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HOW TO FIND PROPERTIES AND BROKERS

Let's Learn the Secrets of the Trade

Demo/Lab: How to Find Properties and Brokers Quickly





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METHOD 1: LOOPNET'S BIGGEST SECRET

It Has Decent Properties That Are Not Listed On LoopNet

Go to: Loopnet.com



Give a lower priority to the properties listed on LoopNet because:

- Properties listed on LoopNet tend to have a lot of buyers looking at them, so competition is high.
- Also, often properties are on LoopNet because no one is buying them at asking price.
- Thirdly, if a broker has been too lazy to list a property on LoopNet using the free LoopNet listing, he is going to get less interest than he should.



**THAT'S YOUR
OPPORTUNITY!**



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Go to: Loopnet.com



1. Click on MENU (top left), then select the **FIND A BROKER** link.
2. Select **INVESTMENT SALES**.
3. Select **MULTIFAMILY** under **PROPERTY TYPE**.
4. Select **COUNTRY** and type in **MARKET** and click **SEARCH**:
 - a) Find a broker listing lots of properties.
 - b) Google their name together with the city and state, and the word **REALTOR**, and find their website.
 - c) On their site, you will usually find more listings than you found on LoopNet. The ones that are on their site, but not on LoopNet have somewhat less competition and are generally better in quality.



**TIP FOR NEAL:
BRIAN TRANETZKI**



Find Better Brokers: Two Tips To Help You



TIP!

If you see properties listed by the top 20 jumbo sized brokerages (CBRE, Marcus and Millichap etc, full list being provided in resource kit), give them a lower priority. These brokerages have HUUUUUGE databases of investors, so properties end up being sold at much higher prices. Go with local brokerages that are small, and you will win deals more often, at lower prices.

Very often, on the individual broker's website, the properties that are listed are from different companies, not just from them. Spend 30 minutes plugging information about those brokers into an excel spreadsheet. Now, sort the spreadsheet. The brokers that have the most listings should be the ones you build a relationship with.

TIP!





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METHOD 2: SEND MAILERS TO OUT OF STATE OWNERS

Get In Touch Directly For Great Deals

Send Mailers to Out of State Owners



- Note that there is a big difference between out of state owners and absentee owners. You are much more likely to get results with “out of state owners”.
- There are several ways to get a list of out-of-state owners, ranging from free to \$400. You decide how much you want to pay. More you pay, the better the list gets.
- For free, you can go to your county appraisal district's website and pull up property records one at a time to see if the owner lives out of state. Free? Yes. Unbelievably time consuming? Yes. I don't advise doing this.
- A better way is to request an electronic spreadsheet of the data from the appraisal district. Just call them up and say that you need a listing of multifamily properties, and you need the list to include owner names, mailing addresses, and property addresses.
- Most counties require that you write a letter requesting the file, and then they'll mail (or email) it you. And they will charge you between \$20 to \$400.
- [Here is a sample mailer](#)



Send Mailers to Out of State Owners



- Once you get the file, sort by the mailing address state field. Delete those that are instate. And you're left with out-of-state owners.
- There's a very good chance that 20% to 30% of the mailing addresses are no good. So, if you want to get the current addresses for those people, you'll need to "clean your list." You can do this by paying a "list cleaning" company \$250 to \$450 per thousand names. Pricey, but highly recommended.
- Another good way to get this information is to call a list broker. Some of them can get information from many sources, compile it, cross-reference it, etc., and come up with a list of out-of-state homeowners. You can expect to pay about \$450 for a list of 1,000 out-of-state owners.
- The effect of mailers increases over time. First send might only get a 1% result, but 2nd send will get a higher result. Do 5-6 sends, in all.
- Here is a sample letter to send out. You will have to write others, but they can all be a variation of this one.



Send Mailers to Out of State Owners



Real estate education Gurus often say stuff like “Absentee owners are tired and frustrated and will take pennies on the dollar just to be rid of the headache”. That’s nonsense.

The truth is that you will initially get more people who will want higher than market prices. The trick is to start a dialog with them, because you can buy 5-10% under market if you are talking with them about reasonable pricing for the property. Be patient.

TIP!



Figure Out If the Seller is Motivated or Not



When you get a response back from an owner, build a connection and figure out if they are motivated or are just fishing for an above market offer. You should also ask questions about the property to figure out if the numbers work.

#1

What area is the property in?
What's the address?

#2

How many units?

#3

How many are vacant?

#4

What are the current rents for the occupied units?

#5

Are you self managing or is there a property manager?

#6

Do you like the PM?
(If they have a property manager)

#7

How old is the property?
How long have you owned it?

#8

What would I need to fix?
Have you had other offers on it?

Figure Out If the Seller is Motivated or Not



#1 I know you called me so you have some interest in selling. May I know why you are thinking about selling?

#2 Do you have a selling price in your mind? How did you arrive at that price?

#3 Well, is there any room for negotiation on that that price?

#4 How much do you owe on the property?

#5 How soon are you looking to close?



END WITH:

Well it certainly sounds interesting. My offer is usually based on the income of the property. Can you email me a rent roll and a P&L statement or an income and expense report? I will look these over and come back with an offer or questions.



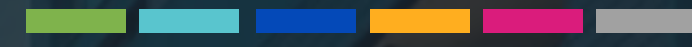
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METHOD 3: BUILD RELATIONS WITH BROKERS

To Get Pocket Listings

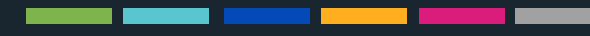
Build Broker Relations To Get Pocket Listings



- Building relationships with brokers to get access to their 'pocket' (non listed) listings is a more effective way of getting below-market deals than using LoopNet.
- Building relationships takes time, but is worth the effort.
- Brokers generally place a property on a listing service (MLS/Loopnet) AFTER they are done with their private contact list.

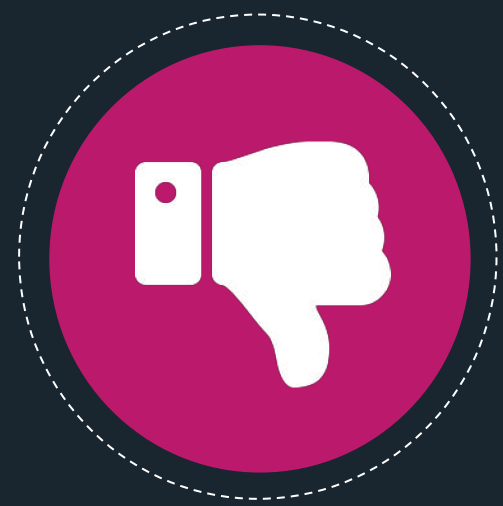


Why Hoard Listings?



SELF INTEREST

- Because brokers want to get paid, and they trust the pocket list people will close quicker than random people from Loopnet



LAZINESS

- Putting a property on Loopnet invites a lot of random calls from untrained newbies.

Build Broker Relations To Get Pocket Listings



Never ask a broker for his pocket listings. Rookie mistake.

The broker sends his pocket listings to those that he has a relationship with.

TIP!



Build Broker Relations: Three Steps



DO YOUR HOMEWORK

- If using a listed property for your first call with the broker, print the property package out. Go over the numbers, twice.



ACT LIKE A PRO (AND YOU ARE LABELED A PRO)

- Use google maps and street view to view the property
- Write down very SPECIFIC high quality questions about the property, at least 5 of them

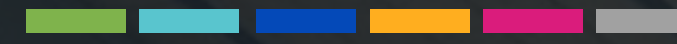


OVERCOME YOUR FEAR WITH PRACTICE

- Brokers are just like you and me. They want to sell apartments and provide for their families, and they NEED your business.



Broker Questions: Weave Them In During the Call



- Are you focused more on multi-family or do you do SFRs too?
- Do you own any real estate yourself in this market?
- How many properties did you sell last year?
- Do you know why the owner is selling?
- What is the unit mix and what is the current market rent for the area?
- Any realistic value play on this particular property. And please, be as candid as you have to be. I am a big boy and I know it's a tough market. time, but is worth the effort.



Steps to Building Relationships with Brokers



If you get together as an investor group for the first buy, you can pool all your property counts, and say something like –

“Investors in our group own 27 units already”

OR

“Investors in our group have been involved in a total of 15 transactions already”

TIP!





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METHOD 4: USE PROSPECTNOW

Leverage a Powerful Ownership Database of Off-Market Properties

Demo: Use ProspectNow



Questions: On This Module?

