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1154 – Know Thy Numbers!

Hosted by: Joe McCall

Hey. What's going on? Joe McCall. REI in Your Car podcast. Good morning, everybody. I'm on my way to golf this morning. It's, what, Thursday, I think? Golfing with some buddies, neighbors and some friends. So I just want to do a podcast that I was driving here because I was thinking about this. I'm reading I've been reading a lot of the news lately. You know, I go to either Apple News or Google News and I'll do a search for real estate. And it's fascinating. You should do that and just see kind of get a pulse of what's going on in the market. But beware of the hype. Beware of the hype, because a lot of people are freaking out and everybody is hyperventilating and, you know, maybe they should be. Maybe that's a good thing. But, yeah, things are changing. It's obvious. You know, I don't think anybody's questioning that. We're seeing huge increases in inventory. Days on market are getting longer. We're seeing more price drops. We're seeing a lot more properties coming on the market. I was reading in the news this morning how some cities, especially the ones that have had the most growth, you know, housing appreciation, whatever has been seeing the largest increase in inventory, some markets 100 or 200% increase in inventory, which just means more houses are coming on the market, which if I was a realtor, I would be really nervous, I think, right now, because it's getting. I don't know. I don't know.

But that's not what I wanted to talk about on this podcast. I wanted to talk about on this podcast the importance of knowing your numbers. And because if you know your numbers, it doesn't matter what the market is doing and what direction it's going if we're in a recession or not. If you know your numbers, then you know what you need to do. You know what I mean? And this applies to so many different things. Whether you're a buy and hold investor, whether you're a wholesaler, you're in to create a financing. If you're doing houses or vacant land, you've got to know your numbers. But when the market shifts, the numbers sometimes shift as well. For an example, let me say, if you're buy and hold investor, you've got to know your buybacks, right? You've got to know your buybacks. If maybe it's \$300 a month, maybe it's 10% cap rate or it's 15% cash on cash return, or it's the 1% rule, whatever it is. Right. You need to know what that is. Maybe it might be getting better. It might be getting easier to find those deals. It might not. But I can say this one of the reasons why I love wholesaling so much. Yeah, you can't get the quote unquote passive income. But when you build a right team, when you build a team and you and you find the right people to partner with it, does it? I mean, like I've done four or five deals a month pretty passively with my team and I make a lot more money than if I would have had all of those properties as buy and hold rentals. Right? Like, well, anyway, you've got to know your numbers and well when if you're a wholesaler, what does that mean? Well, if you want to make 20 grand a year, I mean, 20 grand a month, ten grand a month, you've got to work backwards from there. And I talk about this a lot, but this is so important, especially in this kind of economy, because if you know your numbers, you don't have to worry about it. Like knowing your numbers means knowing what your buyers are willing to pay for specific properties and what kinds of



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properties. Because I guarantee you there are still investors buying deals right now. You just got to know your numbers. Well, maybe before you could get away with doing, you know, offering 85% the male formula, 85% if you're in San Diego. But now, okay, you got to be at like 75% maybe if you're in the Midwest markets or if you're in a cheaper market, maybe, let's say in Ohio or something, or before you were you were getting away with offering \$0.75 on the dollar. Now you've got to offer 70, 65, \$0.70 on the dollar. Not a big deal. You got to know your numbers. Well with knowing your numbers also applies to marketing in terms of if you want to make ten grand a month, then you're just super simple round numbers. If your average profit is five grand a deal, which should should be more than that.

Okay. And let me say this to your average profit per deal should not go down in a low economy like this. You just need to be buying. You need to be focused on buying better. So your average profits I mean, say that again during a recession should not be going down. Don't expect that. All right. So if you want to make ten grand a month and each average profit is five grand, you need to do two deals a month. Well, you need to know your number. So if I got to do two deals and that means I need to make, you know, let's say 30 offers for every one deal. So I've got to make 60 offers in one month. All right, cool. And let's say I don't have my calculator here with me as I'm driving and talking, but like, let's say you've got to make 60 offers a month, right? Well, divide that by 20 days in a month. That's three offers a day. Now we're getting somewhere. Now we know our numbers. Right. All right. So if you've got to make three offers a day to meet your goals, all right, no big deal. I need to maybe talk to five or six sellers a day I like. I believe you should make an offer to every single seller you talk to. Get out of the road, dear. Oh, my gosh, dear. That's just staring at me. And I finally got about six feet from it, and it slowly walked away to the curb and then just stared at me as I drove past it. Anyway, so you've got to talk to five sellers a day right now. That means not cold call five sellers today. That means you talk to five sellers a day who raise their hands and say, Yeah, you know what? I'd be interested in maybe selling my house. Tell me more. All right. So how are you going to talk to five sellers a day? You got to know your numbers. Well, you got to figure this out for yourself, for your market. It's different, but it might be. You have to hold call for an hour a day. You need to dial outbound dial 100 phone numbers. Maybe it's you have to text 20 landlords who have houses for rent, text them, and maybe you have to send 20 yellow letters a day. I love sending yellow letters to rentals to the owners of the rentals on Zillow, because a lot of them, you'll be surprised, ten, 20% of them are not showing up yet as absentee owners on the county records, but they're listed as a rental on Zillow. And a lot of those home owners, they're not getting any mail from other investors trying to buy houses. Right. So you can send 20 yellow letters a day. What else could you do? You could do maybe 20 bandit signs every weekend. I don't know. But you've got to have your numbers written and you'll know and you'll figure this out. If you send, let's say, 20 yellow letters a day times five, that's 100 yellow letters a week. That's four or 500 yellow letters a month. And then you do you send 20 outbound text messages to landlords. You use dial a hundred phone numbers every day. You send maybe 5000 postcards a month. Guess what? Guess what's going to happen. You're going to get leads and then you're going to talk to sellers and then you're going to make offers, and then you're going to do a follow up. And you do a lot of follow up because most of your deals are going to come from the follow up, right? You know your numbers. Then you'll start doing



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deals and you're going to know your numbers, too, because on average, it takes 2 to 3 months. There's another deer. It takes 2 to 3 months of follow up to get a deal under contract and an average of 7 to 8 touches. Right. So if you know your number is going in. Well, all right. Well, if I don't get the deal now, that's fine. I'm just going to follow up. I'm not chasing the sellers. Right? The harder you chase them, the faster they'll run. I'm not chasing them because I got so many leads coming in. I know my numbers. I'm not becoming the motivated buyer. I'm not a desperate buyer trying to turn non deals into deals. We're deal finders, not deal creators. Right.

So and I'm just telling you, it makes everything. It takes the pressure and the stress off as you're reading the news and maybe you're panicking, maybe you're nervous, maybe you're excited, but maybe, you know, I just don't know what's going to happen when I don't know what's going on. I don't know what to do. Look at your numbers. And I just gave you a simple formula. I take your revenue goals, work backwards from there. How much mail do you need to send out a day? A week? How many phone calls you need to make? How many sellers can you talk to? How many offers you need to make? And then so that's like on the marketing side, but it's also just as important, like I talked about to know your numbers in terms of making offers. So when you make your offers, you've got to know what your buyer's numbers are. One time I sent out a yellow letter and I did this intentionally. I sent a yellow letter to recent nearby investor buyers who bought a property near where I just bought one, and I sent a yellow letter saying, Help, I'm desperate. I desperately need to sell my property at one, two, three Main Street. I've had it listed for some time now and I can't wait any longer. The taxes are paid, title is clear and I need this thing sold today. Please call me. Help. And I gave my name and phone number. Right. Handwritten. I sent this to, like 100 nearby investors. Well, the response was amazing. I got tons of calls on it. It was awesome. Some guys were telling me, Hey, I'm not interested in that particular property. I just wanted to call you anyway to tell you I am so stealing your letter. I said, That's totally fine, I get it. But so the reason I did that was I wanted to talk to them and I wanted to ask them, What are you looking for? What kind of deals are you looking for? If this one is not what you want, what? What do you want? And I asked them, Give me specific numbers. I want to know your numbers, like, is it a certain percent of rent? And I got different answer. Some guys would say, Well, you take the rent divided by. I don't remember right now, divide it by .03 or something like that. Like the monthly rent. Take the annual rent times divided by. Point one, take the monthly rent. No, I remember what it was. It was like take the monthly rent times 35. And one other guy said, Well, I take the monthly rent times 45. The other one said, take the annual rent divided by 0.13 or platinum level. Right? So like. And then some guys were, well, you know, I like when I look at a deal, I look at the, the annual rent and I take out 40% for expenses and taxes and insurance and all of that stuff. And then I subtract. But yeah, then I get my net operating income and I want to make at least 10% of my money. So I take that net operating income divided by 10% and that's the most all in that I will be on a property and then I subtract repairs from that. So if it's, you know, then you work backwards from there and you figure out, okay, what's the most all end that this investor needs to be at for this deal? All right, then you subtract ten grand for your wholesale fee and that's what you offer. That's what you offer to the sellers.



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So you got to know your numbers. I think I'm pretty clear on that, man. The golf course is empty today. Wow. All right. Hey, guys. Love you. Hope you're doing well. Hope you had a good holiday weekend, depending on when you're listening to this. And I'm going to enjoy today the round of golf today. It's going to be a beautiful day. We might get a little rain, but yeah, if my practice round yesterday at the driving range was any indication of what I how I might play today today is going to be a good day, but we'll see. Take care, guys. Hey, listen, if you want to see a webinar that I just did on how to invest in vacant land and how to make a lot of money flipping vacant land, go check it out. Simple land class dot com. Simple land class dot com. I break down all the details there and I've been doing a lot of YouTube videos about it lately too. So go to my YouTube channel and I'm actually walking through a deal right now where I demonstrate all of the steps. I found a market, I pulled a list, I set up freedom soft. I mailed letters, set up my voicemail and all of that. And now we're starting to get leads in and the leads are coming in pretty rapidly. So which is exciting. So my next video that I'm going to do, I did like four or five already. So the next one, I'm going to be looking at some deals and sending offers. And so check out my YouTube channel, just go to YouTube, just search for Joe McCall, subscribe to my channel and see the kind of the more video I like on screen displays and presentations and things like that. All right. See you guys. God bless.