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What Is Flipping Cars and How Do You Flip Cars?

By Michael O'Connor | January 29, 2024

What is Car Flipping?

Car flipping is the process of purchasing used vehicles and reselling them for a profit on the used market.

Sometimes, this process will involve repairing or improving the vehicles in order to get a higher price in the end. Other times, you can make extra cash simply by finding a good deal and capitalizing on it. Either way, the end goal is to buy a car and then sell it for more than you paid for it.

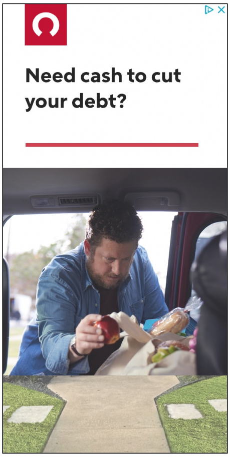
The used car market has always been dynamic and unique, which makes it incredibly interesting for people looking to make some extra money on the side. The resale market is an interesting opportunity for people who are knowledgeable about a specific thing and understand what buyers are looking for.

Buying and selling used cars can be a good side hustle for the right person, as long as they are able to do their research and make the most of the way the market is leaning. Being as informed as possible and understanding what it takes to actually make money flipping cars is essential and will make all the difference.

While many people have sold a car in the past, flipping cars is when you are selling them for a profit and it is an entirely different undertaking. When the goal is to make money, you have to know what vehicles are fetching the highest asking prices and how you can maximize the amount you can get. With a good understanding of what it takes and what the steps are, you can start with as little risk as possible and get your car-flipping business off the ground.

How is Flipping a Car Different From Selling a Car?

Most of the time, when selling a used car, you go in with the understanding that you are going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to make less than what you paid for it. Often, people will sell a vehicle in order to put a dent in the cost of a new car with no other goals in mind. However, if you get into the business of flipping cars, you will most likely be trying to keep a profit margin as you cycle through vehicles. This means that you will have to do intense research and keep an eye out for deals on used cars as well as the health of the market in your area and around the country.

How to Know if Flipping Cars is Right for You

Before you start looking for your first car to flip, it is important to know whether or not being a car flipper is the right choice for you. People who are successful at flipping cars spend a lot of time researching and combing the market for motor vehicles that they can buy for a relatively low price.

They also have to know how to improve vehicles and get their resale value as high as possible. Having a good base of knowledge about general automotive maintenance and repair is also important and will help you make the most of every sale.

You should also have your goals set in stone before you start the car flipping process. Knowing whether you are simply trying to make some money on the side or want to make flipping a full-time job will be helpful. This will tell you what your budget should be and what kind of time you can expect to invest. Having a clear understanding of what it takes to make enough money and what you have to do to get the best sale price will help you decide if car flipping is the right path for you.

What to Consider When Flipping a Car

Before you become a car flipper, there are a few things you need to have a handle on. Car flipping is a volatile trade and won't be right for everyone. Setting yourself up for success by doing your research and considering every option is going to be your best bet.

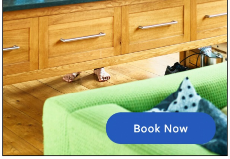
The Laws in Your Area:
Knowing the laws regarding car sales in your state is crucial and will determine whether or not you should even consider flipping vehicles. Almost every state has limits on how many cars you can sell per year without obtaining a dealer's license.

However, some states, such as Kentucky and Connecticut, will not allow you to sell any vehicles with the intent to make a profit unless you register as a dealer. In Vermont and Indiana, you are allowed to sell 11 cars per year while California will only allow you to sell five. Know the laws in your state before you get started so you don't end up getting fined or penalized.

The Used Car Market:
You should also have a very good understanding of the used car market both in your specific area and the United States as a whole. The price of used cars is very dynamic and changes on a constant basis. For example, when the supply of new cars is smaller, this will generally increase the demand for used cars, which in turn makes them worth a lot more.

Knowing how the market is doing and what the market value is for certain types of cars is your best bet if you want to make as much money as possible on a car-flipping project.

Your Budget:
Setting a budget for your first car flip can be incredibly helpful and allow you to keep your expectations at the right level. Sticking to a relatively small starting budget and aiming for a



certain amount of profit will help you get an idea of what flipping is like and whether or not it is right for you.

Your first private party sale should be relatively low-risk so if it doesn't work out or the market isn't what you thought it would be, you won't experience as much of a loss.

Sales Tax:
You also need to know what your tax obligations will be when you sell a car in your state. If you sell a car for more than you paid for it, you may be responsible for paying capital gains tax just like you would with any other investment that you have profited from. Ask an accountant or a tax lawyer what you can expect to be responsible for as far as taxes go and what you have to report on your tax forms so you can stay in compliance with your state's laws.

Where to Find Cars to Flip:

The key to finding success as a car flipper is knowing where to do your car buying and how to find the best deals. With the advent of internet-based car sales, there are a lot of different options to choose from and opportunities to find great prices on vehicles that you can turn around and flip. Knowing where to look and what to look for will help you make the most of your purchases and find high-quality, low-mileage cars that will get you the best resale prices.

Craigslist / Facebook Marketplace:
One of the best ways to find deals on used cars is to search through your local online listings on places like Craigslist and Facebook Marketplace. Because these cars will almost exclusively be put up for sale by the owner, there will be a wide variety of circumstances regarding their sale, which could help bring costs down.

However, you should be very careful when conducting business on these sites and avoid scams whenever possible. Be sure to never send money through the internet and always go to meet a seller with another person.

Newspaper Classified Ads:
Your local newspaper may still have a classified ads section that can be a goldmine for used vehicles. Because the demographic for classified ads tends to skew older, you could be lucky enough to find vehicles that seniors are selling simply because they want to get rid of them.

This could help you get a great deal and keep your profit margins fairly wide when flipping cars.

Auto Auctions:
Public auctions are a great place to look for used cars that you intend to flip. Most of the time, auctions are put on by local law enforcement agencies as a way to get rid of vehicles that have been impounded or otherwise repossessed and you could end up finding some fantastic deals.

However, these vehicles may also be in less-than-ideal mechanical condition, so you should be ready to make some necessary repairs if this is the route you choose.

eBay Motors:
While you probably know eBay as a place to find collectibles and other vintage items, they also have a robust used car section that can be incredibly fruitful for flippers. Because of the auction function, you can find great deals on used cars, especially if you are willing to travel in order to pick the vehicle up.

Opening up your search area to the whole country is one of your best bets if you want to find a vehicle that is in good shape for a relatively low price. eBay Motors also has protections in place for both buyers and sellers, so you can get some peace of mind during the transaction.

Car Dealerships:
Believe it or not, licensed dealers are still great places to find cars to flip. This is especially true during times of the year when they are having sales or trying to make space on their lots for some of the newer models that are coming in.

Plus, you get the benefit of knowing that the car dealer knows the condition of the vehicle and is being relatively honest about it, which can help you charge the right price when the time comes to flip it.

How to Prepare a Car for Flipping

Once you have purchased a car that you intend to flip, you will have to do a few things to prepare it and get it ready for your potential buyers. If you have to make any repairs, these should be your priority but once the vehicle is in good condition, you can take some extra steps to improve your car-selling experience. Knowing how to make the most of the sale will help you set yourself up for success.

Study Listings:
The best thing you can do for yourself if you want to flip your vehicle and get it in front of the highest-quality buyers is to study used car ads. Look at the listings that have the most views on different marketplaces and notice the details that make them stand out.

Things like high-resolution photographs, lots of useful information, and multiple ways to get in touch with you can go a long way with the buying public. Knowing what makes certain listings successful will help you emulate them for your own ads.

Get a Vehicle History Report:
Most people who are thinking about buying your car will want to have a vehicle history report

that they can look at. A report will show things like whether or not the car has been in any accidents, whether there are any liens on the title, and what its ownership history is like.

You can get one of these reports from CARFAX or another provider using the car's vehicle identification number, or VIN. This way, you will have it handy for buyers to look at so they can feel confident they are buying a car that is in good condition.

Get the Vehicle Detailed:
Before you list your car for sale, be sure to get it professionally detailed by an experienced detailer. A detailing job will bring out all the best qualities in the vehicle and increase its curb appeal for your potential buyers.

Whether you are selling a Ford Mustang convertible or a simple Honda Accord sedan, thorough detailing with a wash and wax will work wonders for the way the vehicle looks and how it is perceived.

Take Professional Photos:
If you want to increase the odds of selling your car for the most possible money, getting professional photos taken is a great option. While it may seem like taking a few pictures with your phone is enough, you might be surprised by the way a professional photographer can bring out the very best in your car.

They will help your listing stand out from the competition and draw the eye of people who might be interested in making a purchase. Even if you have to pay the photographer, you can build this cost into the price of the vehicle and get it flipped sooner rather than later.

Final Thoughts

In today's business climate, there are all kinds of ways to make some extra money. However, all of the most profitable side hustles require a lot of preparation and work. Flipping cars is no different but if you have a passion for automobiles and an eye for the details, you could end up being a successful flipper. Knowing what the job entails and how you can make the most of all your sales will help you give yourself the best chance at making a profit.

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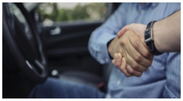

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