



# REAL ESTATE INVESTING MASTERY

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## 1156 – 7 Steps To a Recession Proof Business : Steps 1-2

Hosted by: Joe McCall & Gavin Timms

- Joe:** Hey. What's going on, guys? Joe and Gavin here, this is the Real Estate Investing Mastery Podcast, and we're also broadcasting right now in our YouTube channels. How are you doing, Gavin?
- Gavin:** I'm good, Joe. And guess what? I'm not even told you this. Look what I've got.
- Joe:** Number two coach? Yes.
- Gavin:** We never even plan this, I was just looking at it. And I was like.
- Joe:** For those of you listening in, A student, I swear. Sent this to me. I did not buy it for myself. This mug says Best Coach ever, and the bottom says number one. And Gavin kept on saying, You stole my mug. So I sent it to me or Sam sent him number two coach. Anyway, it's kind of funny. Nice. You got it back.
- Gavin:** Yeah, it's back.
- Joe:** But Gavin and I really love I mean, one of my passions in this business, Gavin is coaching people and helping them find breakthrough, do their first deal, finally break over that hump of doing one or two deals a month. Five deals a month. And that's one of the reasons why I like working with you so much, Gavin, is you are really, really good things that I'm not like. I dive deep into the technical stuff. You're more of the motivator, the mindset guy. And so there is no number one coach.
- Gavin:** No, no, it's good. And you're exactly right. I mean, there's so many people, I think, coming into the industry, you know, wanting to be coaches and that's great. But sometimes it has to be in you, right? Something I mean, you can learn anything. But I obviously been as a golf pro, I was a coach for ten years. So it's always in me to see people get better at whatever it is that they're doing. And you're exactly right. We have some fun with it, even though I still say you emailed that to yourself, but you say you did it. Yeah.
- Joe:** All right. So in this video series we've talked before, we created this PDF called Recession Proof Real Estate Investing Guide. It's a free PDF we get, but we wanted to. It's like a 50



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something page, kind of like a book, but we wanted to actually break it down into something simpler, shorter, more condensed. We created this PDF so like nine pages long of seven steps investors must take now to survive this recession that we're in. And things are changing. You already know. We don't have to talk about it. The interest rates are up, inflation is up, hedge funds are backing out of deals. The market is shifting. There's a market our way up, supply is way up price drops and seeing them like crazy everywhere. We're getting more and more sellers accepting creative financing. Lease option offers. So things are changing. And we want you all listening to us right now to make these simple minor adjustments and changes so that you can continue to do more deals. And in fact, if you set yourself up right you'll actually be doing more deals than you ever have before, because we're very optimistic about what's coming on in the market right now. We want you to be prepared.

**Joe:** So we're going to do a quick little seven step video series here talking about each of the steps in this PDF. But if you want it, you can get it. Right now I think you have to do the WW, but you go to dub dub dub dot proof dot com slash seven steps dub dub dub dot right proof dot com slash seven steps. And the link is below the video. Whether you're watching this YouTube or Facebook right now with the first step. We're going to talk about is finding the buyers first. This is really important. It's always been important, but it's even more especially important in this market. Right. Because, number one, there's fewer buyers out there that are actually buying homes. There's still a lot of them. But it's more important than ever. You can't be sloppy anymore with your offers because before you could just make a stupid offer and you know there's going to be some stupid buyer that buys it, you know what I mean? But now, even more important than ever. You need to make sure you're focusing your marketing like a laser beam on. The areas that have the highest demand. And you need to focus like a laser beam on who the best buyers are. Gavin, I'm going to share my screen here in just a minute. But like talk about this a second. Why is finding buyers so important and what are the things you want to know from these buyers?

**Gavin:** Absolutely. I mean, we said it you said it at the start. The coal hedge fund is number one. Right. Hedge funds pulling out shows that the market is changing in Alabama. I think we were with four or five, I think four pulled out of the market one drop that prices buyers are regular buyers now are pulling out of deals or they're reducing their prices. So as you just said, Joe, you can't now just come in and start offering crazy prices and still manage to get that spread. And I think there's been a lot of over the last couple of years anyone can do this business, right, because you can make yourself look good. Even people that flip homes and oh yeah, we made 40,000, but they didn't tell you that it sold 40,000 over asking price. Right. And they got lucky. So we're going to be weeding out a lot of people in the industry that have been on an appeal market. And now you've got to be getting more savvy. It starts



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with the buyers finding out where they're buying, how many that buy, and do they have their finances in place. What are they looking for is really important because even though that they will say, well, we'll buy anything, they won't buy anything. Right. So you have to go. Well, is there any way that you won't buy? Well, I'm not going to buy these accounts. And you have to build that relationship and understand what the buying once I call it, kind of like a VIP treatment, right. You got to build your network, build build your relationship with your buyer, because then it becomes a lot a lot easier for you.

**Joe:** Yeah. And in just a second here, I'm going to show you three different ways to find these buyers. And the two of them are free. One of them is free and one of them is premium. So let me just share my screen right now and I'll show it to you. Cool. Oh, no. I got to go here. Hide that. All of that. All right. First, of course, freedom soft. If you as freedom soft has been making a lot of really incredible changes lately to make this so much easier. And if you go right here to tools and go to Zip Finder, I just picked a random county. Gavin, just go out and look at it. It's Marion County, Indiana and Indiana has always been a hot market for turnkey real estate investors. What do you mean by that? Like there's a lot of investors in California and I don't know Florida. What they're looking for, cash flow, they can't get it there. So they look in markets like Indianapolis because good, strong economy, job growth, good middle class, blue collar people there. And you can find great rentals that you can rent there. So if, for example, here in Freedom Soft, if we went to Indiana and went to Marion County again, if you're watching this, you can see what I'm doing. If you're watching this, you can see. If you're listening to this on iTunes or Spotify or as a podcast, you need to go to the YouTube channel and check this out. Now, the time frame here, which is important because people are wondering like, oh, you know, the market's falling, the sky is falling. What's going on? Well, let's just look at the last 30 days from what I'm doing this right now. And see what kind of data we can get just as the last 30 days. Are there actually investors still buying homes right now? Are they still like or is this thing is this all of the bad news? If you listen to it so much, it can kind of freak you out. So are there people actually still buying homes a day? I think maybe it didn't work. Maybe 30 days is too soon. Let's do 60 days here. There you go.

**Gavin:** You probably wouldn't be recorded. And so.

**Joe:** Yeah, yeah. So you want to do 60 days, but look at this in 4620 341 transactions 46218 there's been 30 5462 2 to 26. So all you need to do is click on those three buttons, click. Find buyers here. 21 did select What did I do? It was just I was testing. This I swear find buyers. Well normally I'll try this maybe next time we do this video and say why not right here some is not working. But let me show you list source. All right. We're going to go right here to investor absentee owners and you can create a free account list source to get this



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data. Doesn't mean you have to buy it. But let's go to county. Let's go to state, Indiana. Let's go to Marion County. There's 43,000 absentee owners. Right. So let's go to next right here. So let's do single family, 1 to 4 units. And I'm going to go right here to last market recording date last three months. Now this is true. What's going on now when you're looking at you can see there's 693 right there. When you're when you're looking at calves and you're looking at buyers, you can't go back anymore six months, 12 months. You need to be going back sooner than that to get better comps and see who the more active buyers are. Okay. So there's 693, but there's actually going to be even more Western ones if I go here. Absentee owner, I'm going to say corporate owned, no. Preference, in the last three months, guys, than 2400 transactions in Marion County, Indiana, last three months. So as we're recording this July, that's since. May, April. Right. And this is well into the whole hype and mystery of the recession and inflation and high interest rates and all of that. There are still 2400 transactions in the last three months in Marion County.

**Joe:** So who are these buyers? What are they buying or the way we like to do it here real quick is well purchased. Pretend like we're purchasing the list here. We're going to go to purchase partial list. We're going to go to custom selection and we're going to do the drop down zip code going through this really fast. I've done videos before about it on YouTube. Or you can just watch this and slow it down. So what we have here is all of these zip codes listed out. Now you can just get a pen and paper, right. And just do a search for mine to say that yeah. What is the most like source six two. A one is a big one. There's been 200. Ten transactions there. 46218 is a big one. 46203. So you just write those down. I have this little spreadsheet that I built. I like showing it off. I'm just going to copy those numbers. I'm going to put it right here in this little spreadsheet real quick. And then I'm just going to take these to copy, paste them right here. Hopefully this works. I'll and look at that. Isn't that pretty Gavin?

**Gavin:** Yeah. Great when it works.

**Joe:** Yeah, especially when it works. You can see here the top three, four or five zip codes. If we go right here, these top seven zip codes where 50% of the transactions are happening are still happening today. So you can go in and get a list of who those buyers are and you can go in and find what they're buying. Okay. And you can also do this in prop stream. If you go into Marion County real quick, you go to filter. You want owner occupied? No, we want not even do that was keep it simple. We're going to do property characteristics we want let's just say single families, multi families, 2 to 4. We're going to go up here to ownership info we want last sale date. We're just going to go back three months. One, two, three, April 12th. All right. And it's close. You can see they have about a thousand transactions here. You can also go in and you could even say ownership info. Show me all of the investors that



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bought that were out of state. There's 332 in the last three months, transactions purchased by investors from outside of Indiana. So what does that tell you? These investors are still buying properties and you can go in here and you can see who they are, who's buying them. So let's just look at one of them. For example, here, this is Christina Lane, Open Door Property Trust. I don't know if you've heard of Opendoor Gavin.

**Gavin:** I think it rings, rings a bell that one Opendoor.

**Joe:** Now, this might have been a see when they actually closed on this. They bought it May 16. Two months ago. They bought it for 265. Where is this property? Well, you can go in. We're not going to dove into the details of this, but like you can keep track of this stuff to find out who these buyers are, what are they buying? And you're going to get a real quick feel. Now, if this would work in Freedom Soft. I can't believe it's not. I'm going to try one more time because I was just testing it before we went live and it was working just fine. Because I want to show you one quick thing that you can do that is super powerful. All right. So we're going to pick the top that's just picked the top three zip codes. Click Find Buyers. Here we go. It is working now. Active buyer. All right. So it's just showing me the top three zip codes in Indiana. Indianapolis, Marion County. There they are. All right. I can select all pages that I'm just going to select this one, page 250. I can add them to a lead list. I'm going to create a new lead list titled Marion County Demo. All right. Now I have it's importing in here. In just a minute, I'm going to have 250 property records in here and I'm going to highlight them. And with a couple clicks, I can skip trace all of them and then do a cold calling campaign to just get on the phone and talk to them. It's going to take a minute or two to upload here. But like, this is what we're showing you guys. It's just super simple ways through freedom soft list. Source your property more you can find who the active buyers are and what they're buying. And this is why. It's so important just to kind of bring your home here and wrap it up. You want to be able to it's so much easier to sell what a buyer wants rather than what you have. Yeah. So if you find a deal that you think is a good deal and you go out and try to sell it, it's it's going to be a lot harder. But if you know who the buyers are, you've talked to them, you have some kind of relationship with them. And you bring them what they've already told you they wanted. You can still command really, really high wholesaling things because you know what they want and you know. All right. Well, this house and this zip code, they're paying 150 bucks a square foot or they're paying \$100,000 for this type of house. So, you know if they're going to buy it for 100 grand, you go in and offer 80 to the seller. Yeah. This is just going to be more important now than ever. Makes sense.

**Gavin:** Yeah. And things as well, like the least resistance for you as a business owner as well is that deals are moving still fast for you, right? When you've done this prep work at a time when



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you have a deal, you already know who's going to buy it. So things like when I say we sell, we can sell a deal in 30 minutes. Like that's the reason it's not. I'm looking for a new buyer and seller in 30 minutes because I already have the buyers, I have the relationship. That's how we can move deals quickly.

**Joe:** Yeah. All right. So I'm going to show you something here real quick, because it's working now. I mean, all those leads finished importing in. Let me click here. All right. So this is my freedom soft. I have 189 records in here. They remove the duplicates. Okay, so if I highlight all 189 I can go here to more actions. I can skip trace these. It'll only charge me for the non LLCs. All right, drag those over there. I click confirm skip trace. I'm going to skip 94 leads. 94 of all of them were non LLC. All right, I'm going to submit the order here. And as it's going, you'll see it's pending. And in just a minute we refresh my screen here in progress. Plus, that's almost done here. But what's going to happen is I'm going to find I'm going to guess at 150 phone numbers. Almost complete. Let me share my screen again. Now, refresh. Complete 56 leads. Complete. Right. So I can go to that list now. My pipeline, Marion County, I'm going to go to all of the select all of them. And I go right here to more actions and I'm going to go to click the call dialer buttons here. And I can give them a name, select a phone number, and I can start calling them. I can remove the ones that have the do not call, I can remove the ones that have a no litigator. I can call primary or just mobile. I can send them a follow up message that says, Hey, Jim, I just left you a voicemail. Call me. It's important after you leave them a voicemail and then just like that, within a matter of minutes and clicks, you're going to have 100 people, 100 phone numbers, whatever that you can just start calling who bought properties recently. There was a just a couple of months ago, Gavin, you remember we did a demonstration of this and the first person we called was a private investor who just bought a property in Florida. They live near Washington DC and we talked to them and said, hey, you know, we're investors here. We notice you just bought a property. Are you looking for more deals like that? Right. And they're like, yeah. So, you know and it was really quick and easy. It's not sales or anything. You're just asking them, What are you looking for? And this person went dove deep into like looking for these kinds of properties. And, you know, I don't want that much rehab. It needs to rent for this amount of money.

**Joe:** So that's going to be our whole point in this is it's going to be more important than ever as we're in this recession and as it continues to get worse. Got to know who the buyers are, got to know what they're looking for and you need to get on the phone and talk to them, too. Yeah. Well, let me, guys, step one, find the buyer. Step one, we're going to do another video here in a little bit for part two, step two. But if you want this PDF, it's a simple nine page PDF that just walks through each of these steps, go to dub dub, dub, dot, reproof dot com slash seven steps. Or the link is in the video description as well. So we are doing a



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special little series here. We're broadcasting this out, talking about the seven steps investors and wholesalers must take now. If they're going to survive this recession. And we don't need to go into the details because, you know, things are changing. And the first step that we talked about and the first video was finding your buyers first. Critical and important. Second step is going to be lowering your offers and all seven of these steps, we broke it out. We used to have this big, long, fancy 50 60 page PDF report called Recession Proof Real Estate Listing. But we've condensed it to just nine pages, just seven steps. And you can get that right now. The link is in the video description. If you go to dub dub dub dot reproof dot com slash seven steps, I think you have to do the dub dub dub but all right proof dot com slash seven steps. Or the link is in the description of this video so check it out. But to this video right now, we're going to be talking about lowering your offers and gavage. Why why do we need to lower offers and talk about that for a second here? I'm going to after you're done, I'm going to show you guys proof of what we're seeing right now and why this is so important.

**Gavin:**

Absolutely. You know, we talked on the last video, right, about things stay on the market for one two days, go in 30, 40, 50,000 over asking depending on which market urine and you could afford to pay offer more on your properties and still be able to hold sell them still be able to fix and flip them in even on your buy and hold dry. All the prices have gone up. Now what we're seen is that buys it. Buyers are reducing their prices, which means you need to get them lower to create and make the spread of a, for instance, a wholesale deal. So that is why you need to make sure that you're going in, otherwise you're going to be gone. Time is money. You're locking things up too high and you're not going to be able to move that. And what that means is and it's not a problem you can get out of one or two contracts you can renegotiate with is a consistent thing is going to be from a mindset standpoint is going to get super frustrating. It's going to be very negative. You're not going to be making money, you spending a lot of time. So that's why you need to sharpen up on your sales skills, your negotiation skills, your building rapport skills and unlearn how to actually get these properties down. Understand, because the seller is going to be looking and they don't know. They're not investors, right? They're not looking to watching the market potentially like we are. And they still think the things are still selling probably. And that's going to be their mindset. So it's probably going to take six months, maybe a year to actually get the sellers on board, to go out, know what things are sitting there now. They're not moving so quick. They're not going over asking because over the last two, three years, that's all everyone's heard of that happening. So making sure that you're making. You know, otherwise they buy it. Right. And the prices going low enough to get the contract so you can move it, it's going to save you a lot in time down contract things that you know you can't make because it just might waste in time and really get better on the sales side to use your negotiations to be able to do that.



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**Joe:**

And this is what we're seeing. I was just talking to a big, big wholesaler in San Diego and it used to be six, eight months ago, a year ago, you could get away with offering 80%, you know, the typical male formula after repair. Value times certain percent minus repairs, minus your wholesale fee. Or you could get away with a little while ago doing ARV times 80%, 85%, sometimes right in hot markets, but now they're backing down to 70% or lower. Even in hot markets like California, you don't want to be caught with your pants down, right? You've got to make offers that, you know. So when you're looking at comps, you can't go back a year anymore. You need to go back to three months when you're making offers. And if before your formula was and everybody has different formulas, but if your formula before was RV times 80%, now you need to do 70%. Maybe before it was 74, 70%. 90 to do maybe 65, 60%. But, you know, the numbers just speak for themselves. And if I'm I'm going to show you right quick here what we're seeing in one of the zip, because we were just looking at the previous video, Marion County, which is Indianapolis. We looked at the top zip codes and this is one of them, four six, 218. And what's the first thing you notice? This is just houses for sale in that one zip code. You notice how many there are? I don't know how many there were before, but I know this is almost it's got to be double or triple what we normally would see available in. This zip code before when we would look these things up, there would be a trickle of them. Now there's a bunch of them right now. Let me show you something else. Let's go to Redfin, because sometimes with Redfin, you get better ways to look at these types of things. All right. So I'm going to go these are there's 200 homes for sale, 200 homes, properties for sale right now in that one zip code. Okay. Let's go over here to all filters. Let's go down let's look at all the ones that have been on the market over 30 days. There's 139 that have been on the market over 30 days. I mean, that again, that's unheard of most amazing, right? The scroll down here. And you can also do price reduced. Let's look at the ones that have been the price has been reduced in the last 30 days. 29 properties in that one zip code. The price has been reduced in the last 30 days. I mean, is that crazy or what? Let's sort this from newest I guess. I don't know. Doesn't matter here but you're looking at homes here. Let's just look at this one. This is an 84,900. This looks like it might be a good rental property and doesn't need much work inside. It's rent ready. Okay. Let's look at the kind of the details here. It's been on Redfin for 32 days. A rental like this, something's going on if it hasn't sold yet. And a lot of times you can see the history. Keep on scrolling here. Okay, look at this I'm going to zoom in a little bit. It was listed for sale June six. Which was a month and a week ago. It's gone pending dropping sell through re listed. And there's been price dropped three times. Now I'm telling you, that's unheard of, at least in the last five years in these hot zip codes. So when you're looking at these things, you've got to look at. All right. Well, all right. If I want comps. Well, let me show you one other thing here, too back here at Zillow. You're going to see a lot more rentals than you've ever seen before. Available rental properties. Look at here's 45



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properties right now available for rent in this one zip code 45. That's a lot. So what is that going to do to rent rents? It's going to lower the rents. You're going to start seeing rent decreases because. I mean, there's it's not going to maybe be that dramatic. But guys, when there's 45 in just one zip code, that's going to put downward pressure on the rents, which means what would the investor who's looking to buy these deals, they still want to make 10% on their money, 15 cap rate or whatever, eight cap rate. So if they still following this rule or the 1% rule or whatever it is, the lower the rent means, the lower they're going to be willing to pay for these properties. With hedge funds not in the business anymore, buying properties here anymore, we're starting to see hedge funds also selling their inventory. So that's going to drive rents down a little bit, which is going to lower your price. But let's look here at solds. Let's look at solds. Now, you could be saw. I would go back to the last year and in the last year in that one zip code, there's 678 comps. But now it's more important that you look back three months are still this is encouraging to me. Still a lot of activity in the last three months. There's still good activity. 173 homes have sold in that zip code, most of. There are going to be sales sold to investor buyers. Right. And you can look at these. And let me remove. Okay. So the those filters had already been replaced. So you just got to know these areas. If you're going to be doing any kind of marketing, which we recommend you do in four, six, two and eight, because there's a lot of buyer activity there. Best for buyers. Look at what they're buying. Let's sort this actually from low to high. Here are some vacant lots that have sold here. That's interesting, isn't it? They can land like big and move this to just houses. 140 houses. But this one sold June. 55 grand. You can go in sometimes. You can see the price drops. What happened to the prices here? It might have sold really fast. I don't know. Yeah, sold for 55. But this is going to show you when you look into this and you start looking at comps. All right, what do I have to offer? Your numbers are going to change. They're not the same as what they used to be anymore. All right.

**Joe:** So that's number two. Step number two. Start lowering your offers. Don't go back six plus months for comps. Go back three months for comps and look at the rents. The rents are coming down as well. Cool. Anything else, Gavin?

**Gavin:** No, just keep the the offers lower because you're going to save a lot of time by looking at things that you can actually move up.

**Joe:** And there may be this period, I call it the gap work. We know what's going on in the market. We can look at the stats, but a lot of homeowners and sellers haven't figured that out yet. So a lot of there there's a period sometimes of 3 to 6 months, maybe 6 to 12 months, where it takes it takes time for the sellers to realize my property's not worth what it was before it takes. So you got to have you got to be ready and prepared for that. All right. So anyway, go to WWW dot rei proof dot com slash seven steps to get this nine page



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PDF report and it will outline these seven steps here. We're going to another video here in a little bit talking about step number three. All right. We'll see you guys there. All right. Thanks, Gavin.