4 things I wish I knew before house flipping that TV shows leave out

Dana McMahan, MSN.com on the Today show



If you’ve binged any [house flipping shows](https://www.today.com/tmrw/cheap-old-houses-instagram-account-getting-hgtv-show-t199794), maybe it’s crossed your mind to jump into the game. After all, the only thing better than a dramatic before-and-after montage is making money while you’re at it.

I did my [first flip](https://www.instagram.com/p/B_fgy4GjVjZ/) last winter and as I got the house ready to go to market, I’d already learned that things don’t always go the way they do on TV.

J Scott, entrepreneur and co-host of The BiggerPockets Business Podcast and author of "[The Book on Flipping Houses](https://store.biggerpockets.com/collections/all-books/products/the-book-on-flipping-houses)," knows this quite well after he and his wife turned down the chance to star in their own flipping show. The experience of filming a “sizzle reel" opened his eyes to the stark difference between reality shows and the reality of flipping — which is funny considering they were originally inspired by watching a TV show!

In the [throes](https://www.instagram.com/p/CG00bChFQRc/) of flipping [a crumbling Victorian](https://www.instagram.com/p/CG5PIzFFnn4/) myself, I asked Scott what anyone looking to get into the house flipping game should know.

1. Most flipping shows leave out half the work

“A lot of people think of house flipping as you renovate and you design and you stage and you sell. But there's a whole lot that they never even touch on," Scott said. “The renovating and selling part is easy. It's finding deals that's really tough, and typically they don't show that part. They jump right into the ‘Hey, I just closed on this house,’ or ‘Hey, my real estate agent called me and said here's a house to look at' and it ends up being the perfect house.”

Granted, my business partner and I [got our deal](https://www.instagram.com/p/CHojCXFFqja/) thanks to a 15-year relationship with my realtor. But that's not how it usually works.

Shows also typically ignore the financial side of things. While there are plenty of ways to get money, it’s not easy and it takes work, Scott says.

We’re learning that the hard way. When [the deal](https://www.instagram.com/p/CF0smRhlLRw/) fell into our laps, we jumped on the purchase [went ahead with demolition](https://www.instagram.com/p/CHOdxW3FAK3/) before securing funding. It took untold hours, three banks and getting spooked by one wildly high interest rate specialty lender before getting approval to borrow the full amount we needed. We initially accepted a lower amount while still hunting, meaning we’re doing two loans and doubling closing costs. The process lasted several weeks while [the house sat empty](https://www.instagram.com/p/CGw_Gz3lQo1/).

2. There are lots of invisible costs

Time costs money, which is one of the hidden costs TV shows rarely address, Scott says. During renovation (and extra painfully during idle time) houses have holding costs. There’s insurance (more expensive for a house under construction than for a homeowner’s policy), property taxes, utilities, even things like lawn care or snow removal.

Other expenses that shows often ignore include lender and transfer fees as well as selling costs, like commissions and home warranties. Added up, “you're generally looking at between 10% and 15% of the resale value of the house,” Scott said. “So if your typical profit on on a flip house is 15%, ignoring these holding costs can literally mean the difference between profit and breakeven.”

3. There are risks in making it look “pretty”

“A lot of us think ‘OK, we go out, we buy a house, and then the important things are how pretty we make it,’” Scott said. ([I have to admit I'm guilty of this](https://www.instagram.com/p/CG7b8zPFJWB/); I spend far too much time cruising Pinterest!) “They don't realize that the minute you buy the house, your profit or loss is for the most part locked in. Making a good purchase decision is the most important thing.”

Shows often focus on the excitement of demolition day ([which is exciting](https://www.instagram.com/p/CHREGYeFo_5/), but only a fraction of the work) and making the house look pretty. But pretty comes with two major risks, Scott says.

“A lot of us when we think pretty, we think expensive,” he said. “And so we tend to overspend.” Now you risk wasting money because you don’t make as much as you could.

[My partner](https://www.instagram.com/p/CHG5eSdFSXQ/) and I remind each other daily that we’re doing this to make a profit, but that urge to buy prettier appliances and fancier tile is a tough siren call to resist.

An even more alarming risk, though, is losing money. “If 5% of your buyers say they don't like the countertops and 5% of your buyers say they don't like the accent wall and 5% of your buyers say they don't like the cool, trendy light fixtures, before you know it half your buyer demographic has gone away.”

4. You have to pay to learn

To succeed, you have to be good at all four parts of the flipping business: finding deals, finding money, renovation, and sales and marketing. If you’re not good at all of these things, Scott says, you need to recognize the gaps and bring in experts to help.

On the renovation side alone, he said, “you need to have management skills, you need to have budget skills, you need to have scheduling skills, you need to have an eye for detail, and you have to have at least a little bit of construction knowledge because you need to be able to to create a scope of work and turn that into a budget and turn that into a schedule and manage the contractors to actually perform.”

And it’s likely you’ll be lacking in some of these skills, at least for starters. “Too many of us try and hit a home run on our first deal and don't realize that there's a cost to learn,” Scott said. “And there's nothing wrong with paying that price." He continued to say that he's not advocating for being mindless in your first deal, but recognize that you may need to pay a project manager or general contractor on your first few projects.

This sounds hard, right? But if you really want to be a flipper, don’t be discouraged. “If you get good at this and you learn from your mistakes and you improve your processes,” you’ll reap the rewards, Scott said. “After you've done this 10 or 20 or 50 times, it might even be better than the TV shows.”