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### Food for Thought

Don't be afraid to take a big step if one is indicated. You can't cross a chasm in two small steps.  
- David Lloyd George

## REAL ESTATE SMARTS

Million Dollar Question: *"How does one BUY, RENOVATE and RESELL a home at a PROFIT?"*

If one approaches the project with good planning it is possible to buy, renovate and resell a home profitably.

### THE ECONOMICS:

I have established Rules of Thumb to evaluate homes that are good candidates for the project.

1. In a given neighbourhood buy a home at a price at least 20% below the average sale price of homes in the neighbourhood. The home would be available at the lower price because the property has been neglected over a period of time and requires upgrades that the average homebuyer is not willing or able to undertake. The lack of buyers drives down the sale price.
2. The cost of renovations should not exceed 15% of the average sale price of the house.
3. After renovations the home should sell at a price about 20% higher than the average selling price in the neighbourhood because the home will now be in a move-in condition and attract buyers.
4. Provide for 15% for selling, carrying, legal and overhead costs.
5. At the end of the transaction one should expect a minimum return of 10% of the average selling price.

### THE PROPERTY:

The MLS data for Winnipeg shows that ALMOST 50% of homes sold in Winnipeg in the year 2012 were in the price range of \$ 150,000 to \$ 300,000. By choosing a house in this price range will target a large number of buyers. This is crucial for a quick sale.

**ESSENCE OF SERVICE REALTY**

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