

... House Flips continued

With three bedrooms and two bathrooms the house on Ruth Court that contractor Stan Wahl and partner Carolyn Lacy bought has approximately 1750 square feet. Wahl estimates the remodeling process will be complete in March. There were quite a few complicated liens on the property that had to be addressed before construction started. Wahl describes that process as, "herding cats." Wahl has completed six flips over the last two years and managed to make a profit every time, "it pays the bills" he said. Once the homes are all fixed up, "they sell quickly," he added.

"Our specialty is locating distressed homes in the Lamorinda area that can be thoroughly rehabilitated and put back on the market for a quick sale, slightly below market (price) so a family can enjoy the home, the neighborhood and the city," said Lacy. She hopes the scheduled replacement of the street this year happens sooner rather than later because, "it definitely needs it."

Contractor Jerry Isaacs of Moraga Remodel and Construction advises caution in house flipping: "While houses can be bought at very low prices, the possible profit factors still remain the same -and in fact are, in my opinion, even riskier than before. The carrying costs plus the remodeling costs and commissions are pretty much the same, and when the house is done and ready, there are just not very many buyers out there."

He continues to look at "fixer-uppers" but says nearly every single one pencils out as barely break even, "We can buy cheap, but we have to sell cheap." Jerry's advice: "If folks have the money to remodel, I believe now is a great time. We are all bidding jobs for less money than we have in years - the competition has become brutal. It's a perfect time for a first time buyer, or, families that want to stay put for a while."

Rob Olson, an experienced realtor also with Pacific Union, believes that flipping is more dangerous these days; the market is completely different than what it was from 2000 - 2005. Profitability depends on the amount of work needed, "Cosmetic fixer is the best way to go today. A partial tear down and major improvements can get expensive fast," said Olson.

He recommends buying the worst house in a great neighborhood at a low price for a successful flip. "It can be worthwhile; you can definitely increase the value of a property by sprucing it up - with paint, updating the kitchen and bathrooms, replacing windows - you should get your money out and then some."

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