

# Make Money Flipping Real Estate - Which Way?

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Which of these two basic ways to make money flipping real estate is best for you?

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You can certainly make money flipping real estate in more than two ways. However, when it comes to actually repairing and improving a house to sell it, there are two essentially different approaches. The first is to do as much of the work yourself as you can. The other approach is to simply manage the project while others do all the physical labor.

{bot\_wrgoogle}Many investors will tell you that your time should be spent finding and managing properties, not raking leaves or painting or hammering nails. Doing the work on the house means you have bought yourself a job, they will tell you, rather than an investment. I tend to agree, but nothing is that simple. There are good reasons for either approach and you can make money flipping real estate either way.

## Make Money Doing It Yourself

Do you make more or less money when you do your own work on that fixer upper? That depends on how you look at it. It is true that you might make more money on a given project. After all, if it costs \$2,000 in labor for roofing, and you do it yourself, you should make \$2,000 more profit - at least if you do it as fast as the professionals would have done it (there are holding costs to pay if the project is delayed). On the other hand, if you do a lot of the work yourself, you might be able to flip just a couple houses a year, rather than the dozen you could do if you paid for all the labor.

When you do it yourself, however, you do get a bigger margin of safety. (I should say you CAN get a bigger margin of safety, because those of us that aren't as skilled in the building trades might screw things up and have to hire a professional anyhow.) On a project that would yield a \$20,000 profit after paying for all labor, you might save \$8,000 by doing much of the work yourself. This can mean more profit, but it also means that if there are unexpected expenses or you guessed wrong on what the house would sell for, you are less likely to lose money.

Another factor to consider is your cash situation. If you are tight on cash, and you don't want to bring in other investors or you can't borrow enough money, you can get by with less by doing a lot of the work on your own. In fact, one way to do your first flip is to live in the home while you fix it. This makes it easier to get financing, and if you stay there two years before selling, you don't have to pay taxes on the profit.

## Make More Money Flipping Real Estate As A Business

Handled like a business, there is no doubt that you have the opportunity to make more money. A friend of mine flipped fourteen houses in one year, something he never could have done if he had been painting the homes or laying tiles in them. He never lifted a hammer. He made it clear that he thought his time was better spent finding the next deal, while his crew finished the houses that he had at the moment.

## The Choice

Which is the better approach then? It depends. Of course there is more money to be made finding deals than hammering nails. But what if you need a safe small deal to get started? What if you are short on cash and ability to borrow? What if you just enjoy the process of fixing up a home?

Those are all good reasons to consider doing the work yourself, or at least part of it. There is no absolute right way to make money flipping real estate. Often investors learn a lot by getting involved with the repairs and improvements. This could mean you'll save money and make better decisions later, when you are managing projects or finding deals. The choice is yours.

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