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## For House Flippers, Reality Meets Reality TV



Watch enough HGTV and flipping houses starts to look easy.

Just talk to Joshua Levitt, who spent the better part of 2014 sitting on his couch in South Orange, N.J., watching shows like “Flip or Flop” and taking notes as the charismatic stars frenetically bought distressed properties and, with the right mix of anxious looks and Carrara marble, successfully flipped one by the end of every episode.

At the time, Mr. Levitt, now 41, had recently sold his tech company and was taking care of his wife, who was on bed rest with a difficult pregnancy, and their toddler. He had no background in real estate, design or construction, yet watching all that television convinced him that he could make big money buying, restoring and reselling dilapidated properties.

Then a neighbor introduced Mr. Levitt to his brother and sister-in-law, Graham and Krista Blundell, who were flipping houses in the area. By April 2015, Mr. Levitt was at an auction with Mr. Blundell, 44, who previously worked in investment banking, bidding on a vacant house in South Orange.

A few weeks earlier, Mr. Levitt had tried to gather information about the property, driving past it after a snowstorm to see if the mail had been collected and the snow had been shoveled, or any other evidence that someone might still live there. He peered in the window and saw standing water in the basement and piles of trash and belongings scattered inside.

“It was like a combination of ‘Storage Wars’ and ‘Flip or Flop,’” Mr. Levitt said. “It was a disaster.”



*Joshua Levitt and Graham Blundell teamed up to renovate and flip a house in South Orange, N.J. It was redesigned by Krista Blundell. Credit Top: Krista Blundell Bottom: Visual Marketing & Design*

He and Mr. Blundell won the house, paying \$318,000 in cash and hiring a locksmith to let them in. And so, with a cashier’s check and a leap of faith, Mr. Levitt joined the growing ranks of small-time real estate investors who model themselves on spunky TV personalities.

Enthusiasm for flipping, the practice of buying property to renovate and sell at a profit, is surging. In 2017, Americans flipped 207,000 single-family homes or condos, hitting an 11-year high, according to ATTOM Data Solutions, a real estate data company. And real estate brokers, designers and contractors credit the popularity of reality TV, specifically scrappy, do-it-yourself flipper shows, with encouraging this new generation of investors.

“There are definitely more people interested in flipping because they watch these shows on HGTV,” said Elizabeth Kee, an associate broker for CORE real estate, who frequently works with buyers of investment properties and now regularly fields calls from people with no real estate experience who are interested in investing.

Home improvement shows have for some time played a role in America’s relationship with real estate. After the housing market collapsed in 2008, HGTV was criticized for fanning the flames of an overheated market, encouraging a culture of rampant investment that contributed to the eventual bust. Today, the cable network is among the most popular on television, reaching 1.11 million viewers in May.

In the New York metro area, home flipping is on the upswing, with flips accounting for 5.6 percent of all 2017 sales, an increase of 29 percent from 2016, according to ATTOM. Most of these investments happen in boroughs other than Manhattan or in the suburbs, primarily because Manhattan prices leave little room for profit. Of the 2,894 properties that were flipped in New York City in 2017, only 187 were in Manhattan, while 1,367 were in Queens, according to data from StreetEasy.

But as impressive as those numbers are — and as alluring as house flipping may be — reality rarely measures up to reality TV.

## **How Hard Could It Be?**

Mr. Levitt and Mr. Blundell sold the South Orange house in February 2016 for \$650,000, making an \$80,000 profit. Their next purchase, of a \$196,000 four-bedroom in Bloomfield, N.J., did not go nearly as smoothly. They underestimated transaction fees and financing costs, walking away with only \$20,000.

The shows “make it look very easy,” Mr. Levitt said, pointing to deceptively short timelines and unrealistic cost estimates. Where a show might describe a six-week renovation schedule from start to finish, the real world moves at a slower pace.

“You could spend four weeks with an architect before you even get started,” he said. “Then you have to pull permits and that can take another month.”

During that time, an investor is paying property taxes, insurance and interest on a mortgage or construction loan.

Chip Wade, a carpenter on HGTV’s “Designed to Sell” and “Curb Appeal: The Block” and a Liberty Mutual consultant, describes the information gleaned from these aspirational shows as no more useful than what you might find on a Pinterest board.

“You’re not seeing pricing. You’re not getting full spectrum of the process,” he said. “You’re looking through a very small lens.”

Three years into his new career, Mr. Levitt said he has gotten better at minimizing his expenses. On a recent breezy spring morning, he sat on a bench in Grove Park in South Orange, opposite a house he and Mr. Blundell bought in January for \$300,000. Ms. Blundell, 40, who owns a design and home renovation consultancy, is designing and staging it, as she does for all the properties that her husband and Mr. Levitt buy.

From the bench where he sat, Mr. Levitt watched workers building the framing for an addition that will expand the house from three bedrooms to five. “I pulled up to this house and said, ‘We’re going to buy it because of the location,’” he recalled. He hopes to list the property in about three or four months for around \$900,000.

## **It Was Easier on TV**

If anyone should understand how far television often is from reality, it would be the producers of home improvement shows — the ones who spend months following celebrity flippers around with a camera, setting up the drama and delivering the Big Reveal, the moment when the homeowner gets to see the ugly duckling re-emerge as a beautiful swan.

But having that insider knowledge didn’t dissuade Max Weissman, whose production company, Departure Films, produces shows like “Flip This House” for A&E and “Vacation House for Free” for HGTV, from getting into the flipping business.

In 2015, Mr. Weissman enlisted two Departure employees, Timothy Robbins, 52, an executive producer, and Jennifer Di Lullo, 40, a senior producer, to help him start a new venture off screen. Ms. Di Lullo left her television job to become the project manager for the houses that Mr. Weissman would buy. The first, a five-bedroom in Maplewood, N.J., lost money. The next three netted between \$10,000 and \$20,000 apiece.



*A team of HGTV producers gut renovated and flipped a house in Maplewood, N.J., on their own time.  
CreditVisual Marketing & Design*

“I certainly thought it was going to be easier,” said Mr. Weissman, 51, sitting in the living room of his latest investment, a seven-bedroom colonial in Maplewood on the market for \$1.7 million after a gut renovation.

Mr. Weissman bought the dilapidated house in November 2016 for \$710,000, invested more than \$700,000 in it and hopes to net a six-figure return.

Renovating the 6,500-square-foot house has been an enormous effort. Ms. Di Lullo has 12 spreadsheets for the 1912 center hall colonial that now has five full bathrooms, two half baths and a chef’s kitchen with Calacatta quartz countertops.

“It’s hard to remember we aren’t doing this for TV,” she said, surrounded by upended furniture that arrived earlier in the day for staging.

For television, producers need to finish only what viewers will see within the frame. For one episode that Departure Films produced, the crew painted just two sides of the exterior of a house to get the perfect shot. (The owners didn’t like the color and planned to repaint it once the filming was done.) But when you are listing a property for sale, everything down to the outlet covers needs to be done before the open house.

On the shows, the producers, not the homeowners, call the shots, dictating the finishes and materials that will be featured on screen. For the 25 houses filmed for “Vacation House for Free,” no two kitchens looked alike: The audience has to be entertained, after all.

In real life, Ms. Di Lullo often puts the same finishes in multiple houses, because she knows they will look good, and she turns to the same general contractor, Savage Home Improvements in Morristown, N.J., for every project.

Television thrives on drama: The roof is leaking! The foundation is cracked! In real life, nightmare scenarios are just nightmares.

At a South Orange six-bedroom that the team flipped in 2017, a toilet started backing up after the house was in contract. An investigation revealed that the waste pipe had been mistakenly removed earlier in the renovation. The error cost \$10,000 and meant ripping up a newly laid driveway.

“I was not making a TV show, so it was only horrifying,” Ms. Di Lullo said.

She and the other team members have brought the HGTV look to their projects, with sconces and chandeliers selected for a universal appeal, rather than a regional one.

“There’s a Jersey style, and we decided not to go that way,” Mr. Robbins said, referring to a Tuscany farmhouse look with dark wood kitchens, stone features and ornate fixtures.

The staging they prefer — heavy on brass, glass and shag — looks like something you might see on an episode of “Fixer Upper.”

“HGTV has set the style and the tastes for a large part of America,” Mr. Weissman said. And it has set the style for the Weissman projects, too.

### **The Anti-HGTV Approach**

Not everyone, of course, wants to mimic the HGTV look. When Sydney Blumstein, an associate broker at Corcoran, decided to invest in real estate in 2014, she was determined to avoid the monotony. She watched the shows religiously, particularly the ones about flipping property, mainly for a lesson in what not to do.

Reality TV producers may agonize over the details of things like cabinets, to make sure no kitchen looks like a rerun, but the overall effect tends to be a made-for-TV look, leaving viewers with a nagging sense of déjà vu, one that is often repeated in real life renovations and new construction.

“What I find fascinating with every renovation show is everybody does the exact same renovation,” said Ms. Blumstein, 34, who has witnessed a homogenization of design in the city’s real estate, too. “I go into these new developments and I’m so bored by them. The only differentiation is what floor you’re on.”

So when she found a dated one-bedroom in the East Village, she saw an opportunity to reimagine it with an anti-HGTV look. She would expose the brick walls and reveal the beams and joists in the ceiling. Her parents, both real estate brokers, agreed that the property was a great investment. In 2014, she bought the 650-square-foot space on East 12th Street for \$749,000, and planned to continue living with her parents on East 11th Street during the renovation.

Four contractors estimated the work would cost around \$120,000 and tried to steer her toward a more traditional look, raising concerns that creativity could cost her buyers. The fifth contractor, however, shared her creative vision and offered to do the work for half the price.

“So, obviously, I hired the \$65,000 contractor,” Ms. Blumstein said. “That was a huge mistake.” Other mistakes followed.

The alteration agreement she submitted to the co-op board omitted her plans to expose the ceiling beams and joists. “I was planning on asking for forgiveness instead of permission,” she said.

That plan did not go over well. An upstairs neighbor complained that the soundproofing between the two apartments had disappeared with the ceiling.

“I didn’t realize that the joists that I loved was actually the floor above,” Ms. Blumstein said.



*Sydney Blumstein bought an East Village apartment to flip, stripping the walls down to the brick, installing sea-foam green cabinets and schoolhouse-style lighting. Credit: Corcoran*

The board halted the work and insisted that Ms. Blumstein consult the building’s architect, who charged \$350 an hour. To correct her error, she had to reinstall the ceiling, which cost \$8,000. The project dragged on for two years, with spiraling costs that soured her relationship with the contractor.

She hired a second contractor to fix the mistakes made by the first. The renovation ultimately cost \$120,000, exactly what the other contractors had estimated. But she got to express her creativity, using reclaimed materials like floor joists as open shelving and painting the cabinetry a sea-foam green.

Going it alone has its downside. By rejecting the more generic style used on television shows, she found herself without a road map, susceptible to rookie mistakes.

“There are 15 different shows showing you how to go from A to B,” she said. “But I wanted to go from A to Paris.”

By the time the work was done in 2016, Ms. Blumstein’s life was no longer the same as it was when she bought the apartment. She now had a fiancé, Brett Lichtman, so instead of selling the renovated apartment, they moved into it. But the space where Ms. Blumstein had once seen only potential felt cramped.

So in January 2018, Ms. Blumstein sold the apartment for around \$1 million, making a \$90,000 profit, “but not enough money to pay for the mental torture of the experience,” she said.

She and Mr. Lichtman, 33, an event producer, now live in a converted warehouse loft in East Williamsburg, Brooklyn, that Ms. Blumstein bought with her brother, Cole Blumstein, for \$2.4 million.

And her dream of being a real estate investor is on hold, at least for the time being. "I think I'll focus on just one place for the moment," she said.