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1266 - Two Reasons Why Your Deal Isn't Selling

Hosted by: Joe McCall

Joe: Hey, good morning. Joe McCall here. This is the REI on the Porch podcast. I'm sitting in my front yard, just finished a coaching call this morning and an administrative kind of call. I call it an admin call with my team. Great, beautiful day. And I just wanted to talk about a few things here that as I was looking at my Facebook group for my land flips course. Good question here. And I'm just going to kind of paraphrase. I'm going to keep this person's information personal and whatever, but is basically kind of taking a lot of massive, massive action. Got about eight properties under contract. His first deal, he made a bunch of money on it. I can't tell you how much, but a lot significant. And but he's got eight deals under contract and selling them has not been very easy. And he or she can't figure out what they are doing wrong. They think the market is slowing down on the end as a as a whole, you know, for houses and for land, everything is slowing down. And here's a deal that may be true, but it's kind of irrelevant almost, because there's and I want to kind of give my answer. This person is saying I am slammed with seller leads. This is awesome. He needs or she needs some disposition help. So, okay, I was looking at this thinking, you know, congratulations, number one, for taking massive action and getting a bunch of properties under contract. That's how you learn in this business, which is awesome. Like, it's important to always be marketing, always be talking to sellers, always be making offers, always follow up. But then there comes a time when that stuff works, and now you get a bunch of deals under contract and you've got to sell them. And sometimes it can get discouraging when you get these deals under contract because you're so excited, but you don't sell them as quickly as you thought you would or for the price as you thought you would. And that gets it's that puts it kind of deflates your excitement and your balloon starts to pop when you realize, oh, man, these deals aren't maybe good deals as I thought they were.

Joe: So this is kind of where I wanted to talk about. And this relates this is the same for houses and for vacant land like there is. Man, my text is lighting up right now. Okay, There's a place. Well, let me say it this way. There's really only kind of two reasons why your property doesn't sell, whether it's a house or vacant land. Right. Really kind of comes down to two reasons why. Number one, it's just overpriced. It's not a good deal. And this is why it doesn't matter what direction the market is going if we're in a buyer's or a seller's market or a flat market or cold hot market, anything will sell if the price is right. This is one of the things I love about real estate. When you compare it to stocks, for example, it doesn't



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mark, it doesn't change on a dime overnight. Immediately drops 50%, Real estate moves much, much slower. And so when you're looking at comps of properties, we're always looking we're always basing our values on the lowest comps, active comps and sold comps. This is where I see a lot of investors excuse me, a lot of investors making mistakes. All right. So there's two reasons why property doesn't sell, right? It's overpriced. It's just not a good deal. And number two, it's not being marketed the right way in front of the right buyers. It's not being marketed the right way in front of the right buyers.

Joe:

So there are always buyers out there. And you just got to find out where they are and you need to make sure that they are they know about your deal because you can have a great deal. But if nobody knows about it, then you're not going to be able to sell it. And so you could be you could say, Hey, listen, I remember those days when all I had to do is put a property on Facebook Marketplace on Craigslist and it would sell like crazy. Well, it would sell like crazy because that's where the buyers were. And it was a good deal even when the market was white hot, like in terms of, you know, you were selling deals left and right. If a property was overpriced, you still couldn't sell it even back then and even back then if you had a good deal, but you didn't put it in front of the right people, you still couldn't sell it. Understand what I'm saying? So it comes down to just some basic fundamental things. And you know, really, we don't know what a property is worth. It doesn't matter what we think a property is worth, It doesn't matter what we feel like the comps are where we feel like the RV or the after repair value is doesn't matter what we think the repairs are or what we think it will read for or the cap rates. It doesn't matter. All that matters is what the buyers think it's worth, what the market will tell you, what a property is worth or not. It might have been worth \$100,000 six months ago, but today the market thinks it's worth \$90,000, and in six months the market's probably going to think it's worth \$80,000. So what do you do? If you see a downward trend in values or comps, then you just adjust your price lower based on those. You lower your end, your sale price. You got to be more conservative. That's really kind of what I'm trying to say here is you've got to be super conservative on your values. So if you see vacant lots or houses, whatever they're selling, let's just say \$100,000, you know, if you think it's worth 100, but you're seeing some listings. But our listing for like 95 or 195 or \$90,000. And then you see like a lot of price drops if you see sold in the last 3 to 6 months and you see like sometimes you can see on Zillow or Redfin the trend of, you know, prices and where they're going, they're going down. And here's the thing, too. You can look at it even if you get only data from houses and you see that the upward slope from the last five, ten years has been going up, but then the last few months have been going down. All right. Some be more conservative. So if you see that maybe six months ago this property was selling for a hundred grand, you know what? I'm going to base my future value at 85 grand, and then you work backwards from there. So whenever you're looking at comps, it doesn't matter what Zillow says. The Zestimate is what Redfin



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says. The value is that we use price for land to find comps. That doesn't matter what the comps are for price, what you need to look at what the current market now looking at your competition, looking at the future projections, are prices going down or going up? You got to think, all right, if I'm going to list this property, what do I what would I need to price it for? To sell it aggressively within one or two blocks, Like I want to be the cheapest property there. And that may be like, okay, you're looking and you think at all right, if I want to sell this thing quickly, I'm going to listed for 80 grand. And that may you may think, Oh, that's ridiculous. Oh, you've got to be ridiculous. You've got to be aggressive and conservative when your pricing, your price, your deals. Does that make sense? So you be aggressive with your comps. If you think it's worth 80 to 100 grand, then go with 80. If you think the repairs on a house are going to be 30 to 50 grand, then use 50 grand. If you if the rents on a property are going to be 800 to \$900 when you're figuring your cash flows and your numbers and all that, if you think the rents could be 800 to \$900, I'll use \$800 in your rent because then when you do sell the deal, guess what? It's going to sell fast. The investors, the buyers who are seeing your property go to realize, Oh man, this isn't a good deal, right? He thinks he was planning on this thing renting for 800. I could get 900 a month for this. So will you lose some deals? Because maybe your offers are too low? Maybe. Yeah, you actually probably will. But you're not going to get stuck with bad deals now.

Joe:

You know, one of the things I love about land is we give ourselves three months to close on the deal because land is so much harder to comp. It's so much because there's just not as much parables out there, you know what I'm saying? So you've got to be more conservative that don't go off of what price tells you that the property's worth. Look at recent sold comps, look at current active comps and get a feel for. All right. Well properties you sell in for this I'm probably going to need price my property for that the lower end of the spectrum does that make sense. All right so properties don't sell for two reasons. Number one, it's overpriced. Number two, it's not being marketed the right way in front of the right buyer. So practically, what does that mean? Well, you may need to go back to the sellers and renegotiate for a lower price or just cancel the contract. But 99% of the time when your property will sell, if it's priced right, you've got to believe that. The other thing is you might need to start advertising your vacant lots on terms instead of just for cash. I know sometimes you get into this and you want the quick cash, but you know you will sell your properties faster if you can offer owner financing. So instead of selling, you know, a property for \$20,000, sell it for, you know, 3000 down, \$200 a month, you will get more buyers that way. You just going to have to wait for your profits instead. One of the things that we've done is we've we now on all of our deals, we get professional pictures taken and drone photography. And I'm not talking about iPhone photos. We hire somebody with a canon or a Sony or a camera to go take pictures of the property. We want to get nice photos, you know, with the blue sunshine sky above the trees. And then drone



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photography. We've done deals where we see, you know, it's a good property, The numbers are good. We put it out there on our website, on the MLS, all the different places we're supposed to put and crickets. But then we get our pictures finally from the photographer and from drone footage and all that, and we start getting a ton of calls. So pictures are super important for vacant land and, you know, even for our houses getting a property staged. If you're in the fix and flip or wholesaling strategies, you know, if you can stage your properties, clean them up, you're going to sell those with professional photos, you're going to sell them a lot better.

Joe:

The other thing I'm looking at my notes on this Facebook post, I responded to one of the things that's really big for land is calling all of the realtors who have sold recently vacant land nearby. And so this is where, you know, then another thing related to this is reaching out to other funding companies or companies that fund a partner with land deals. If you're calling realtors and you should go in and, you know, five, ten mile radius and look for all of the vacant land that have sold recently on the MLS in your area and call every single. One of the realtors, the listing agents and the buying agents, if you can find them. And usually you can add Zillow and Redfin, call those realtors up and say, I see you just sold a property recently in this area. I am an investor in, you know, whatever town you're in, I'm out of town and I have a deal that I want to sell. And I want to know if your buyers if you know any buyers who might be interested, I pay very generous commissions. And so when I'm calling realtors and I work this into my offer, my price, right, I make sure I have room enough to pay realtors, especially for vacant land, 10% commissions, sometimes more. So if it's a smaller lot, you know, then 6% commissions on a \$10,000 property is not going to do anything. Right. So you might want to tell the realtors, I'll pay 10%, 15%. I'll pay \$2,000 commissions or something like that. But you need to start calling all those realtors. And if they all tell, you know, I don't have any buyers, I mean, if they don't hear your number, because you can say, listen, you sold this other property to somebody for \$12,000. I have a similar property that's even a little bigger that I'm trying to sell for \$10,000 cheaper than another one. And I pay I'll pay you 10% commissions if you can bring me a buyer for this. Do you have any? So I'm not asking the realtor to list the property. Just ask them if they have any buyers that realtors hearing. Okay, so this may be a good deal. All I need to do is make some phone calls, send some text messages. Wow. Okay. Let me. Let me see if I can find somebody for you. Right. So my question to this person who posted this was, have you called all the realtors? All of them, even if it's 2030 of them were sold properties, vacant land recently nearby and asked them if they had a buyer offer to pay them generous commissions. You need to do that. And, you know, the frustrating things with realtors is they don't answer their phones, but you need to call them two, three, four or five times. And the other thing, too, is when you do talk to one, ask them, you know, is can you tell me, is this a good price or not? What's the area like, do you think? What price would it



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need to be for your buyers to be interested in this thing? Ask them that. Have you reached out to recent land buyers in the area? In other words, if gone into tools like priced or prop stream and find out, okay, who were the buyers that bought properties out here recently? Have you skipped trace them? Have you cold, called them, maybe sent them letters. One of my favorite letters. It's called a urgent buyer. Cash buyer letter. An urgent buyer letter. Basically, what I do is I will handwrite a letter about this so many times. And I got this idea from somebody at the time who was working. I forget the guy's name. Anyway, it's a handwritten letter that says urgent, desperate. I need help. I had this property listed for some time now, and I can't wait any longer. I need this property sold today. Underlined big red Sharpie. You know, take a drive by, look at the property. The taxes are paid. The title is clear. I need this thing sold today. Desperate help. Right? Just crazy. And then your name and phone number. And that phone number. It needs to go to your cell phone number, not a voicemail. Don't make them jump through hoops. Go to our website, whatever. Have that call. Go to your voicemail. Crumple the letter up, fold it into for it's put it in an invitation envelope, hand address the envelope, put two stamps on it, and send that 50 to 100 different land investors that have bought properties recently in that area, you will get calls, okay.

Joe:

And that works really well for houses as well. If you can do signs you signed on the property in the area, motivated seller land terms, you know, whatever. Have you sent letters to the neighbors? That is something that's really important to the neighbors that are touching the property. They might be interested in buying it, but they only know it's they don't know it's for sale. Have you ever contacted other local land wholesalers in the area to see if they have buyers and would want to partner with you on the deal and sell it to their buyers so you could call their wholesalers that have done houses or land deals right in your area and say, Listen, I got a deal here. I think it's a good deal. I don't have any buyers for it right now. If you bring a buyer to me, we can split the wholesale profits 50/50. If it's a good deal, they're going to say, Yeah, there's no wholesaler in the right mind that would say no, especially if you've already done all the work of getting the property under contract, etc.. So again, through it, through this feedback now, right, because you're calling realtors, you're calling wholesalers, you're calling other land investors that purchased properties recently or contacting them, they're going to tell you, no, it's not a good deal if there's no interest that they're kind of coming out now, not interested. It's not a good deal. It's not priced right. So kind of all comes back to that, doesn't it? So anyway, I hope that helps. There's a lot kind of packed in there and I feel like maybe I was jumping around all over the place. But don't get discouraged if you have a property that's not selling. It happens to everybody. Find out what's wrong, Find out why it hasn't sold. Probably your price is too high. Maybe there's something really wrong with the property that's not causing people to buy it. But don't blame it on the market. Don't blame it on the market. That's kind of a cop



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out. That's kind of an excuse. It even it means really the reason why you can't sell it is it's overpriced. You're asking. Too much or you're just not marketing it the right way in front of the right people. Hope that helps. Appreciate your feedback. Let me know what you think. That'd be cool.

Joe:

Oh, let me say one other thing too. This is so important. I should have talked about this at the very, very beginning. Sometimes properties don't sell us because they're in horrible areas like you might be targeting. You might be doing some marketing in an area where there's not much demand. So one of the first foundational fundamental things in all of this is making sure that you're targeting. They're only doing marketing in areas where there's already a bunch of recent land sales because now you know, you're following the money, you're following the demand, and there's already people there wanting to buy properties, deals like yours. And then you can go in and see who those buyers are, what are they buying, what are they paying for it? And now, you know, it just makes everything so much easier. So one of the common things that I do and I'm looking at a deal somebody brings to me is why did you pick this county? You know, there's only ten sold. There's only 50 sold in the last 90 days for vacant land in this county. Why did you pick this county? And it could be. Well, you know, I'm familiar with that county. It's a beautiful county. You know, there is a lot of divide. People want to own land there. Well, maybe, maybe not. But like, if you look in the entire state, I could have given you ten other counties that would have been better because there's more sold recently in the last 90 days. So make sure you're setting yourself up for success with this stuff. All right. I appreciate you all. I got a cool free gift for you here. I want you to go check it out if you're interested. It's called my Simple Land Flipping Tools kit. That's like a tool kit for land flippers, and it's completely free. Just go to Simple Land Kit dot com. On there I have my land watch hack. This is a method that I use to find the best markets. And if you're interested in vacant land, it's pretty awesome. I love the strategy and we're doing deals that one or two deals a month on average. I'm doing this very, very part time and I love the business. Go to Simple Land Kit dot com. I've got a bunch of other free things in there that you'll get a lot of value out of, so go check it out. Appreciate you all. Simple Land Kit dot com, we'll see you, bye bye.