



## Look for these signs when buying a “Fixer-Upper for an Investment Property in Memphis, TN

### **1. Evaluate the Price**

If it's a fixer-upper, it should come at a fixer-upper price. Duh, but that's a reminder NOT to fall in love too quickly with a home that the listing says, “just needs a little TLC.” Do your homework first, and if the price is right, then fall in love.

Find out what similar homes in the neighborhood sell for and how tricked out they are (with amenities and materials). That will tell you how much money you can invest in the home before you over-improve for the neighborhood, a mistake you want to avoid if you plan to sell in the future.

### **2. Start Evaluating What Improvements Are Needed**

The best fixer-uppers offer lots of opportunities for “instant equity,” which means if you sold the home tomorrow you'd pretty much get that money back, unlike other projects which you may never get your money back on.

Some can be as simple as painting or landscaping, which you can accomplish with sweat equity,

Other tasks may require the work of professionals and cash to pay them. It's those projects you want to carefully evaluate against the home's price.

### 3. Which Hire-a-Pro Projects Add Instant Equity?

Fact: While most home improvements add some equity, some are consistently at the top of the heap. Another thing those equity champions have in common: They usually require the help of a pro, but the cost can be *instantly worth it*.

Based on data gleaned from the NATIONAL ASSOCIATION OF REALTORS®' "Remodeling Impact Report" (RIR), if these three projects are on your fixer-upper's list of must-haves, then you may have found your dream equity-builder:

- **New roof:** A new roof may not be the remodeling project of your dreams — until you realize it could actually *pay you*. You'll spend about \$7,500 to install it (based on a national average determined by contractors responding to the RIR survey), but when you sell, it could recoup 109% of that or \$8,150, according to REALTORS® surveyed.
- **Hardwood floors:** It costs about \$3,000 on average nationally to refinish hardwood floors. The survey indicates you could recoup 100% of that at resale. If you're looking at a fixer-upper (at the right price) that needs the floors redone, that's like getting the floors for free! New hardwood floors are also a good choice at a cost of about \$5,500 to install, and could recoup \$5,000 of that at resale.
- **Insulation:** A fixer-upper offers a great opportunity to replace or add insulation. New insulation costs about \$2,100 on average nationally, and can recoup \$1,600 at resale — as if saving 10% to 50% on your energy bill wasn't compelling enough.

While those three are pretty safe bets — homeowners who responded to the RIR survey gave them high happiness and satisfaction marks, too — almost any project can be worth it with a fixer-upper if the price is right. For example, a complete kitchen renovation can cost \$65,000 and recover only about \$40,000 when you sell. But if the fixer-upper is discounted enough, think how amazing it would be to cook in a kitchen you designed yourself.

#### **4. Evaluate Your Ability to Deal with Disruption**

Whether you're a DIY Jedi or content to let the pros handle the remodel, if your patience is shorter than your potential home's to-do list, a fixer-upper may not be a good choice.

Renovating a bathroom alone can take two to three weeks. Add hardwood flooring, a new kitchen, and siding, and you're looking at a whole summer's worth of rehab.

When considering a fixer-upper, evaluate the limits of your emotional energy as well. Inevitable project pitfalls and delays can be wearing. Only if you have the time, patience, and emotional endurance for a fixer-upper will it be a good fit for you. And only you can determine that.

But if you can budget your time and money — and employ the right fixer-upper strategies — you might find yourself with a double reward: A home that's worth far more than you paid, and the joy of knowing you helped get it there.

We lend more money than anyone in the Memphis area for those that wish to Fix and Flip! Call us at (901) 844-3333, [email us](#) at [info@hardmoneylendingmemphis.com](mailto:info@hardmoneylendingmemphis.com) or fill out our contact form [here](#).