

How Much Money Should Real Estate Wholesalers Make?

Posted On Jan 12, Posted by [blogger1](#) Category [BestTransactionFunding](#)

How much profit should you be making on your real estate [wholesale deals](#) ?

Property wholesaler profit margins are one of the most commonly debated topics among new investors, rehabbers, and buy and hold landlords. So, what's the right amount? How much is too much? How should wholesalers set their markups?

Some wholesalers may not make as much as they could on deals because they are intimidated about losing them. Sometimes end buyers are complaining that wholesalers are asking for way too much, and are just wasting their time. So how do you pick the right number?

4 Ways to Price Your Wholesale House Deals

Fixed Fee or Percentage

One way to choose is to pre-determine what percentage or dollar amount you are going to charge across all of your deals. It could be 3% or 6%, \$1,000 or \$100,000. Or more. It's up to you. This can make it easy when screening potential properties to see if they match your criteria. However, one flaw is that this doesn't always maximize your deal flow and profit potential long term as the market changes.

Profit Left to the Next Buyer

Again, you can choose a fixed dollar amount or percentage spread which you think is fair for you end buyer to make after they buy, fix, and flip or rent the property. Of course, every buyer is

different. Some use cash. Some use very expensive hard money loans. Some can get rehab work done cheap. Others pay a lot for contractors and materials. Some can flip a property in a week. Others take over 6 months to complete a flip.

ROI on Your Time

As a real estate wholesaler you are providing a valuable service. However, unless you have a team you are still often trading your time for money. Make sure you are getting a fair return. What's your time worth? How much time do you spend flipping a deal? If you just quit working a McDonalds for minimum wage, then making \$30 an hour may seem like an awesome deal. If you just quit being an attorney or doctor making \$500 an hour, then you'll probably want to make sure you are earning \$1,000 an hour as a wholesaler. Remember to factor in all the time prospecting, screening, negotiating, and marketing, and managing the transaction.

Filling Orders

Another way to do this is to simply fill orders. Take pre-orders for deals aka '[reverse wholesaling](#)'. Then go find a fit, and profit what you can. You may have end buyers who are happy with 20% returns on two flips a year. Others may insist on getting properties 40% below market value, or being able to double their money. Take the order, find the deals, squeeze in however much you can. This is a little more fluid when it comes to predicting your income. However, it can lower risk and waste. One downside is that you are effectively letting someone else set market prices, versus controlling them yourself.

Looking Forward

There are wholesalers who can make \$100k per deal, and do 10 deals a month. Others might do 1-4 deals per month and are very happy putting \$20k in their pockets. Some might land some whales and make a million on a very juicy deal. A lot of it depends on how good you are at finding and negotiating deals, as well as how you market and present the inventory.

One thing which is really important, and which many wholesalers forget is to keep an eye on the changing market. Prices and profit margins will change. Protect your income and industry but refusing to sell out too cheap, but give good deals if you want more business.

What do you think? How much do you charge? How much do you think wholesalers should markup deals? Let us know on [Facebook](#) and [Twitter](#) ...

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