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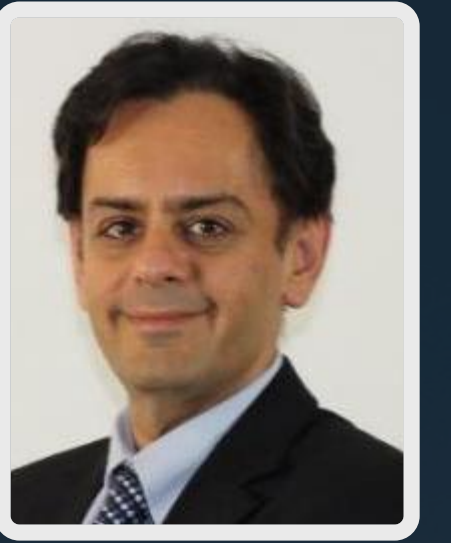
HOW TO FIND PROPERTIES & BROKERS



Multifamily University

DEMO/LAB - HOW TO FIND PROPERTIES AND BROKERS QUICKLY

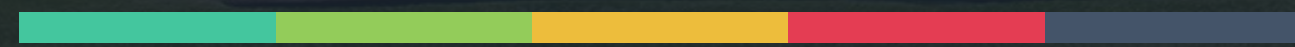




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METHOD 1: LOOPNET'S BIGGEST SECRET

It has decent properties that are not listed on LoopNet

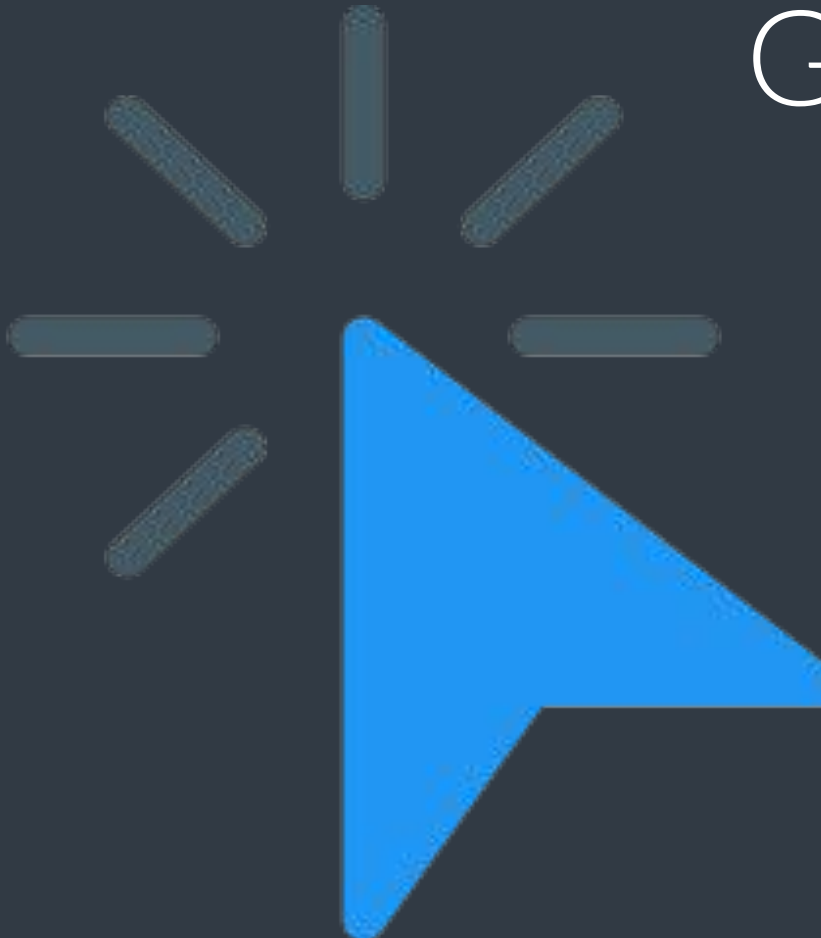


GO TO LOOPNET.COM



Go to Link 18 in Bootcamp Portal sheet

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

- 
- Properties listed on LoopNet tend to have a lot of buyers looking on 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.

GO TO LOOPNET.COM

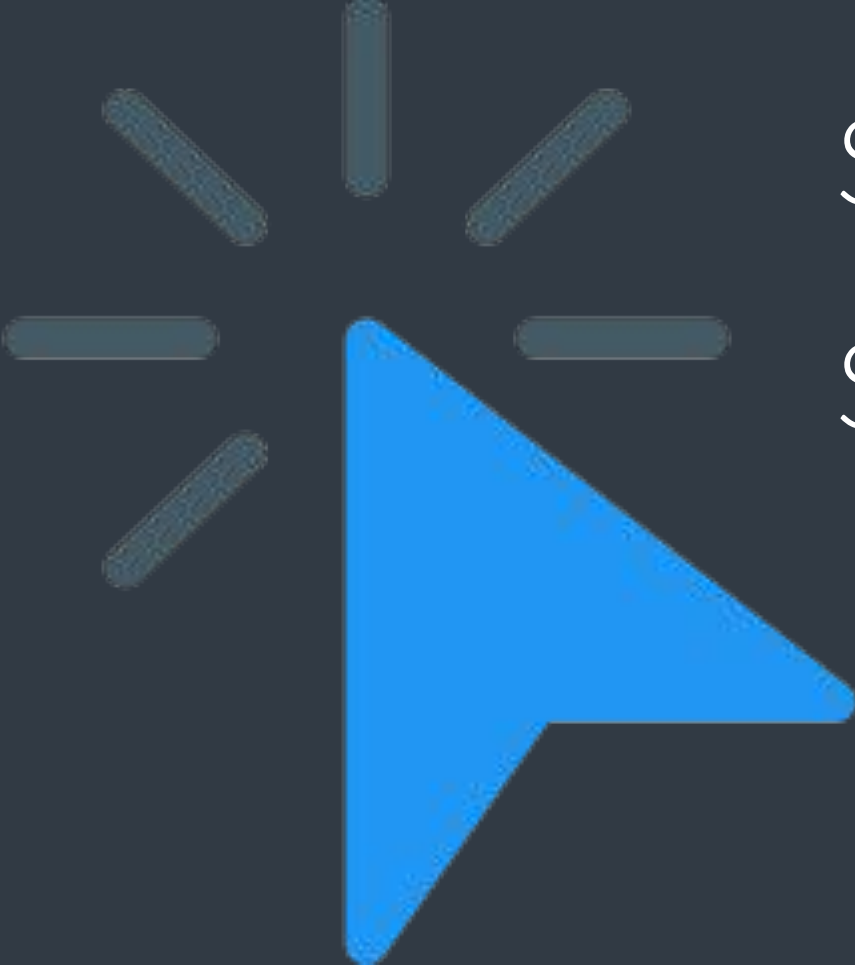


Click on MENU (top left), then select the **FIND A BROKER** link.

Select **INVESTMENT SALES**.

Select **MULTIFAMILY** under **PROPERTY TYPE**.

Select **COUNTRY** and type in **MARKET** and click **SEARCH**.

- 
- Find a broker that is listing lots of properties.
 - Then google their name together with the city and state, and the word REALTOR, and find their website
 - 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.

TWO TIPS THAT WILL HELP YOU FIND BETTER BROKERS

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.

Tip!

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.






METHOD 2: SEND MAILERS TO OUT OF STATE OWNERS



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

SEND MAILERS TO OUT OF STATE OWNERS

- Once you get the file, sort by the mailing address state field. Delete those that are in-state. 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.



SEND MAILERS TO OUT OF STATE OWNERS



Tip!

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.

FIGURING 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?

FIGURING 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 am going to look those over and come back with an offer or more questions.*





METHOD 3: BUILD RELATIONSHIPS WITH BROKERS TO GET POCKET LISTINGS



BUILD RELATIONSHIPS WITH BROKERS 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 (if it didn't sell).

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 RELATIONSHIPS WITH BROKERS TO GET POCKET LISTINGS



Tip!

Never ask a broker for his pocket listings. Rookie mistake. The broker sends his pocket listings to those that he has a relationship with.

STEPS TO BUILDING RELATIONSHIPS WITH BROKERS

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.

HERE ARE SOME QUESTIONS TO ASK THE BROKER. 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.



STEPS TO BUILDING RELATIONSHIPS WITH BROKERS



Tip!



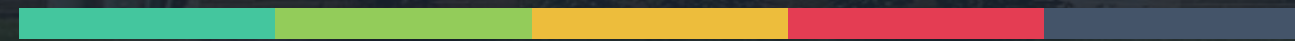
If you get together as an investor group for the first buy, you can pool all your property counts, and say something like –

“The investors in our group own 27 units already”

OR

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

METHOD 4: USE PROSPECTNOW



USE PROSPECTNOW

[Go to Link 19 in Bootcamp Portal sheet](#)



QUESTIONS ON THIS MODULE?

