Turnkey Property Investing With An Australian Mate

Hosted by*:* Joe McCall
Guest*:* Geremy Heath

Joe: Welcome. This is the Real Estate Investing Mastery podcast.

Joe: Hey everybody, welcome. This is the real estate investing mastery podcast. Glad you're here. We've got a good interview today. We're going to be talking with a gentleman named Geremy Heath and he's from a company called American Turnkey Properties. He's got a real unique story because he's not from around these parts. He's from a different country, really, really far away. A country that I would love to go to someday and I talked to my kids about it. In fact, we were just talking about Australia the other day with my kids. But anyway, I want to let you guys know first of all that if you don't have my book yet, you need to get it. It's my book called Wholesaling Lease Options. If you want to get the book, learn how I quit my job and how I was able to, while it was waking good money as an engineer, I was making more money flipping real estate part time than I was in my full time job.

Joe: And I did it through a really simple, easy strategy called Wholesaling Lease Options. And I wrote a book all about it. You can get it at WLOBook.com WLOBook.com it's free. Just pay shipping and handling. I'll send it out to you and it's full of a bunch of juicy goodness. It's all good. It's all good stuff. Not a bunch of promotion. It's like all real good content. So go get it. You can't get it at Amazon. You can only get it at WLOBook.com. All right, enough of that. We've got Geremy, Geremy Heath. How are you?

Geremy: I'm good, Joe. Thanks for having me.

Joe: Good. With your accent, you don't sound like you're from the United States.

Geremy: Nah mate, I'm still, the accent is still with me. I arrived in 2006 13 years ago, but I still say the 13.

Joe: Yeah. Well good for you. I mean have you found though that your, your accent, you do lose it a little bit too when you go back home or talk to your mates back home, do they give you a hard time?

Geremy: Oh yeah, definitely. And I think the funny thing is, because I'm actually heading back to Australia tomorrow just by chance. And whenever I get back my wife even starts to have a hard time sometimes understanding what I'm hanging around with my mates.

Joe: Wow. Well, you were referred to me by some really good friends of mine that are pretty active in the real estate space and you've got quite a unique story because you from Australia, and I don't want to steal your thunder here, but you started investing in the United States and you even wrote a book about it called 10,000 Miles To The American dream. So will you tell us a little bit about your story? Tell us where you're from.

Geremy: Yeah, absolutely. Well, I'm originally from Sydney, Australia and I heard you mentioned that you'd actually quit an engineering job, right? I started civil engineering, but in the corporate or then got into the corporate and I work as a management consultant for about 12 years. And that job is what brought me here to the u s and, when I arrived, I literally had one suitcase with me. I still own the suitcase and I kind of had a plan that I'd be here for a year or two and, you know, get a bit of corporate experience in the US and, you know, I've met my wife and got married and the rest is history.

Joe: Hmm. What maybe I missed it, but what year did you come to the US?

Geremy: I arrived in 2006.

Joe: Okay yes. You said that.

Geremy: 2006. And then I got I was married in 2008. And it was actually right around the time when I got married I realize like, man, I'm going to be in the US probably for the rest of the lot. And so that was when I started to think about other options outside of my corporate job. And, you know, I kind of felt like, I'm going to have a lot of family back in Australia and I wanted to have the ability to go back and see them without having to, you know, go to my boss and ask for time off, etc. So that's kind of what led me towards real estate to get started.

Joe: Okay. So you were not looking at real estate from Australia, this was after you came here to the US that's where my wires were crossed.

Geremy: Yeah. Yeah, absolutely. And actually it's interesting because a lot of the guys, this book that I've helped to co-author called 10,000 Miles To The American Dream. A lot of the guys they all, the guys now live here in the US and invest in real estate. But they didn't all come here with that intent. And I think one of the things that we do talk about in the book is the fact that America really has, you know, some of the best real estate investing opportunities in the world. And I think for us guys from Australia, we didn't even realize how good it was until we came here. It wasn't our intention, but once we were here and we saw the difference between the opportunities here and what we have that kind of, we had no other choice and to give it a shot.

Joe: Nice. Why here though? Why of the US? You have investment real estate, don't you, in Australia?

Geremy: Yeah. I think there's a few things about the US which make it a special place for real estate investing. Probably one of the biggest differences in the single-family space is the cash flow that can be generated on rental properties here versus in Australia. The best comparison that I would have is if you think of properties in expensive places on the east coast, like New York or places in California, it's pretty much impossible to cashflow your properties. And Sydney is pretty much locked that all over. So you don't have these markets where you can be cashflow positive on properties when you leverage with them.

Joe: Okay. Is it like that in the entire country or just in Sydney though?

Geremy: It's pretty much nationwide. I guess the thing with Australia is you have the major cities and outside of that it's pretty small places. And so, you know, as a rule of thumb, it's pretty difficult to get stuff to cashflow. So much so that the government actually has a tax break over there, which is known as negative gearing. And essentially negative gearing is just the ability to write off your losses in real estate investments against your income and everybody in Australia is, can, has been convinced that this is a really positive or this is a really great strategy to, to buy an investment property that you losing money on, write it off against your income and have the tax savings. And that's kind of as good as it gets back there on the cash flow stuff.

Joe: Well it sounds like, you know, it's, people are happy for the government to give them back money that wasn't theirs to begin with. It's like when people here in the US we get a tax refund and we get all excited, but does the IRS, the government, do they pay us interest for holding our money? No, but we have to pay interest on late taxes? Yes. I get what you're saying. It's a frustrating process.

Geremy: Yeah, definitely.

Joe: So Geremy, I'm looking at your book on Amazon. There's like one, two, three, four, five, six, seven, eight guys that have helped write it. Is that right?

Geremy: Yeah.

Joe: And you're all from Australia?

Geremy: Yeah. All from Australia. We all have pretty similar story, which is part of the reason why we decided to book. We all came here not knowing, not with an intention to be here for life, but found the opportunities to be so great. A lot of us ended up marrying American women. So we got that all in common and then I guess we're now, you know, super passionate about real estate and, and also helping others to understand the opportunities that are here. You know, I think one thing that we will felt collectively in writing the book is that a lot of people who have grown up in America don't fully understand or maybe have an appreciation for how good, not only the country is, but how good these investing opportunities are. And, you know, our stories, you know, hey, if a bunch of blokes from Australia, you can come here and do it anyone can do it.

Joe: Very interesting. So do you guys all work together? Do you all have your own separate businesses?

Geremy: Yeah, we all have, we're all involved in different top of real estate and asset classes. I mean, there are few of the guys that overlap a little bit in the multifamily space, but we work independently. But I guess we collaborate, you know, collectively together. And another reason why we felt the book was a good, a good thing to share is that we did represent different asset classes. So, you know, I was a single-family guy that was speaking about turnkey real estate. Another guy in a group, Bryce Robinson, he was the mobile park guy. We had a couple of multifamily guys, which was Ray Goossens and Kevin Dillon and yes a hotel guy, Mark. So, you know, there's a broad spectrum of asset classes. So we tried to give the readers a little taste of the different asset classes that are out there. They said that they could kind of pick the one that, you know, should their personality or their goals then maybe dive into that in a bit more detail.

Joe: Nice. So again, this book guys is 10,000 Miles To The American dream, our story of financial freedom by the Real Estate Mates. That's pretty cool. Yeah, you can get it on a Kindle or paperback. You mentioned the words, opportunities. What are some of the opportunities that make real estate in the United States unique?

Geremy: Yeah. Well in my chapter I cover the five main reasons why people should consider turnkey real estate investing. And for those, some of your listeners may not have come across that term turnkey real estate before. So just to kind of explain that turnkey real estate is real estate that's offered to investors who are looking for cashflow and to build wealth without all the headaches of, you know, having them find the property, rehab the property, put a tenant in place, and then manage it. All the investors really have to do is come up with the capital and all the bank financing and they would purchase a property that's already been rehabbed with the tenant and then our company would continue the management of that. So, you know, it really takes the headaches out of it and it really makes investing in real estate very easy to the investors.

Joe: Okay. So what are some of the markets that you guys are in?

Geremy: The market that I'm focused in is San Antonio, Texas. But I do think that one of the things that's unique about the US is there's lots of markets that really do offer these strong cash flows. And then the other thing that I think is pretty unique in America is, there's also markets that exhibit a strong market appreciation. And that's two of the four benefits that I cover. And I think when you can find that combination of a market that's got a good outlook for a strong appreciation combined with the strong cashflows so that you can be cashflow positive and pay down your debt. That's the two big things that are going to help you put together a portfolio that's going to build a lot of wealth over time.

Joe: What, what's your typical, or what's your average house that you're selling or that you're maybe even teaching people to look for?

Geremy: We were focused on the properties that have an ARV of somewhere between $140,000 to $180,000 would be our sweet spot. When I first got involved in investing I actually had built a small portfolio of lower end rentals and I ended up selling them all because the experience that I had was not good. You know, I found that the tenants were tough to deal with we had a lot of evictions. We had a lot of maintenance issues and houses getting trash. And so in the early days I just kind of gave up on the, on the rentals and then, you know, fast forward a few years, I started to realize that, you know, I had an epiphany, I guess, you know, I'd realize even though I've been flipping a bunch of houses, you know, it was really more about how many I could hold rather than how many I could flip.

Geremy: And so I personally started to build out a portfolio which was focused on higher quality assets. And the strategy I guess that we have is, you know, rehab the properties to the highest level of quality, pick properties that are in quality locations and then that's going to attract a quality tenant that's going to provide a quality experience through that leasing process. And then for our owners and clients, that gives them, you know a quality experience overall as well.

Joe: Well, I just looked at Redfin in San Antonio and I found 672 homes listed for sale. I just did a quick search between $150,000, $175,000. So real close to that range you're talking about, these homes are pretty easy to find. Are you trying to get them with some built in equity in them or what makes a good deal?

Geremy: Yeah, I think, you know, for us with our clients, we're selling them, we try and have a little bit of equity built in up front, but I think more than that, what we focus on is really doing a quality rehab from the asset. Because we, we really try to provide the investors with, you know, a predictable investment for the first 5 to 10 years. So like as an example, when you're looking at comparable sales for one of our properties, let say is worth $150,000, you know, it's probably going to have competent a lot of the rooms, it may have some cheaper wood laminate and tile in some sections. For us, however, you know, if we ever having something like that for turnkey, which we're currently putting in these wood tiled planks in a ceramic and we'll do the whole house in that. It looks like a hardwood floor. I mean it looks beautiful, but the thing about it is it's a ceramic tile that's going to last 20 years or more. And so we like to try and remodel the house in a way that the maintenance cost moving forward is going to be, is going to be low so that the investor returns can be maximize.

Joe: Okay. So this $150,000 house I'm looking at right now would rent for, according to Zillow, about $1,200 a month, does that sound about right?

Geremy: I would say $150 per week, maybe more around $1,300.

Joe: Okay. So what kind of ROI are you advertising or do you even advertise what kind of returns investors can expect?

Geremy: Yes. Typically for these properties, you're going to be somewhere in the range of 6% to 7%. If it was an all cash purchase. Now with the appreciation that we're seeing in the last couple of years, the houses have gone up in value a little faster than the rents so sometimes trending down in that five and a half percent range. Um, but I think in saying that it's important, to also mentioned that you know, a lot of companies have different way of coming up with that percentage. So when we're calculating that percentage, we take out all of the taxes and insurance and then we have the management fee taken out and then a 10% factor for vacancies and maintenance as well. So it's true, you know, we try to get to a true return that you would get from our holding that asset.

Joe: And what, how did you calculate or what do you take out again? Could you repeat that?

Geremy: Yeah. So we'll get the gross rent. So let's say that $1,300 in rent and then we'll, we'll take out the property taxes and insurance that would need to be paid and the property management fees, and then we'll throw in a 10% a factor for the vacancies for the maintenance costs as well.

Joe: So about what is that on average, what does that total as a percentage of the rent?

Geremy: You're looking probably around 60% as a total of the rent and part of the renting.

Joe: So the expenses will be 60% of the rent.

Geremy: Oh, sorry. The expenses will be about 40% and the rent will be about %60. Yeah. And you know, a big chunk of it is, is the property taxes. But I think because Texas does have some high property taxes, but nothing to offset that that and Texas has is it grows that's going on here. So, you know, over the last 15 years of growth has been tremendous. And you know, the outlook moving forward is for more of the same. So we're seeing a lot of appreciation coming in in time.

Joe: Nice. Have you ever, have you ever heard of a website called DealCheck.io?

Geremy: No. I don't think I've come across that.

Joe: I had this guy on my podcast a couple of years ago and he created this software. It's phenomenal. It's called Deal Check DealCheck.io. And I don't remember how much I paid. It was ridiculous. $50 bucks for the year, something like that. And a, it helps you come up with, it helps you analyze properties and so you figure out, okay, well if I'm going to buy a house for $130,000 and I'm going to finance 80% of that, what am I purchase costs, rehab costs?

Joe: And then an analyze basis based on the rents, what kind of return your buy and hold projections are you going to have. And it's pretty fascinating how this thing works. And then it gives you a worksheet where you can figure out and you can change all of your estimations, right? So if I change the rent to $1,300 a month, 10% vacancies, operating expenses, 40% of rent. Appreciation. Do you calculate appreciation when you, when you put these, when you give clients numbers like this?

Geremy: No, we have not factored in the, I have a separate process where I do like a consultation with clients. I have an excel model where I do put an x amount but when we're selling them I don't put them here.

Joe: So if the, if the current value of the home is $150,000, you're hoping to have, let's just say what get it for $140,000 for them?

Geremy: Yeah, we try to be around there. It depends on how much further we've gone with the finish out. But I think our comparables, our house are probably worth more than the truth comparables, because quality, but the flooring and things like that.

Joe: So, your investment returns, you use a cap rate, do you base that on or do you to do it like a cash on cash return? Because there's different on return on investment. There's different ways you can calculate all that, right?

Geremy: Yeah. Yeah.

Joe: What do you use again?

Geremy: So, we'll just do the straight return, which is if you did an all cash purchase. And then another metric that we would show in our marketing material is the cash on cash return. And so for the cash on cash return, we assume that the investors are putting 20% down and financing on a 30 year note with 5% interest on the cash on cash returns with those types of assumptions is in the range of 10%. And that's not including any, you know, appreciation of course.

Joe: Right. Okay. Interesting. Because I, you know, I'll tell you a little bit of my story. There was back in 2012, so can you believe it's seven years ago, I was doing a bunch of lease options. I started transitioning, doing a bunch of wholesaling and it was working really hard at the time trying to find deals to sell to my buyers. And I saw so much money coming back into the market back in 2012, 2013 and 2014, I actually transitioned all my marketing to finding buyers instead finding buyers and then I knew there were deals out there. So I started just advertising, finding other investors to bring me their deals. And so I was kind of acting like a turnkey investor except I wasn't, I was intentionally not buying in any of the properties and holding them myself, fixing them up myself and then selling them.

Joe: If anything, I was just bringing deals to my buyers, telling them, okay, here's three property management companies that you can interview. Here are three contractors that you can call and talk to. There you go. And incredibly lucrative. I mean we were averaging at the time, two to three deals a week with this. And um, and then I had an acquisitions manager. Long story short, we just decided to stop working together and do something different. But it was very easy actually. I love your business model. You're finding, is the main thing that you're doing, finding the buyers and then you have other rehabbers and holes or you know, other investors and property managers, realtors bring you the deals?

Geremy: We actually as a set up to handle the whole process end to end. So, you know, we'll do the direct marketing to sellers to find the deals and then our acquisitions team will lock up the contracts. We then have our construction team handling the remodeling process and then and then it flips across to our property management company, which is managing a little over a hundred houses at the moment. And we'll do the management piece as well.

Joe: Well, you're doing everything.

Geremy: Yeah, yeah, we're kind of a one stop shop for it all.

Joe: Wow. And how's that working out for you?

Geremy: Yeah, I think it's been, you know, it's been fun putting it together and growing and you know, the reason why I really wanted to do it that way is I wanted to, I wanted to know from the outset, especially on the construction side, I knew that if we could control the rehab and make sure it was done to the right level of quality, that would make the management piece a lot easier.

Geremy: And then I think the other, the other part that was important to me was by owning the management piece. That's really, that's really the true experience that the customer buys the houses that they have from you over the long-term. And so I wanted to make sure that we control that so that we can give our clients the best service and really deal with them directly and getting their feedback directly so that we can continue to, you know, put things in place and again address their needs.

Joe: And so you're staying involved the whole time?

Geremy: Yeah. It's all from accusation right through the end of the deal. And then even I like to, like I said, I like to try and set ourselves up as a one stop shop. So you know, I'll help my investors, you know, I'll get them connected with local banks if they want to get refinancing or I'll get them connected with the insurance companies with deals on insurance, you know, attorney, if they need some entity set up and things like that. So really just try to provide all the services that are needed for them to put together a portfolio that's going to build a wealth at the time.

Joe: Good. Now is San Antonio, where do you live? Do you live in that market?

Geremy: Yeah, this is where I reside. And, you know, I've been, like I mentioned a little earlier, I'd been flipping a lot of houses and I just realized, man, I flipped a lot, but I just realized I've got I've got to hold more. And then I'd started to become aware of this turnkey model a few years back. And when I saw I did some research on San Antonio in particular, you know, just starting to understand the cashflows and the market appreciation and stuff like that. And I soon realized like, man, I think I'm sitting in one of the top five markets for doing this in the country, you know?

Geremy: And so it was kind of a fortunate that I was here that I feel like it's really the perfect place. So this time and model, not only for the short term cash flows, but I think the, the appreciation in San Antonio, if you look at the major cities in Texas, San Antonio is one of the smaller ones, but it's probably the one that's got the biggest upside with potential growth, especially with the Hispanic community in proximity to Mexico. So I see this place exploding in the next 10, 20 years.

Joe: So you're out there finding your own deals, you're buying them, fixing them up, and then selling them to a landlord and you stay managing the whole process.

Geremy: Yeah, that's correct.

Joe: Do you ever have other people bring you deals?

Geremy: Yeah, we do a, you know, we work with some wholesalers locally who will bring us deals. So we, you know, we're actively always networking with other people know the type of properties we're looking for and definitely a decent, probably of 25% of what we pick up would through wholesalers.

Joe: Do you find that what's your read on the market is getting tight, harder to find deals?

Geremy: I think that it's certainly been getting more competitive over time. You know, there's a couple big things driving that I think, you know, one is the big I buyers coming into to certain markets. So obviously, you know, they're doing a lot of marketing and taking up a big chunk of the houses out there. And then I think also, you know, it's so much easier today than let's say 10 years ago for somebody, you know, in their 20s to learn about real estate and to basically set up their own little real estate business, whether it's wholesaling or flipping, you know, even things like all, when you think of all the technology, like things like Podio and you know, the systems that are out there and also the educational content. I just think there's a whole new pool of people coming through that are, you know, that are getting into this and are creating a more competitive marketplace.

Joe: Yeah. What is the market like in San Antonio or properties flying off the shelf pretty quick? Is it starting to slow down?

Geremy: Yeah, I'd say, you know, the interest rate hikes, definitely. I'd say on the higher end stuff, like if you're looking at houses over $250,000, then there's definitely been a pretty significant slow down. But I think on the cheapest stuff, it's still really strong. And I think as there's been more pressure on the affordability of the houses, it's just compressing more people into that space, which is that median price between like a $100,000 to $200,000. And so I think that section is as strong as ever.

Joe: I'm looking at Redfin again and I'm looking at houses, just houses, single family homes. Price between a $100,000 and $200,000 that have been on the market over 90 days. There's 350 of them. 350 properties. Are you surprised by that number or do you think it would be, that's pretty average?

Geremy: I would say that doesn't sound like many houses to me when you can see the, you know, San Antonio's the MSA is up around 2 million in San Antonio. And so, you know, to just, I'm like, wow. Yeah, that's probably tells a bit of a story there.

Joe: Well, if I take out just the houses filter, there's 823 so I don't know if that's like condos, townhomes, some new construction it looks like here. But I've often wondered, you know, like there's a huge opportunity, yeah. So if I just go back and say only houses, forget condos, townhouses, multi-families, vacant land, etc. there's 347 properties that have been on Redfin or the MLS over 90 days. I wonder if, you know, if somebody is looking for deals, if you just targeted those houses and started making offers on them, if you could find good potential rental properties for clients, because these are a lot of, these are properties that don't need a lot of work they're in really good shape. You would think the sellers may be starting to get motivated if it's been on the market now three, four, five months, not getting any offers or not sold it yet. They were starting to realize their price is probably too high. I don't know, just thinking out loud.

Geremy: I think it's a great strategy. I'm might try that. It's great strategy for sure. You know, I think, yes, as big, obviously as time goes on, people get motivated and I think you're very correct in saying, you know, I don't need that much work. They're really ideal as rental properties. And one of the things that I've learned from flipping a lot of houses is, you know, you can clog up your pipeline pretty quickly by getting in deep on several big rehabs at once. And so we really try to streamline stuff now and have the discipline of saying no to houses that need larger rehabs because we understand that they're the ones that take all the attention away from everything else.

Joe: Yeah. Well there's a lot of homes that I just excluded the new construction and now there's 239 that a lot of these have been on the market over 120 days. I'm just wondering like that's four months. That's probably maybe more like the normal average of what people used to be able to expect to sell their houses on. But San Antonio is a hot market and you got to wonder like, why are these homes on the market for so long? And would the seller be negotiable on their price? One of the things I used to do a lot, and I don't know why I'm getting onto this tangent, but like we would have our VA's go and look at all of the old properties, not all old, but like properties that have been on the MLS for over 30 days and look for all of the ones that need work they need updating.

Joe: And if they hadn't sold in 30 days, there's, there's probably a good reason it just needs too much work or it's overpriced. And we would just contact the realtors and that my VA's would email them and ask them questions. Hey, is that house still available? What's going on? Why do you think it hasn't sold yet? And without saying things like, it looks like it needs a bunch of work. We would ask them why hasn't it sold yet? And then we'd ask them simple questions like, do you think the seller is, is a negotiable on their price? And we would be surprised realtors would tell us things like, yeah, they would be, and sometimes we would ask them well what do you think it would take to get this deal done? And they would tell us sometimes the price that the seller would take. Now that's totally against realtor rules. They're not allowed to do that. But sometimes you know, these realtors, they just know that these houses going to sell. They know why they're not selling and they just, you know, sometimes the sellers need some time to cook. I don't know if I'm making any sense there.

Geremy: I totally agree with you on that, Joe. And one of the things that I think is so interesting in this business is everybody's looking for deals and you know, a lot of people spending a lot of money to find sellers and now you've just in one minute found 230 or so sellers and a decent portion of them are probably motivated to some extent because their house has been listed for more than four months. So, you know, that's a nice cheap way to find a little pool of, I'm sure there's a few contracts in that little set of houses, there's no doubt.

Joe: Yeah. And you could have a VA make these offers for you, maybe at least make the initial contact with the listing agent, send a text, send an email, hey, is that house still available? Just kind of filter them out for you. So you'd just take the, you can take over when you know, there is some motivation or interest in negotiating expressed by the realtor, you know?

Geremy: Definitely. I love it, I love it.

Joe: What are some of the ways that you're finding working now for finding deals?

Geremy: We do a range of different things. You know, we'll do this traditional stuff, direct mail, we do online stuff. We run some radio here in San Antonio as well. Then we do some more what I'd call the ground and pound stuff. You know, where you really get in some of the niche lists, like on foreclosures and doing some foreclosure door knocking and probate lists and, you know, with those niche list we like to target the niche list and then skip trace to list so we can get phone numbers and then, you know, do outbound calling on those lists as well.

Joe: Good. And are you finding that it's giving or are you happy with? Nobody's happy with the number of deals they're getting, but like, do you feel like it's working?

Geremy: Yeah. You know, I feel like you've got to have a few, you know, a few things going on in the fire once or a few lines out in the ocean. And if you got, if you've got more than one marketing strategy going at once, you know, if one's not performing, then another one will make up the difference. And I think as long as you, as long as you're tracking, you know, your ROI, you know, what are you spending on your marketing versus the profit you're generating? And then making decisions on, you know, which marketing channels to maybe stop. And then which new ones to start, you know, you're going to be optimizing that marketing expand by the time that's what we've found works best.

Joe: Right. Cool. How is direct mail going for you? You've been doing this for a long time is, I've been hearing actually from some people that marketing, direct mail is actually going up because so many people are, have been stopped not doing direct mail anymore. But what are you seeing?

Geremy: We found it to be getting competitive. So, you know, in order to, I guess to optimize some of that direct mail spend, we've really cut back on the volume of direct mail that we're doing, but we're trying to be more targeted with the lists that where going out though. But it still works. You know, another thing that I could mention that we do, which has been really effective for us is posted notes on doors. So, you know, we'll blanket a whole subdivision. We, you know, big six by eight sticky notes that just say, I want to buy your house and we're able to get that out. Total costs for about 7, 8 cents a note. So, you know, we can hit, you can hit a lot houses at a pretty good, pretty good price.

Joe: I used to do a lot of that. And how's that going?

Geremy: Yeah, it's always been pretty, pretty consistent for us. You know, I think one of the things that I love about it, I mean, the downside is you're getting a whole neighborhood, so it's not really like targeted to somebody that maybe motivated against somebody that's not. But the upside is it's only 7, 8 cents per note and it's not a note that's in their letterbox with the rest of their mail. It's a note that's in their face when they enter their house. So, you know, we find we get a good response rate off them. And when we use the big ones, the six by eight, we do find that we get calls like months later after hitting an area and that people do hold onto those notes they're thinking about selling, but not right there yet.

Joe: And how did you find somebody to put them out for you?

Geremy: We contacted local door hanging companies. And then we paid them to, uh, to put them out. We pay them I think 12 and a half cents a door. And then the note itself cost about 4 cents. So that's how we get to, we get to the 16 and a half cents from that.

Joe: That's phenomenal. I was paying a guy 15 cents a post-it note to deliver it. And it was about, I was paying 4 to 5 cents. I remember it was around 20 cents per post it note. And this guy was phenomenal. He was great. You know, he had high turnover. It's hard to keep somebody for a long time to go do your post it notes, but we could certainly tell when he was out there because our phones would be ringing off the hook. You know, I wouldn't say our response rates were better than direct mail, but we were getting leads at direct mail would've never given us.

Geremy: Definitely. Yeah. And then the other thing that I like is if you really like a certain area, you know, you can be hyper focused on getting properties in that area. Like a good area where I found it worked well in the past, maybe, like historic areas or areas that are on the verge of transitioning like, and so the good thing is there's tons of distressed properties in there. It's old houses that have been around for a long time. And then they are areas that are hot or are becoming hot. So I think it's a nice little combo where you can be hyper focused on those types of older neighborhoods.

Joe: Very good. Oh yeah. Nice. Yeah. I'm looking this Deal Check software website I was telling you about and they actually have this thing where it's an offer calculator and you put in the property details and you can then it'll back into your purchase price based on different things. Maybe minimum cashflow, your cash on cash return being at least 8%, 10% if you had a rent to value ratio or an ROI return on investment, internal rate of return. So you could set different returns that you're looking for and it'll come up with the offer that you should be making.

Joe: And then from there it gives you a property analysis that you can give to your potential buyers and your clients giving some projections. Speaking of projections, where do you draw the line of like telling a potential client, hey, you know what, it's going to probably is going to cost this much. It's going to take $20,000 grand in repairs or you know, we're going to, we're projecting it'll rent for a $1,000 a month and after expenses you should be getting a percent cash on cash return. You know, do you always give those kinds of numbers or you just tell them approximate ranges? Does that make sense?

Geremy: Yeah. Now we can, you know, we'll put hard numbers on our, the stuff that we, we are trying to sell sometimes with selling it and the tenant is already in place. So we kind of know the rents and you know, it's already been repaired. If it's before that point, you know, we're putting in what we consider to be the true number. And I guess, you know, what we understand is that like, because we're the ones that are going to be managing the house moving forward, if we're providing numbers that aren't realistic, that relationship isn't going to last in the long run. And you know, we want to set up relationships with customers and not just want to buy one or two houses that people hopefully over time, thinking more about five or 10 and we want to be their partners to help them build on those portfolios at the time.

Joe: I'm going to email you this report because I think you might like it and maybe you already have your own thing. This, I've just been so impressed with this, this report that these guys have created.

Geremy: This is the deal Check?

Joe: Yeah.

Geremy: I'm definitely checking out the site. I'm going to check out the site for sure.

Joe: It's like really, really good. And I, you know, I remember interviewing the guy thinking, what do you have? Like this is so cheap. Are you sure you know what you're doing? And it just gives some really good analysis of the property. You can add your photos; you can choose which comps you want to show. It gives you the projections, investment, returns, cashflow, what do you accumulation if you sell it, you know, how much profit will you make if and when you sell it in 10 years. Good map of the property. Anyway, I want to ask you a question about buyers? Where do you find your buyers? How do you find them?

Geremy: Well, I've been transitioning into this model life. I've started with the investors that I'd worked with in the past. Private lenders that have worked with me or, you know, friends of friends of friends and just kind of spread the word that, you know, we're moving towards this model. And that's really what's enabled us to set up the foundation we've got now, you know, we're going to property management companies that we set up from nothing and managing over a hundred properties moving forward. I would say as we, as we look to grow, I'm definitely interested in getting, attracting clients from all around the world.

Geremy: You know, I think one of the benefits of turnkey real estate is it makes these markets that have the combination of high cashflow yields and strong market appreciation accessible to people from anywhere, you know, anywhere in the world, whether you're in Australia or whether you're here in the US and you know, so I think probably moving forward, particularly people on the east coast and west coast where they don't have those types of markets, old people back home in Australia, you know, I think this is ideal for them.

Joe: You want to know how we found our buyers?

Geremy: I would love to.

Joe: It was really easy. We would go in and we would see in the different turnkey markets. There's, you know, there's a lot of good hot turnkey markets. Like San Antonio is one of them, but Memphis, Tennessee, Columbus, Ohio, Cincinnati, Ohio, Cleveland, Ohio, Indianapolis, Indiana, Houston, Texas, maybe Dallas, Fort Worth. I don't know that it gets kind of expensive in Houston and in parts of Dallas, but Las Vegas, even possibly parts of Phoenix. Maybe what you do is you go in and you say, all right, in Marion County, which I think is Indianapolis, Indiana, right? In Marion County, show me all the investor buyers that have purchased properties in the last year from outside of Indiana. It's a really easy list to get and you can pull that list, maybe get a thousand, a couple thousand and these are, again, these are investors that are buying properties in that county from outside of that state.

Joe: They could be from California, New York, sometimes out of the country doesn't matter and we would send them simple letters. Hey, I saw that you purchased a house in Indianapolis. Sounds to me like you might be an investor. If you are, I want to tell you if you're interested in looking for some more deals, we are the Premier Real Estate Investing Company in the St. Louis region and we get properties with consistently great returns and we've got a great reputation and all that. Just talk briefly about your company and then say, hey, listen, if you'd like to talk, give us a call. And that phone number on that letter would go directly to either my cell phone or my acquisition guy's cell phone and we wouldn't get a ton of calls. But the few calls we would get big turned out to be great buyers and a lot of them would be like, yeah, you know, I'm looking to buy maybe one more house.

Joe: I don't know. Just thinking about it. And they're testing the waters. They're testing to see if you know what you're doing or not. And then if they like what we have and if they buy one or two houses for us, it always blew me away how many of them would then say, you know what, we want to buy 10 a month we want to buy 20 a month. And they knew that all along. They're just kind of testing us to see what we had and what we'd give them. But simple letters like that to buyers that are already buying in other markets from outside of those states, they're great buyers. You know, they already are, you know, you know they're already comfortable with buying properties in other states and they already understand kind of the, the risks involved with it and they've got money to invest. Does that make sense?

Geremy: Yeah, that's an awesome strategy. So I'll definitely be going to be having a crack at that. I love it.

Joe: Hopefully somebody else listening to this also does it. I learned that from Kent Clothier got to give credit where credit is due. He wrote this book called Reverse Wholesaling and that's exactly what he says to do there. And I did it thinking, dang, I'm sure everybody does this. I'm sure like these guys are getting hundreds and hundreds of letters and you know, a lot of people are doing it and they are getting a lot of mail. But here's the funny thing. We had so many people tell us their only reason why, well one of the major reasons why I'm doing deals with you guys is because you answer the phone, you're accessible. You call me back, you answer when I call you live. And they got tired and frustrated with working with these other guys in these other markets.

Joe: You know, because they were hard to get ahold of. You know, once they start buying deals, they just become difficult to work with. They become hard to talk to. They get tired or frustrated with whatever property management company they're working with in that city and they get your letter right at the right time, they call you. And unlike anybody else that they've tried to work with in the past, you answer your phones. Game Changer. That's how you stand out above all your competition. And you probably already know that, Geremy, I'm just telling this for everybody out there listening, Geremy: It's a great, I mean it's a great strategy I think buyers and another pool of buyers that we haven't spoke about, which is an area that I'm super passionate. You know, I feel like most people out there have some type of retirement savings that they have like 401k plans or you know, something equivalent. But I think there's just such a small percentage of people that understand that you can use those for investing in real estate.

Geremy: And, you know, I have a few clients that have started purchasing properties in May where I hooked them up with a lender that provides on non-recourse lending so that they can leverage the capital they've got in their retirement accounts and not feel rentable portfolio that way. And you know, I think when you stack up the benefits and the returns that you're going to get from the real estate portfolios versus to stock based plans, I just don't think there's much comparison in the long run, especially if you're in the right market, which is key.

Joe: Yeah. Good. Excellent. So Geremy, couple of final questions here. Somebody who's listening to this, maybe it's just getting started in real estate and they like this idea maybe of finding deals and putting them together, packaging them, sending them, selling these kinds of deals to other investors. What recommendations and advice would you give to somebody who's thinking about maybe wanting to start a turnkey business?

Geremy: I mean, I think that, you know, it all starts with the first step. If you don't know real estate investing whatsoever, then now the best place to start is always getting contracts and wholesaling deals. So, you may even be able to wholesale a deal to a person who's looking to build their own rental portfolio. And you know, that's probably where I'd recommend most people to start. If you've already got experience and you're rehabbing houses and, or maybe you're good at marketing to certain buyers, you know, focus on, I think the service that you really want to offer the clients and clearly defined, you know, what you and your business do and the benefits that they can provide those clients. And then, you know, once you're able to articulate that, that's really the starting point I think. And then, you know, obviously, you know, then you've got to build the machine that that's going to deliver that.

Joe: You know, probably one of the best things I could give to somebody that is, I think I agree with you, find the investors like you that are buying these properties that are selling them to turnkey deals to turnkey buyers. And find out what are you looking for, what kind of properties are you looking for, what areas, what price ranges, what rent prices, you know, like what kind of work does it need to have, be able to, you know, need to have done or whatnot. And then go find the deals for guys like Geremy Heath. Go see what they want, find them the deals, bring it to them. That's got to be a good way to learn how to do this business, isn't it?

Geremy: Yeah, absolutely.

Joe: Cool. Good, good. Anything else you want to say? How can people get ahold of you, Geremy?

Geremy: So the best way to get ahold of me would be to visit our website, which is AmericanTurnkeyProperties.com. And you know, what I like to offer people who are interested in building these portfolios is, we'll set up a consultation where, you know, I think the starting point in doing this is you have to have clarity on your vision and your goals for the longer term. And so, the process I've worked through with people is to first start with understanding what their goals are, what the vision is, the timeframe for that.

Geremy: And then once we got clarity on that, we can then start to work out what type of rental portfolio they need to put together that's going to help them achieve those goals. And what I found in working through the process is everyone first of all has different goals and objectives and probably starting from a different place. But the cool thing is you can customize these plans to really suit any whatever the individuals needs are. So that's something that I personally really love doing this, it's part of why I got into this business. Because I do feel like real estate replaced invest in a place to build wealth. And so, you know, like to try and work with people and help more gather planet's going to do that for them.

Joe: Very good. So a website again is American Turnkey Properties with an s.com

Geremy: Yeah, that's correct. And then if anyone's interested in the book, you can order the book on Amazon, which is 10,000 Miles To The American Dream. Or you can find out more about me and the other authors at RealEstateMates.com.

Joe: Nice. RealEstateMates.com. Very cool. All right, Geremy, I see the website here. Looks good. Thanks for being on the podcast. Appreciate it.

Geremy: No worries, Joe, I really appreciate you having me on. It's been a lot of fun. Thank you.

Joe: Right. Again guys, the website is RealEstateMates.com or Turnkey AmericanTurnkeyProperties.com. Thank you Jeremy again for being on the show. Get his book guys 10,000 miles To The American Dream. You'll get a lot of value out of it. And if you're at all interested in working with Geremy on some of and buying some of their houses in San Antonio, we have a lot of overseas listeners, international listeners. And I will say this, I love the San Antonio Market. It's a great market to invest in. I highly recommend it. If you can work with guys like Geremy, get some good deals, get some good property management in place, you're going to have a lot of success. Cool. All right. Hey, thanks again, Geremy. Appreciate it.

Geremy: Yeah, thanks Joe. Appreciate it, mark.

Joe: Hey guys, don't forget, go to RealEstateInvestingMastery.com to get the show notes. Get the transcription of this podcast to get any kind of links. If you're driving and you couldn't write those links down, you can get them at, on our show notes at RealEstateInvestingMastery.com. Also, go to iTunes and whatever other podcast player that you listened to and subscribe to this podcast. Leave us a review. We'd really appreciate it. Appreciate you guys all very much. We'll see you later. Bye. Bye.