The Numbers Behind a Remodeling and Fix-and-Flip Business

A free field guide from Bytell Press. The figures come from our example financial model for a remodeling contractor that also renovates and resells two to four houses a year with its own crew. They are planning assumptions, not quotes for your market; the worksheet at the end is for your own numbers.

A remodeler who flips houses runs two businesses with one crew. Client jobs pay the overhead; the flips are where the profit is made or lost. This guide shows the arithmetic for both.

1. How the money comes in

Client remodeling is priced from an itemized takeoff, with allowances for client-picked finishes and a change order for anything past its allowance. The example model uses these lines:

Service line	Model ticket	Model gross margin
Whole-home or large renovation	$80,000–$250,000 and up	30–34%
Kitchen remodel	$27,000 to $80,000 and up	30–34%
Bathroom remodel	$25,000 average	30–35%
Handyman and small carpentry	$2,000–$10,000	35–45%
Blended across the mix		**32%**

The model's sample kitchen is a $42,000 contract with $28,500 of direct cost, which leaves $13,500 of gross profit. The model aims to capture 8–15% of job value in change orders. A company that gives them away turns that 32% job into a 27% job.

For **fix-and-flip**, the model assumes 2–4 flips a year at about $60,000 of gross profit each, before financing cost.

2. What it costs to open

The two lines need two separate pools of money, so the example model gives ranges, not one total:

Use of funds	Model range
Tools and equipment	$10,000–$25,000
Fees and first-year insurance	$2,000–$5,000
Vehicle, and a float for payroll and materials	Your figures
Owner cash into each flip	$35,000–$75,000

In the model, the launch money carries the slow first months without touching the deal money.

3. What it costs to stay open

The model carries about **$14,000 a month** in fixed costs on the remodeling side. That one figure covers the owner's draw and admin, the lead carpenter's base pay, vehicle and equipment finance, insurance, software, office or storage, accounting, and about $3,000 of base marketing.

4. The break-even: the one number to know

Break-even revenue = monthly fixed costs ÷ gross margin.

With the model's numbers: $14,000 ÷ 0.32 = **$43,750 a month** of construction revenue. That is about one $42,000 kitchen a month, or close to two $25,000 bathrooms.

The model's full month is $48,000, only about 10% above break-even. It earns $15,360 of gross profit and leaves about $1,360 after fixed costs. If margin slips from 32% to 28%, break-even rises to $50,000 and the full month no longer covers it.

The remodeling side is built to pay the overhead. Each flip has its own arithmetic:

Flip deal line	Model amount
Resale value after repairs	$320,000
70% of that value	$224,000
Less rehab budget	$55,000
Most the model would offer	$169,000

Paying 5% of resale value too much, $16,000 on this house, erases the edge of doing the rehab with your own crew.

5. The risk the numbers show: the first months

The $48,000 month is where the model ends up, not where it starts.

Period	Model monthly construction revenue	Against $43,750
Months 1–3	$20,000–$30,000	Below
Months 4–6	$35,000–$45,000	Approaching
Months 7–9	$45,000–$50,000	At or above

At half the full month, $24,000, the remodeling side loses roughly $6,300 a month, because the $14,000 of overhead does not shrink with the work. The working-capital float pays for that gap. Size it from your own month-by-month cash projection.

6. Your numbers

Fill this in with your own bids and costs before you bid on a house.

Question	Model	Yours
Gross margin on client jobs	32%	_____
Monthly fixed costs, with your draw	$14,000	_____
Break-even revenue (fixed costs ÷ margin)	$43,750	_____
Jobs a month to reach it	About one kitchen	_____
Most you can offer (70% of value less rehab)	$169,000	_____

If your break-even is more work than your crew can finish in a month, fix the plan before you take on a flip: raise the margin target, charge for every change order, or cut a fixed cost.

This guide is general business information, not legal, tax, accounting or investment advice. The figures are illustrative assumptions from an example model and are not a forecast or a promise of results. Licensing and insurance requirements vary by state and are not covered here; check yours with the state agency.

Bytell Press publishes the full business plan, the editable financial model behind these numbers, and the operating playbooks for a residential remodeler who also flips houses.

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