

Real Stories

Volume 1-2

5 Step for Flipping a House

1. Know the Market
2. Get Guidance From a Local Real Estate Expert
3. Buy the House being flipped with Cash
4. Make a Budget for Your House Flip
5. Invest in Smart Renovations

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"Is the Price Right?"



- 1.** Know your market.
- 2.** Know your price range for purchasing a home.
- 3.** Know your budget up front.
- 4.** Get Guidance from a Real Estate Expert.

Let's look at these steps in detail:

1. Know the Market

If you don't know the area where the house is located, you are at-risk. A lot of house flippers get excited about their next project and can ignore this less glamorous side of the business. But if you don't have a good understanding of the market and real estate trends in your area, you could run into the following issues:

- You don't know if you're actually getting a good deal on the house you're buying.
- You can't accurately identify the home's potential value.
- You don't know how to price the house after renovations.

So how do you get a deep understanding of the market that makes for a successful flip? Let Sunsite help you connect with the right resources.

Depending on your circumstance, we find a buyer or a real estate agent in days. Go to www.sunsite.com

If you are looking for an investment property, Sunsite will help you target the right neighborhoods based on your price point, budget for renovations, and desired profit.

You may think that house you found online seems like a steal at \$145,000 and has lots of potential. (Just think of what it could look like with a new kitchen!) But if the nicest and biggest house in the neighborhood sold for \$160,000 three months ago, any renovations would probably outprice the neighborhood. And you'd be stuck with a house you couldn't sell.

Ready to Partner With a Pro?

Go to www.sunsite.com to connect with our team today!

2. Get Guidance From a Local Real Estate Expert

Can you make money from house flipping? When it's done the right way, you definitely can! In 2019, flipped homes sold for a median price of nearly \$218,000 with a gross profit of almost \$63,000.

Keep in mind that the gross profit doesn't include the amount spent on repairs and renovations. But if you're able to flip with cash and stay in your budget for renovations, it's completely possible to make a great return on your investment. The key to flipping a house successfully is to do it with cash, make a smart investment in the type of house you purchase, choose renovations in your budget, and sell it quickly.

If you're ready to start flipping houses, make sure you find professionals you can trust. Sunsite is a team of professionals that will do the hard work for you. Learn more at www.sunsite.com

3. Buy the House being flipped with Cash

Whether you are new in the business of flipping houses or an experienced investor, getting a loan for the acquisition cost is a risky business. It's best to buy the house with cash first and get renovation loans later (if necessary).

Reasons for this recommendation are as follows:

- No interest fees. House flippers who borrow money may pay interest for months, which only increases the amount they have to sell the house for just to break even.
- No rush to sell. Using debt to finance a flip can cause you to act out of desperation. If you can't get the house sold, you're likely to lower your price and cut your profit. Cash-only house flippers can wait out a slow market because they don't have interest payments piling up against them each day it doesn't sell.
- No debt to hold you back. Trying to sell a flipped house for more money than you invested in it is already a risk—even with cash. Using debt in the process skyrockets your chance of losing money if there's a hiccup in your plans.

4. Make a Budget for Your House Flip

Don't wait until after you purchase an investment property to make a budget. Know your price range for purchasing a home, making any repairs, completing renovation projects, and paying selling costs before you seal the deal.

Make a list of any cosmetic projects as well as any expensive overhauls like plumbing or electrical problems. If you don't have a background in construction, a contractor can tell you what needs fixing and how much it will cost. Surprise repairs can make or break a flip, so be sure to do your homework here.

When you're under contract, get a home inspection and any other specific inspections you may need. It's always better to spot problems on the front end than be surprised down the road.

5. Invest in Smart Renovations

Dreams of gleaming hardwood floors, on-trend light fixtures and fabulous kitchens with professional-grade stoves can quickly cause your renovations to get out of hand. That's why it's important to know your budget up front and then make sure your updates stay on track and actually boost the value of the home. Don't forget that big renovations—like kitchens and bathrooms—can easily make or break your flip. Take the kitchen, for example. According to the 2020 Cost vs. Value report, the average amount spent on a major kitchen remodel is almost \$68,500. The average amount regained from that cost is only around \$40,000. That's not the kind of profit you want to see when you're flipping a house. Our Sunsite team specializes in many areas that will enable us to advise you.

Go to www.sunsite.com to connect with our team today!