

MY STRATEGY

## Jeff Reed: My reno and flip secrets

DIY renovations for properties for sale are a different animal to those for rentals. Case in point: the projects of Priority Management in Toronto, headed by Jeff Reed, real estate investor

Jeff Reed's projects are renovations in the \$200,000-range for high-end units. "I look for properties that have been on the market for a minimum of 30 days," he says. Typically he is looking at properties that require too much work for the average DIY renovator.

Reed wants to find the worst house in the best area and notes that a current project he is working on was the least expensive two-storey detached home in the Beach area of Toronto in 2011.

"My 'trick' and what I do above and beyond other people is that I restore a lot of my properties," says Reed.

"I'll start by gutting a property and looking at the bare bones to see if there is anything of interest."

The to-do list, in chronological order, of Reed's items in his project plan includes:

- demolition
- foundation repairs and excavation
- framing
- utilities (heating, plumbing, electrical)
- insulation
- drywall
- primer
- tiles
- flooring
- kitchen and cabinetry
- paint



Jeff Reed

"I specifically look for a property that I can add value to," he explains. For example, renovations that can result in potentially increasing the rent, change the use, make better use of space by opening up the living area, take advantage of a nice view, ravine or backyard, or even changing the unit into a loft if possible.

Reed says he visits, along with his real estate agent, lofts and high-end units to see what cutting-edge designers are currently doing. "I stop and think about what are the most absolute cutting-edge designs. Who are those designers and where are they building?" This, he adds, allows him to focus on how to get the highest possible rents by buying in key locations and providing the ultimate best products like loft conversions and modern styles by using the cutting edge designers in Toronto.

There is, of course, a risk factor to flipping houses especially in the current environment. "To mitigate risk I usually have two or three exit strategies," says Reed. They include either flipping, renting, buying and holding or possibly providing a furnished rental as an option as well. "I try to market as broad as possible so, for example, a house could be rented to a single family or dual family using a combined side entrance," depending on the particular situation.

Must-dos for Reed include open concept kitchen and living rooms and he likes to add as much as 30% more square footage to his houses by capturing 7" ceilings in the basements. "The biggest return on



Before



After

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investment," he says, "is the front façade – curb appeal. People will make their decisions on the house in the first 10 or 15 seconds," he stresses. All in all, he says simple and contemporary is the way to go on a house sale. Clean lines with little clutter appeal to buyers and "eye candy such as natural brick walls or expensive fixtures provide a wow factor." ■