



CANADIAN

Real Estate Wealth

STRATEGY SMART RENOVATIONS



CASE STUDY: JEFF REED

NO MISSION IMPOSSIBLE

Property location: Toronto, ON (East York)

Purchase price: \$260,000

Held for: 5 weeks (including time to close)

Renovations, holding and selling costs:

\$31,178

Sold for: \$335,000

Net profit: \$43,822

With more than 23 years' experience as a contractor and at least 1,000 renovations under his belt, professional real estate investor Jeff Reed of Priority Management, shows no fear in the face of derelict properties.

"My forte of practice – what I look for – is a house that needs serious renos," Reed says. "Right now in this area there's just too much competition for the houses that just need cosmetics. And everybody thinks you can just buy a house, put some paint on and sell it and make \$40,000, but that's just not how it is, there's just too much competition."

Generally, Reed looks for a property that's been on the market for 60 days and has little to no competition.

One of his best flips came from a property very few people would dare to enter into, let alone buy. In 2010, Reed got a call from an agent he knew about a property coming to market on Broadview Ave in Toronto. Clothes were a foot deep through the house, there was urine in the corners of the room – it was the kind of place the agent knew he'd have trouble showing.

"We did an absolute gutting of the place and we addressed some of the smells, and before rebuilding it we decided to take it to market and see what we could do with it and the net result after expenses was \$45,000."



STEP-BY-STEP RENO

- 1 Cleared a path through the knee deep clothes to walk through the house
- 2 Took away a 14-yd garbage bin full of clothes and furniture
- 3 Opened windows and sprayed Pine Sol cleaner to aid with the smell (Previous owner urinated in corner of bedroom for months and let cats in to keep mice away from the open cartons of food. Carpenter Ron Fortin vomited several times due to cat urine smell)
- 4 Spent two weeks gutting house including all heating, plumbing and electricals – right back to studs
- 5 Told realtor Mark Loeffler to try the market for a week or so before rebuilding
- 6 Had multiple offers and it sold in a couple of days to an Asian investor/renovator. The buyer re-sold it a couple of months later for a healthy profit as well

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