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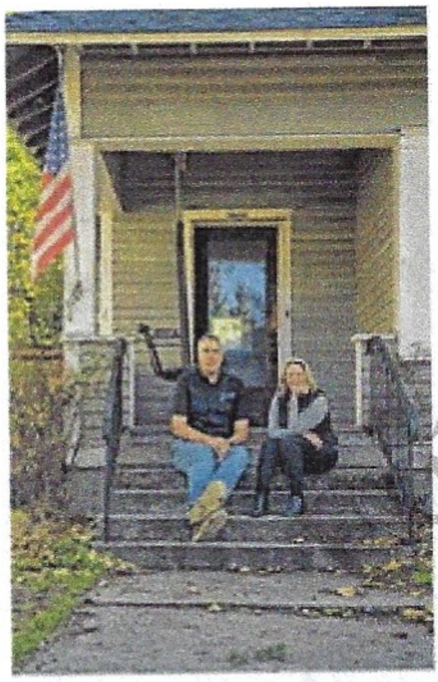
TODD MEIER FOR WSJ Paul and Tanice Myers visiting a property in Boise, left, that they purchased to rehab. Above, the Myerses inspect remodeling work.



Why It's a Tough Time For House-Flippers

BY LORI IOANNOU

You buy a house for $365,000. The interior reeks from top to bottom. It is infested with rodents. The whole place in a state of disrepair.

So how is it possible to sell it a few months later for a nearly $100,000 profit?

This is the economics of house-flipping, the tantalizing, get-rich-quick strategy that lures so many into real estate. The house above was the project of Paul Myers and Tanice Myers, who have flipped 500 single-family homes in Washington, Idaho and Indiana. With that seemingly hopeless house, they sunk about $135,000 and eight weeks into cleaning and renovation. The couple ended up selling it for $599,000.

For every success story, though, there are plenty of those with not-so-happy endings. Yes, you can make a killing. But also, lots could go wrong: Repairs can take longer than you predicted.

The house has bigger, hidden problems that you missed. You misjudged the market, or it simply turned sour while you were renovating.

We're in one of those tricky times now. Despite Fed interest-rate cuts, mortgage rates are still high. The national average on a 30-year fixedrate mortgage is 6.28%, according to Bankrate. At the same time, the specialty lenders that house-flippers often use are getting choosier. Meanwhile, housing inventory is low, and costs are rising for material, labor and home insurance.

Heightening the problems, "there is increasing competition from institutional and foreign buyers, and it's becoming harder to find good deals," says Anthony Youngs, a real-estate consultant and house flipper in Marietta, Ga., who helps investors find properties to flip.

No simple fix

The result is that it has been a tough few years for the flipping business, which accounted for 7.6% of all single-family and condo sales nationwide in 2024.

Last year, 297,885 single-family houses and condos got flipped in the U.S., down 7.7% from 322,782 in 2023—and 32.4% below the nearly 441,000 flipped in 2022, according to Attom, a real-estate data and analytics firm that tracks house-flipping activity.

Note

And things don't look to get much better soon. While foreclosure filings of distressed properties—the kind flippers look for—were up 17% in the third quarter of 2025 versus the same time last year, these investors continue to face major challenges. The U.S. has a shortage of 3.7 million units for sale or rent, according to a 2024 Freddie Mac report, and overall supply remains tight.

Many homeowners are holding off on selling due to their low mortgage rates. This limited supply drives up prices and makes it harder for flippers to find properties they can renovate and resell for quick and healthy profits.

"You need a strong stomach to handle all the risk and uncertainty in this business," says Rick Sharga, chief executive of real-estate market intelligence firm CJ Patrick.

The Myerses say their business has indeed gotten tougher over the past few years as all these obstacles have arisen. In response, they are more selective in the projects they choose, focusing on lighter rehabs and faster turnarounds. That means skipping heavy renovation projects and buying fixer-uppers they can clean, update and flip with cosmetic repairs in under four weeks.

Note

They also have adapted their exit strategy. Besides the traditional cash sale to a home buyer, the Myerses often opt for an assignment of a contract, where they secure a contract to buy the property and then sell the contract to another rehab investor before the contract expires.

"In the worst-case scenario, if we cannot get the price we need to break even or make a profit we will hold the property and lease it for rental income for as long a time as necessary to gain price appreciation before selling it," says Tanice Myers.

'Good bones'

Before they became professional flippers, Paul Myers and Tanice Myers had a longstanding interest in real estate and home design.

They enjoyed touring model homes, poring over listings and looking into floor plans. Paul Myers also had a background in constructionmaterials testing, working in both commercial and residential construction.

The couple leapt into flipping about 15 years ago, when they found two adjoining houses for sale in downtown Mountlake Terrace, Wash., about 25 miles from where they lived at the time. The houses— two cinder-block homes built in the 1950s—were covered with worn siding and leaky roofs. They would need a lot of interior remodeling, too: updated electrical and plumbing systems, new kitchens and bathrooms, replacement windows and hardwood flooring throughout.

But the houses had "good bones," according to the Myerses.

Aside from the roofs, the structural integrity was sound, and the room layouts were functional.

"It was at that moment when the real-estate investing bug got under our skins," Paul Myers recalls. "We had a vision of how these houses could be rehabbed, and we looked at the price tags, did the math and figured we could make a 30% to 40% return on our investment."

They bought the houses and fixed them up in 10 weeks, with $40,000 of their own money and $224,000 in a six-month loan. Ten weeks after that, they sold the houses for a 30% profit.

Since then, the Myerses have built up a network of real-estate agents, mortgage bankers and wholesalers who help them source properties.

The couple won't disclose their income. But they say they earn six figures a year by flipping single-family homes earning a profit of $30,000 to $50,000 per flip. Last year, they flipped 18 properties. Today, they have a net worth of over $4 million.

When the Myerses scope out a house, they start by checking the fundamental structural and mechanical integrity of the house. That means, first of all, checking the perimeter and basement for cracks in the foundation. Repairs to the foundation can be expensive, disruptive and time-consuming, often involving specialized contractors and significant excavation.

Other meat-and-potatoes fixes— like roofing, electrical systems and plumbing—are also among the biggest expenses. Those pricey improvements must be done to ensure the house is safe and up to code— but they rarely help boost the resale price of the house, making it hard to eke out a profit.

Solo contractors

To keep costs low, the couple looks for contractors who are sole proprietors and don't have to cover the overhead of a big company.

Sprucing up items instead of replacing them can also help lower costs. That might mean, for instance, sanding, patching and repainting interior doors instead of buying new ones.

Some of the biggest mistakes involve misreading the neighborhood: In high-end areas, for instance, it pays to spend more on things like custom tile, upgraded fixtures or modern doors. In lower-end areas, those fixes aren't as big a draw for buyers and can eat into margins.

The Myerses say they get an adrenaline rush while juggling multiple house rehabbing projects at a time. Their motto: "The best rewards come when you go out of your comfort zone."

