any business venture, you can plan and protect and create contingencies, but cannot plan for the unexpected. The difference though, between the new, serious flipper, and the flippers of years past, can be summed up in four words: research, planning, partnerships and management.

The smart flippers today are doing more homework than their predecessors. While flippers of the past may have conducted some preliminary market research, the new flippers are conducting more extensive research and documenting that research in their plans. The extra research allows the flipper to get a more precise picture of his or her investment property.

New flippers are also planning and managing their expenses more diligently than ever before. Instead of just a cursory evaluation, new flippers put the proper tools and resources in place *prior* to purchasing. New flippers use schedules and spreadsheets that detail costs and expenses, helping flippers determine the ROI before a purchase. Additionally, the new flipper creates and follows a schedule, ensuring that inspections, repairs, improvements, etc. are completed on time and within budget.

Partnerships are also key in the current short-term real estate market. Real estate service partners allow flippers to focus on the overall project, not get caught up in the details. The smart flippers assemble teams that include trusted realtors, mortgage brokers, home inspectors, contractors, and other professionals to ensure that the process moves smoothly, efficiently, on time and within budget.

The new successful flipper has one more quality not generally found in the flippers of the past: patience. Where flippers of the past may have been eager to turn a quick buck, the new flipper is more apt to wait for the right buyer or market condition before turning the property over. New flippers also have more sensible profit goals, realizing that the inflated profit gains of a few years past are probably not realistic in the current market.

Plan for Success!