



PROPERTY FLIPPERS AUSTRALIA

FEASIBILITY COSTS

When analysing a potential property flip we need to ensure that the purchase price, the final sale price and all the costs that are associated with the property transaction are taken into account. If we don't the profit margin will be inaccurate and this is how uneducated property flippers can make losses.

The five key categories that need to be taken into account when analysing a property flip:

Property Purchase Costs

One of the most important categories to review as this is where the money is made. We need to always think about the costs associated along with the purchase price like stamp duty and conveyancing costs as these will add up.

Renovation Costs

One of the other most important categories to review and this is where the profit can be eaten away. We need to break down every item that will need to be repaired, replaced or updated to ensure each dollar spent will be included in our renovation budget. Don't forget to add a 10%+ contingency buffer for unexpected costs.

Finance Costs

Planning your timeline for your property flip can be very important when you are financing your deal with more expensive methods of funding. Every day can be costing hundreds of dollars and this can stack up to be quite expensive in the long run. Budget for the timeline of your property flip correctly to ensure your finance costs are in line with what you expect.

Holding and Other Costs

Every property will have holding costs. Think about council rates, water rates and any other fees you may incur while holding the property. Not the largest amount of dollars in this category but missing out items here just means the profit margin is inaccurate.

Final Sale Price and Selling Costs

When doing your feaso you need to ensure your final sale price is not a pie in the sky figure and real estate agents believe your sale price is achievable plus potentially more otherwise you are doing all this work for nothing. Do you know what the standard selling % is in the area? Have you thought about what professional stagers will charge for your particular property? These are many costs when putting the property on the market that will be taken out at settlement.

If you still don't feel confident after walking through these five categories for a property flip feasibility we have built the education of this area into our property flipping course. We work through with you individually line by line examples in the feasibility document to build your confidence and give you feedback on the feasibility you complete on your own.