# Understanding Fix & Flips

A fix and flip is a real estate investment strategy in which a property is purchased, improved, and resold for a profit. The success of a flip depends heavily on purchasing at the right price, controlling renovation costs, and understanding the level of work the property requires.

**Fix-and-flip projects generally fall into three renovation categories:**

## Cosmetic Renovation

A cosmetic renovation focuses mainly on improving the appearance of a property without making major structural changes.

- Interior and exterior paint
- Flooring replacement
- Updated light fixtures and hardware
- Cabinet refinishing or replacement
- New countertops and appliances
- Bathroom updates
- Landscaping and curb appeal

**Best suited for:** Properties that are structurally sound but outdated or poorly maintained.

**Advantages:** Lower renovation cost, faster completion, and generally lower construction risk.


## Full Renovation

A full renovation involves updating most or all major areas of a property while generally keeping the existing structure intact.

- Complete kitchen and bathroom remodels
- New flooring, drywall, doors, and finishes
- Electrical and plumbing updates
- HVAC replacement
- Window and roof replacement
- Layout modifications
- Basement finishing
- Significant interior modernization

**Best suited for:** Older or heavily outdated properties that require substantial improvements to compete with renovated homes in the surrounding market.

**Advantages:** Greater potential increase in property value, but with higher costs and longer project timelines.

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# Reconstruction & Major Rehabilitation

*Exemples for rebuilds in prime locations

purchase price
$600k - $800k

1 year construction

reduild cost
around $1 million

sales price
$3 - $4 million

A reconstruction is the most extensive type of fix-and-flip project. It typically involves structural repairs, major rebuilding, or replacing significant portions of the property.

### Examples include:

- Foundation repairs
- Structural framing
- Removing or rebuilding walls
- Major additions
- Fire, water, or severe damage restoration
- Complete electrical or plumbing replacement
- Roof or structural rebuilding
- Reconfiguring the property's floor plan

These projects may require architectural plans, engineering evaluations, extensive permits, and inspections.

**Best suited for:** Distressed properties with serious structural problems or properties where major redevelopment can create substantial additional value.

**Advantages:** Potential for significant value creation, but also the highest construction cost, longest timeline, and greatest project risk.

## The Main Difference

### COSMETIC

Improves how the property looks.

### FULL RENOVATION

Modernizes most of the property and its major systems.

### RECONSTRUCTION

Changes, repairs, or rebuilds significant structural portions of the property.

For investors, choosing the right level of renovation is critical. The goal is not necessarily to perform the most expensive renovation, but to complete the improvements that create the strongest resale value while keeping the total investment within a profitable budget.

Too much to process? Not with the right people by your side!

From choosing the best investment for your procket and your goals, finding the right property, financing and contractors, to maximizing your income, I got you throughout this journy.