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1161 – 1 Simple Trick to Overcome Analysis Paralysis

Hosted by: Joe McCall

Joe: Hey. What's going on, guys? Joe McCall. REI in your car. This is my version of the audio podcast. I'm not doing this to YouTube. I'm talking to you guys, my friends right now in audio podcast world. Hope you're doing well. Just driving home from chiropractor appointment. Well, it's brutal. It's one of those. Like, it feels good, but it's painful and I'm glad I did it. And so anyway, I was thinking as I'm driving home here, the importance of making decisions, especially specifically when it comes to making offers. And I see this happen a lot with new investors and I can understand why totally like then you've never done this before and you're afraid you're going to make a mistake. And I get it. But I'm going to give you a real simple formula to follow in case you're struggling with this. And, you know, you're looking at two or three different places, you're finding two or three different values of ARV or repairs, or you're coming up with like two or three different offers and you're wondering why or what do I make? What do I do? I want to give you a real simple formula to like resolve that and some examples.

Joe: So the context of this, I was talking to a new student and he's doing really well. I'm excited for I'm happy for him and I know he's going to kill it. But he was is the marketing is working, right? He's getting leads and he's sending offers for vacant land and he's kind of overanalyzing it right now. But I mean, that's why he's in our coaching program because he wants help with this. So I was helping him and as I was looking at this and within about and here's what I love about what he did like he didn't he did the work and he was attempting to try to figure it out and he just didn't give me the address or the vacant land's APN personal ID thing. Right and say here help me find. No, he already did the work. He put in a bunch of work and he figured out what he should offer for it. He just wanted some validation, you know? He just wanted some help here. Am I looking at this the right way or how would you look at this differently? You know, and so that's awesome because that's how you learn. And I remember this in math, like if if you bring a problem into your math teacher, professor in college and say, you know, help me with this problem, I don't understand it. And they see that you've not done any work and they see like you have not even tried. They're going to kick you out of the room and tell you, go try something and figure it out. Take just a bad guess and do something right. Don't be so lazy and waste my time. So anyway, I try to talk to my students about that. Well, this guy, he gets it and he did it and he was working really hard trying to figure it out, which is amazing and awesome. So anyway, I within a couple of minutes was able to come up with an offer and it's really



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simple. When it comes to vacant land, the way I teach it is you pull a list of land owners and the software that we use will give you what they think the property is worth based on scraping, you know, thousands of comps in those counties. And it would look for active comps and sold comps and you tell it to your base, make the offer based on either county pricing or city pricing or geo pricing. And then I won't go into the details of that. And you say make your offer based on a certain percent, 20, 25% or 35% or whatever. But many times sometimes the price that they give you to offer is too high because they're looking at it at a large, wider area anyway. So price sometimes gives you an offer that's too high, so you need to validate that number with what you see actually being marketed right now in the neighborhood in that area. So if Price says to offer ten grand, but you're seeing a bunch of properties listed for sale for 15, maybe ten grand is too much, right? Because if there's a bunch of properties listed for sale for 15 grand, I want to sell mine for 13,500. And if I want to make a \$10,000 profit, I'm going to offer \$3500 to the seller. So it's really, really important. Now where my my coaching client was getting stuck was like he was kind of getting analysis paralysis. He was getting kind of stuck with like, should I offer 3000 or \$6,000?

Joe:

And here's a great thing about vacant land. Number one is like even if he did offer six, I said he should offer three. But even if he did offer six and he's still going to make like six or seven grand on this deal, which is great. Right. But he could be making double that or at least another 3 to \$4000 instead of offering six if he offers three. So he's got some more wiggle room. So maybe. If he offers six, he'll make five grand. But he could have made eight grand. Does that make sense? What I'm saying? So here's what I wanted to tell you. My whole point of this is that when you are looking at your numbers and you're looking at your offers, you know, again, I don't know what this is so confusing. I'm seeing like values of this here and the values of this. There are offer price of this here and an offer price of that. What do I do? What do I do? What do I do? Here's the thing. Pick the lower number or the higher number based on what you're trying to do. So like if you're seeing that you got two offers to make 6000 or 3000, go to the lower one, offer three. Okay. If you're looking at if if you have a house and you're looking at repairs are going to be either 30,000 or 40,000, you're like, I don't know what is use the higher one, use the more conservative number. Maybe that's a better way to put it. So use the higher repair value. If you're looking at comps, you're looking at ARVs. And like me, I don't know if it's either worth 300,000 or \$350,000. Start with the \$300,000 number. Here's a thing. You make your profit when you buy, not when you sell. So if you make your profit when you buy, it's more so important that you make an offer that's going to work for you. Now you're like, Oh, but I'm going to lose the deal. Well, here's the thing. You know, if the seller rejects your offer at \$3,000, they're probably going to reject it at \$6,000. But if you offer \$3,000 for this vacant lot and let's say the seller says, you know, I can't do that, but I could do \$4,000 because sometimes



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you need to give the seller room to negotiate up. So they feel like, you know, it's not completely unfair or whatever. Well, you know, okay, fine. You buy it from them for \$4,000. But if you were to offer six, the seller probably would have said, well, no, I can do it for seven. You see what I'm saying here? So a real simple solution which works a lot of times. I don't know what percent of the time, but it's like worst case, they say no. Right? Which wouldn't you rather them say no to a bad, bad offer than a good offer? You understand what I'm saying? Because if what if they would have said yes to a bad offer, then you'd be hosed. And he's like, Oh, man, this is horrible because I'm not going to make any money in this deal. I'm going to lose money on this deal, or I'm going to have to go back to the seller and try to renegotiate or cancel the agreement. So it's kind of you know, it kind of goes back to like overpromising, I'm sorry, under-promise over delivering, which, you know, we did this a lot when we were selling a lot of deals, turnkey deals to investors. You know, when we would look at the price, if we if we had a house that we were selling that would rent for maybe seven or \$800 a month, we would say this house rents for \$700 a month. When the estimated repairs were maybe 10 to \$15000, we would tell the seller the repairs, we would tell the buyers the repairs are probably going to be \$15,000 dollars. And so when they when the buyer looks at the deal and they see, oh, well, wait, shoot, yeah, this looks like a really good deal, I could actually rent it out for 800, not 700. The repairs are going to cost me ten grand. Not 15 grand. They're going to think you are amazing. They might think you're stupid. I'm just kidding. But they're going to be like, Hey, you know what? Joe gives me good deals and they're going to like working with you.

Joe:

So when you're making offers, there are always going to be deals out there. Don't be afraid to get rejected on your offers. There's a deal every day and so many times what happens when you make these offers? You may think, This is ridiculous. This is a lowball offered. No way the seller would accept it. You're going to find that some of those get accepted and you're going to go from making maybe a normal 5000, \$10,000 wholesale fee on some of these deals to 20 or \$30,000. You just never know. So don't be afraid to make a bad offer. Just make the offer. But like, if you don't feel this queasy feeling in your stomach, like, oh, no, man, this is going to be offensive. This is so ridiculously low. There's no way they're going to say yes to this. If you don't have that kind of sick feeling in your stomach, then your offers to high you. It's you got to give yourself permission to have that. Oh, my gosh. I can't believe I'm making this offer. You've got to give yourself permission to do that. I understood. All right. So I just want to I think that help some of you guys to stress out less about these offers. Just make offers if it's a numbers game, if the goal is to get to know as soon as possible may, I'm telling you, the best way to do that is to make a lot of offers. And when you make a lot of offers, you should be getting way more no's than yeses. So try to get as many no's as you can because then you know your yes is coming right around the corner. Okay? If you're getting too many offers accepted, you're offering way too much.



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What's the number? Magic number? I don't know. Maybe one out of 20 offers. We were at a point where we're getting one out of ten offers accepted. And sure enough, you know, maybe we were offering to high we were still making five, ten grand on these deals, but we could have been making 15 to 20 grand. So I'm not saying be greedy, but don't be afraid to make the lowball offers. Okay. And don't get stuck in an analysis paralysis of like, should I do this number or this number? Real simple equation. Pick the more conservative number, the more aggressive number, the lower offer.

Joe:

All right. I appreciate you all. Hey, listen, if you want to know more about land and what we're doing to flip vacant land, I have this program. I really love this name. 10K in 10 hours. And this sounds kind of spammy maybe, but it's legit. You can make ten grand a month working just 10 hours a week, flipping vacant land and kind of what we do, it's real simple. You buy a piece of dirt for a thousand bucks, you sell it for 8000 bucks on Facebook. Like, that's it. It's pretty simple. My teenage sons have helped me do this for a few years now, and it's a great business to start with your kids, with your family, maybe a grandson, grand daughter, and teach them how to do real estate because land is so much easier than houses, I'm telling you, easier. More profitable. And I think you'll like it so good. Check out my class. I have a class on it called Simple Land Class Dot com. Go to simple land class dot com. Check it out. I'll see you all later. Take care. Bye.