

Fixer-Upper Qualification Checklist for Investment Properties

Purpose:

To guide investors in identifying small-to-medium, rural, beach, remote, or off-grid residential homes suitable for a renovate-resell-repeat strategy, with rental potential as a fallback. This checklist ensures properties align with high ROI, affordability, and market appeal for opportunists, aspiring tycoons, and serious investors lacking capital.

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Criteria for Qualifying a Fixer-Upper Home

The following criteria are used to evaluate properties as viable fixer-uppers for renovation and resale (or rental). Properties must meet at least 80% of these standards to qualify, ensuring cost-effective purchases with strong post-renovation value potential.

1. Price Below Market Median

- Home purchase price is at least 10–20% below the area's median sale price for comparable properties (per Redfin, Zillow, or Global Property Guide data).
- Example: Median home price \$100,000 → fixer-upper target \leq \$85,000.

2. Structural Integrity

- Core structure (foundation, walls, roof frame) is sound, requiring minimal major repairs ($<10\%$ of purchase price).
- Cosmetic or moderate fixes (e.g., plumbing, electrical, flooring) dominate renovation costs.

3. Renovation Budget Feasibility

- Estimated renovation costs (including labor, materials, permits) do not exceed 30% of purchase price for resale or 40% for rental conversions.
- Example: \$100,000 home → reno budget \leq \$30,000 (resale) or \leq \$40,000 (rental).

4. Location Appeal

- Proximity to natural attractions (beaches, parks, mountains) or tourist hubs, adding $\geq 20\%$ value post-renovation.
- Rural, beach, or off-grid settings with proven demand (e.g., 5%+ y-o-y tourism growth).

5. Low Bureaucratic Barriers

- Area has flexible zoning (score $\geq 7/10$, low restrictions) and minimal licensing requirements (e.g., no mandatory permits for flips <5 /year in US markets).
- Bureaucracy score $\geq 6/10$ per World Bank ease-of-doing-business metrics.

6. Crime Rate Threshold

- Total crime rate (violent + property) <50 per 1,000 residents (per CrimeGrade.org, SAPS, or FBI data), ensuring buyer/tenant appeal.
- Preference for non-tourist zones with lower rates (<30/1,000).

7. Affordability for Entry

- Purchase price aligns with low-capital investor budgets (\leq \$500,000 USD, ideally \leq \$150,000 in high-affordability areas like SA Western Cape or Texas West).
- Affordability score \geq 6/10 based on median income-to-price ratios.

8. Low Expropriation Risk

- Risk of government seizure score \geq 8/10 (low risk), with no history of uncompensated expropriation in the last decade.
- Example: US markets (9.5/10) vs. SA (4/10 due to nil-compensation act).

9. ROI Potential

- Projected 2-year ROI \geq 4% (Dec 2023–Dec 2025, per prior data), with 3-year forecasts (to 2026) \geq 6% for US/SA or \geq 8% for Chile (3% y-o-y growth).
- Post-renovation resale value \geq 20% above purchase + reno costs.

10. Rental Viability (Fallback)

- Property supports rental yields \geq 5% annually if resale is delayed (based on local rental demand, e.g., tourism in Turks & Caicos or Patagonia).
- Off-grid upgrades (e.g., solar, water systems) feasible to attract eco-conscious tenants.

Notes for Investors

- **Data Sources:** Redfin, Zillow, Global Property Guide (prices); CrimeGrade.org, SAPS, FBI (crime); World Bank (bureaucracy).
- **Application:** Use this checklist to filter listings in target areas (e.g., South Africa Western Cape, Turks & Caicos, Texas West). Properties scoring \geq 8/10 criteria are prioritised.
- **Next Steps:** Consult local realtors for inspections; budget 10% contingency for unforeseen repairs or regulatory delays.

Website Use: Embed as downloadable PDF or infographic for investor clarity.

