

Rehabbing (Fix and Flip)

Where are fixer-uppers found?

You can find distressed properties or fixer-uppers in most communities, even wealthier neighborhoods. A distressed property is one that has been poorly maintained and has a lower market value than other houses in the immediate area.

Ascertaining whether the property you're interested in is a wise investment takes some work. You need to figure what the average house in a given area sells for, as well as what the most desirable houses in that area are like and what they cost.

Some experts suggest that buyers who take this route try to find a "cosmetic fixer" that can be completely refurbished with paint, wallpaper, new floor and window coverings, landscaping and new appliances. You should avoid run-down houses that need major structural repairs. A house price that looks too good to be true probably is. A smart buyer will find out why before buying it.

The basic strategy for a fixer is to find the least desirable house in the most desirable neighborhood, and then decide if the expenses needed to bring the value of that property up to its full potential market value are within one's rehab budget.

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