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1171 – New Market Challenge Update - Who Got a Contract First?

Hosted by: Joe McCall

Joe: Hey, good morning or afternoon or good evening whenever you're listening to this, how are you? Joe McCall here. This is the REI in Your Car Real Estate Investing Mastery Podcast. And it is morning where I am. It's early and I'm driving home from the gym. It's crazy. I've been doing this for a year now. Me and my friends from church get up and meet at the gym on weekdays at 5 a.m. and on Saturday it's 6 a.m., sometimes 7 a.m.. It's been crazy. Now, I've been at this for a year this last week or two weeks ago. For a whole year. I didn't think I could do it. In fact, I was so afraid about it. Like, I didn't tell anybody that I was going to do it. I just started doing it. I didn't even tell my wife. I just got up 430 one morning. Well, my I knew my friends were going to be there. I didn't even tell them I was going to do it and I just did it. Which yeah, whatever. Maybe there are some tips or advice for somebody, but I haven't shown up every day, but at least four or five days a week. A lot of weeks doing all six days. But anyway, it's been amazing. I can't say I've lost any weight. In fact, I've probably gained weight because I've been working out a lot and I'm a lot stronger than I've ever been. And but I'm not I'm still eating like not junk food, but I'm not cutting carbs. Like losing weight is 99% what you eat. I'm thoroughly convinced because it's not working out. I've been working out a lot and some people say, hey, I look better and I think I do, but if I'm going to lose this beer, get even though I don't drink beer once in a while, maybe, but like it's going to be I've got to cut the carbs and I just don't want to do that, man. I love bread too much. I love noodles and carbs anyway. So yeah, just a little peek into my life. Just want to think maybe. Yeah, whatever.

Joe: Anyway, so I hope you guys are doing well. I wanted to talk about the last few podcast episodes that we've been publishing. We're from the New Market Challenge that we did. Now, it's been about three weeks ago and I wanted to give you guys an update, and this is just for the podcast audience, the audio podcast audience, because those podcast videos that we I mean those, those episodes that we released were videos and but we pulled out the audio and hopefully you've gotten something out of that. I wanted to give you guys an update on what kind of happened. So it was three weeks ago was a two and a half weeks ago that we went live with that challenge. If you didn't know, Gavin went in to Baton Rouge, Louisiana, and I went into a county in Colorado called Park County, Colorado, and did some marketing. I sent about almost 6000 letters, which cost me about \$4,000, and Gavin went and did three different things. He pulled a list of absentee owners with equity, and he sent we looked at the top zip codes in that Baton Rouge. It's called East Baton



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Rouge Parish. And so we pulled a list of about the same, I think, 6000. But he did three different things. He did cold calling, he did direct mail, and he did what was the other thing? Texting a little bit of texting. And within a few days he got three leads from cold calling. And fast forward on day seven of the challenge, he actually got one of those cold calling leads under contract. So one of the first leads from day one, he got under contract. And I was just talking to him yesterday about this and it's almost sold. He's he's going to make a not a huge deal, but a \$5,000 assignment fee or they're going to double clothes, I'm not sure. But they found a buyer. They're working on the contracts right now with the end buyer and they're sending all the paperwork to closing the title company and all of that. So then awesome. So within a week he got a deal under contract and within three weeks, maybe four, he's going to get the deal sold and all. There's deer in my driveway. Watch out. There's three of them. We've been seeing a lot more deer lately. It's crazy. Okay. So, yeah, so he's going to sell it within 30 days and make five grand, which is amazing. I'm so excited. And then, so what is what is he got now? He's got three deals under contract and one of them is going to be a pretty big deal. I think he might make 20 grand or something. I'm not sure of all the details on that, but three deals under contract, which is awesome. He did direct mail.

Joe:

So direct mail normally does not work that well for houses. And but and normally for vacant land I get 3 to 4 times the response rate for doing direct mail for vacant land. I'm going to step outside here while I chat with you and kind of. Walk around my front yard a little bit while I. I just got home, so I'm going to be walking outside. All right. So he did he did some direct mail. I think he sent about 2500 letters, 2000, 2500 letters or something like that. And he has about 50. What did he tell me? 59 leads. So 59 people called him on the letters. I forget the exact numbers. I apologize. Well, we'll update, we'll do another video. But if you want to see the letter that he actually sent, then go to my YouTube channel, go to YouTube, do a search for Joe McCall. And in the first episode, because we did these this challenge in that and YouTube there and you'll see the letter so it's a letter with a check. So when you see the envelope, it looks like the the check is in the envelope and in the video, we'll tell you who to who he used for that. In fact, I think you can get it in the audio podcast as well. But he got like two and a half, 3% response rate. He almost got 3% response rate, which is amazing for direct mail. I'm just crazy. Blows me away now. Me, all I did was letters. I sent letters, but I sent them to a very competitive county. Park County, Colorado is a beautiful area. It's the county south of what's that county Summit County, where Breckenridge and Beaver Creek and Frisco and all of those nice ski resorts are. Right. So it's kind of nestled between some mountain ranges to the east and the west and the north. And for years it's been a very competitive county in Colorado. And I chose the county because I knew there was a high demand there, a lot of sold, a few active listings and a lot of investors have done deals there. And so I wanted to in my as my case



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study, I wanted to pick a competitive market to show that it works, even in a competitive market. Now, Gavin chose Baton Rouge, which is not that competitive, especially when you compare it to New Orleans or when you compare it to Dallas. I'm trying to think of Atlanta, some of the cities that are in the near that area, Houston, whatever, you know, those big cities are in the southeast. Baton Rouge is not as competitive. Now, somebody who's been doing deals for a dozen years in Baton Rouge is complaining, probably like, what do you mean it is super competitive? Well, you compare to what it was ten years ago. Yeah, maybe it's more competitive now than it ever has been. But when you compare it to other big markets, it's actually not that competitive.

Joe:

So anyway, I better hurry up here because my my dogs are running around. All right? So my response rate, half of 1%. Now, I found out we sent half of the letters through click to mail, which is first class mail, which normally doesn't get that great of a response rate because it's typed letters showing through windows. So I can window envelope. Right. But then the second batch of mail that we sent was sent bulk rate. And I thought I was pretty clear with the mail house that I wanted a first class mail, but it wasn't. So the mail is still hitting. Now, the problem with sending bulk rate in that first class is the mail sometimes takes 2 to 3 weeks to hit and it comes sporadically. It doesn't come all at once, which is really frustrating. But you know what? If all you're doing is sending bolt rate mail, you know, over time it smooths out, right? So you're sending out 500 or a thousand every week. The leads start coming in just pretty consistently over time. But when you're trying to get leads really, really fast all at once, you shouldn't do that. You should do first class and first class mail is more reliable. So anyway, I've only got 29 or 30 leads. Now we have those 30, 29 leads that we've had. I've sent 25 offers, so four of them were dead. I sent 25 offers. I am very confident we'll get a deal out of that. We've gotten close on some, but so far have not gotten a deal under contract, which is just crazy because normally with direct mail I get 3 to 4 times the response rate for land than I do with houses. So we're not an A by now I'd have a deal under contract, so we're going to be following up with typically our averages have been one accepted contract for every 20 that we send and so far we've sent 25. But that's with follow up. So what we do is we send an offer every 30 days to these sellers. Even if they say no and reject our offer, we send them the offer. Here again. And we do that every 30 days. So after usually 3 to 4 months of follow up with sellers, we will get that average of one deal under contract for every 20 offers that we send. So anyway, just wanted to update you guys on that. If you want to see the videos, we're actually mean Gavin kind of show how we pick our markets and how we find sellers, how we make offers, how we find buyers and all that stuff. You kind of heard it on the audio podcast, but I'd encourage you to go to my YouTube channel. Just go to YouTube, search for Joe McCall and you'll see these videos. I think I even created a playlist called New Market Challenge. You can see kind of what we did there. So lessons learned. I think we'll do another video podcast



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towards the in about a week after it's been 30 days to give you everybody an update of what happened and where we're at and. But if I were to do it again, I would I wouldn't Gavin wouldn't do anything different for sure. But for me, I would pick a less competitive, less expensive county. I'd pick a county where the properties maybe aren't as expensive. There aren't as much competition there. And I would have made sure that my mail was sent first class. And one of the things I would have done with my letters, I probably would have spent the extra money to have the letters, the envelopes hand addressed. You get a higher response rate when the envelopes are hand addressed. Envelopes, you know, with computer font, handwritten font and a live first class stamps like a real first class stamp. And that would have increased my response rates.

Joe:

So it was a lot of fun. I'm probably going to do it again and do maybe, maybe not houses, but do just land and do it on YouTube and kind of document everything. Oh, I will say this to about two months ago, three months ago, I kind of started doing some live videos, documenting what I was doing in a county in Florida. And I did a video. It was number five in the series. And YouTube actually pulled it down. They removed the video and I appealed the decision. But then they said no and they deleted it and I have no idea why. I think I might have said something in the video about the seller being really mad at one of my letters, and I think I might. Sometimes I use this language like, you know, if unless they threaten to kill you, then you keep on sending them letters. But I can't figure it out. But YouTube completely deleted and removed the video for bullying and inciting violence. So anyway, I need to redo that video and I've just been so busy, busy, I've not done it. So I'm still going to still get to update that. But that's weird because nobody's been asking me about it, at least as far as I've seen. So anyway, we just sold one of those deals in that county, so which is exciting. Well, we sold it and owner financing. We bought it for like three grand, sold it for 15 grand on owner financing. So we'll be getting I think we got like a \$2,000 down and we're beginning \$220 a month or something like that. So I'll be updating you guys on that as well. So anyway, appreciate you guys. If you want more information about how to flip vacant land to things, I'm going to give you number one. I have a class that I taught on it. If you go to simple land class dot com, simple land class dot com, check that out. And if you want the contract that I use to actually buy land, if you want the contract for free, go to simple land contract dot com, simple land contract dot com. In fact. Hey, I got one more other thing for you. No, no, that's it. That's it. I don't wanna give you too many things, but I appreciate you guys. Have a good one. Take care. Bye bye.