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How to Get Rich Quick by Buying an Apartment and Flipping It

Wednesday, March 13, 2013, by Jeremiah Budin

*Curbed University delivers insider tips and non-boring advice on how to buy, sell, or rent a home or apartment. Additional questions welcomed to tips@curbed.com. Today's topic: **how to buy an apartment and flip it**.*

Say you have a few million dollars, but you would like a few million *additional* dollars on top of the amount that you already have. One way to achieve that goal is to **buy an apartment and flip it**. Flipping is a pretty tried and true method, but not one without risks. The theory behind it is simple: First, you buy an apartment for a relatively small amount of money, then you wait a little while, and then you sell it for an amount that is relatively a lot larger than the amount that you paid. Since the waiting part is easy enough and the selling part is not going to be markedly different from selling any other apartment, what we're going to focus on here is **what you should look for when buying your flip apartment**.



Stay one step ahead of the gentrification: Ideally, you want your flip apartment to be located in a neighborhood that is highly undesirable, but, within a few years (or however long you're willing to wait), will become highly *desirable*. Park Slope, for instance, is not a great neighborhood to choose because it is unlikely to become much more desirable than it is right now. But what about Bushwick? Prices in Bushwick are skyrocketing right now, which actually means that you're already too late. But what is the next Bushwick going to be? We could tell you, but then we'd have to kill you. Okay, fine, it's Ditmas Park. Or is it? These are types of questions that you have to consider now that you're flipping an apartment.

But what about the apartment itself? >>

Find a distressed property: In his book *Finding the Uncommon Deal*, real estate lawyer **Adam Leitman Bailey** writes, "Besides uneducated or uninterested sellers, homeowners who are forced to sell quickly are among the best source of deals. Although foreclosures can create a wonderful opportunity for a below market price, an auction can force you to compete with many others, including professional investors and flippers." Instead of playing a high stakes bidding game, **Bailey** recommends doing some field research to find sellers in situations that are desperate, but not yet dire. "When visiting homes, listen for any signals that indicate the home must be sold quickly," he writes. "Simply asking whether the seller is in a hurry may be enough to provide an answer." Try not to lick your lips and rub your hands together while asking that question, though.

Aim for universal appeal: Many buyers choose where to live based on proximity certain things—schools, parks nightlife, etc. However, it's important to keep in mind that what attracts one buyer might dissuade another in equal measure. Buyers with kids may want to be near good schools, but far from loud bars, whereas buyers without kids may be looking for nightlife and balk at higher school taxes. Know what everybody loves? Movie theaters. Also access to transportation and clean drinking water. It's up to you how to prioritize.

A fixer-upper is good; a complete teardown is not: One of the fundamental aspects of flipping an apartment is being able to make improvements that will increase the apartment's resale value. See if you can find a place with superficial defects that are driving down its price. A putrid paint job or particularly ugly kitchen cabinetry might immediately turn off potential buyers at an open house, but they'll be relatively inexpensive to fix. Something like extensive water damage might also make for a very cheap apartment, but it's also going to cost quite a bit more to deal with. The last thing you want is for your flip apartment to become a bottomless pit into which you have keep pouring money.

Take personal taste out of the equation: When you do begin fixing up the apartment, the natural reflex might be to customize it to your own tastes. Resist this impulse. Potential buyers might not share your preferences when it comes to color schemes or built-ins or crazy-looking bathroom sinks (even though *we all* know that you have *great* taste) and, hopefully, you're not going to be there long enough for it to really matter. Bland is better—the idea is to create a blank canvas onto which buyers can project their own idea of what makes a great home.

Try not to do all this right before the economy collapses: If the economy has *already* collapsed, though, you just hit the jackpot. Buy everything!

[Illustration by Eric Lebofsky]