

## What to Look for in Real Estate Fixer Uppers

It does not take long for most investors and home owners to realize that there are incredible benefits to investments in metro Denver real estate. Just a few of them are a nice return on the investment, many tax deductions and a very safe form of investing. What makes a good real estate investment are the type, condition and location of the property. To get the good returns you need to recognize the properties which have potential to be good investments.

When selecting a property you need to make sure it is comparable to the others in the same neighborhood and it does not have structural damages which will require expensive repairs. As an example of comparable homes if a newer two story home with a more modern look is located in an area that is typically know for its brick ranch style homes built in the 1960's the more modern home may be one to avoid.

While you may be able to acquire an out of place home like this at a reduced cost it would probably not turn into a profitable investment. When selecting a property you need to take into account the market in that area and the market demands there. When you understand this concept picking out properties that make good and profitable investments gets easier.

A common mistake is not recognizing that an older deteriorating home which can give you larger capital gains. If the home is in a good location older homes can command good prices and be profitable after being renovated. Look for those properties which have no structural issues and just require a quality cosmetic makeover.

The problem with structural issues is they typically involve expensive repairs that reduce potential profits or erase them completely from any deal. They also might mean the need for additional permits or inspections from community agencies. Things like this increase you potential holding period and holding costs for the property in addition to increased risks in a market that might fluctuate.

Investment properties which can be purchased and renovated to be quickly sold or rented have the most potential for generating profits. Fix-ups such as landscaping, painting, flooring, accessories or curtains can be quickly completed and give your home a look which will be attractive to potential buyers or renters.

There are some limitations to a quick cosmetic fix-up. They typically cannot cover a floor plan that is not functional or outdated. Your buyers will shy away from non functional floor plans even if they have more space and a good price. In some cases minor changes to a floor plan can increase the value and potential to sell the property.

Make sure that once you select a fixer upper that you have it inspected by professionals for any significant issues. Some problems with a property can be difficult to spot and professional inspectors know what to look for. There is nothing worse than finding structural repairs are needed on a property after you have completed the purchase which turns a profitable investment into a major loss that a \$250 inspection could have prevented.

## About the Author

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