Price growth, shrinking margins cut into home-flipping profits

National home flipping returns are down to a two-year low due to a declining number of distressed properties selling for low prices and heightened competition from home flippers prepared to accept smaller margins, according to property data warehouse Attom Data Solutions. A home flip as defined by Attom Data Solutions is a property sold at arms-length for the second time within a 12-month period. Home flips represented 8.3 percent of all home sales in the third quarter of 2017. The District of Columbia posted the highest home flipping rate by state at 7.6 percent, followed by Nevada, Tennessee, Louisiana and Alabama. Single-family homes and condos flipped in Q3 yielded an average gross profit of $66,448 per flip, giving an average 47.7 percent return on investment, down from 48.7 percent from the previous quarter, the company found. “A more than nine-year low in the ratio of flips per investor is evidence of this increased competition, which is pushing many investors to new ...

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