REAL ESTATE EDUCATION SERIES

RE/MAX Properties

# House Flipping Tips

Plan the purchase, control costs, and prepare for resale

**Doug Petersen**
Broker Associate | RE/MAX Properties

House flipping means buying a property, improving it, and reselling it with the goal of earning a profit. Success depends on the purchase price, the renovation plan, and the full cost of ownership and resale. Profit is never guaranteed.

## 1 Research and plan

Study local sales, neighborhood demand, and what buyers value. Define your renovation scope, target resale price, budget, and timeline before making an offer. Use realistic assumptions rather than relying on the highest nearby sale.

## 2 Secure financing

Decide whether to use cash, a loan, or a partnership. Understand the cost and timing of funding for both the purchase and renovations. Include interest, financing fees, and the cost of carrying the property if work or resale takes longer than expected.

## 3 Find the right property

Look for a purchase price that leaves room for improvements, expenses, and profit. A property needing cosmetic work may be easier to plan than one with major hidden problems. Evaluate the condition and likely repair scope before committing.

## 4 Budget carefully

Include the purchase, renovations, financing, insurance, taxes, utilities, and selling costs. Add a reserve for surprises and delays. Update the budget as bids and inspection findings become available; an attractive resale price alone does not make a profitable flip.

## 5 Hire the right team

Choose experienced real estate, inspection, construction, and legal professionals as needed. Check references and clarify the work, price, and schedule. A reliable team can help identify problems early and keep the project moving.

### A simple way to think about profit

Resale proceeds minus purchase price, renovations, financing, holding costs, and selling expenses equals project profit before taxes. Test your plan with a lower resale price, a higher repair bill, and a longer timeline.

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From renovation to resale: keep the project on track

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The work after closing is just as important as the purchase. Control the scope, watch the timeline, and prepare a home that fits its market. Revisit the numbers throughout the project.

## 6 Manage renovations efficiently

Plan the work in a sensible sequence and monitor progress against the schedule. Focus on improvements that support buyer appeal and value. Track spending and changes as they occur; delays increase holding costs and can reduce your margin.

## 7 Understand your market

Match the renovation to the price range and expectations of likely buyers. Use comparable homes to guide finishes and features. Avoid spending on upgrades that the neighborhood or resale price is unlikely to support.

## 8 Price it right

When renovations are complete, review recent comparable sales and current competition. Set a competitive price supported by the finished property and market conditions. Reassess promptly if buyer feedback or demand suggests the initial price is too high.

## 9 Market effectively

Prepare the home for strong listing photos and showings. Consider staging, clear property information, online exposure, and open houses where appropriate. Help buyers understand the improvements and see how the home fits their needs.

## 10 Learn from each flip

Compare the actual sale result, expenses, and timeline with your original plan. Identify which assumptions worked and which did not. Use those lessons to improve property selection, budgeting, team management, and pricing on future projects.

### Keep the risks in view

Market changes, unexpected repairs, renovation delays, and a slower sale can erase an expected profit. Keep reserves available and know how you will respond if the project takes longer or sells for less than planned.

Ask Doug Petersen to help evaluate the purchase and resale strategy. His real estate and homebuilding background can add perspective to your project planning.

Adapted and simplified from the supplied “House Flipping Tips” document. Educational overview; consult qualified professionals about your specific project.