1306 - How To Make Simple Fast Offers on Vacant Land!

Hosted by: Joe McCall

Joe: If you want friends, you're in the wrong business. If you want a friend, go get a dog. If you want to make money in this business, you got to make offers. And I'm going to show you real simple, fast, easy ways to make offers. So shall we look at a deal here? Good. You guys can see my screen if you're buying it for 27 grand. Okay, so this is a property in Cherokee County, North Carolina. Let's that's just kind of a view for feel for where this is at. Well, it's in the far south western tip of North Carolina near Tennessee. Beautiful there. Let's look at land. I like this lot of vacant land. Let's look at Solds in that county in the last three months. I like this 120 through 223 vacant lots have sold in Cherokee County, North Carolina in the last 90 days. What does that tell you? It tells you this is a good market. There's a lot of vacant land that has sold. I don't care how many properties are actively listed. This looks good. All right. So he's got a seven acre lot and he offered $27,000. Is that a good deal or not? Now I'm not going to go dive deep into where his actual property is located. It's in the southwest corner of Cherokee, so it's down here in this area. Okay, cool. So what I'm going to do is I'm going to click on draw. Right. His property is somewhere over here. And let's look at actives in this area I go to filters and his is seven acres. So I'm going to do a I'm going to just search for all of the let's do 3 to 10 acres. And I want to look at for sale under contract active coming soon. All right. There's 690 vacant lots for sale. And I want between three acres and ten acres. Okay, cool. Now I'm going to do the draw, and we're going to look in this corner of Cherokee County here. There we go. Boom, I love it. There's 66 properties currently for sale between 3 to 10 acres in this part, this corner of Cherokee County. And Michael got it under contract for $27,000. So is that a good deal or not? Now, I'm going to sort this from high to low, because I do that and I want to exclude the most expensive properties in here. So I'm going to exclude anything above 100 grand. I'm going to do price right here, max 100 grand. Because when I'm looking at properties, I just want to make sure I'm not letting the real expensive properties kind of skew my comps. And we're looking at coming soon active and under contract. Now I'm going to sort this from low to high. Now I know your property seven acres. But what I'm trying to do here is I'm trying to look at what are the, price per acres of properties. Now, I have too many here, so I'm actually going to filter create another filter. To narrow this down a little bit. I'm gonna say, all right, give me all of the 4 to 10 acres. That brings it down to 42 from 62. That's much better, isn't it? All right.

Joe: Now, if I knew exactly where your property was, we would zoom in even further. And maybe it's in this area. So I would just zoom in to this area down here. But for now, we're just looking in this big area. There's a couple different ways I do it here. I'm just going to

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show you a real cool tool here for free that you can get from my buddy Jessey Kwong at Pebble. Now, Pebble is a is a software that's like Freedom Soft in my opinion. I like Freedom Soft much better, but this is a software that can be you can use for your land business to to manage your leads and to mail offers. I like Freedom Soft a lot better, but if you go to PebbleREI.com you can check out what Jessey's done here. It's really amazing. It's a great platform. It's a lot of advantages to it. But he's got this free pricing tool that you can use with Google Chrome. You put your name and email in here and you can add this extension to Chrome. Now it doesn't matter if you're using a PC or an Apple, but you have to use Chrome. And this is an extension that goes in the little upper right of your chrome, which allows you to scrape property. So one of the thing I likes about this is now I've set my filters here, I'm sorting it from low to high. I got all the properties I want. Maybe you want to do 5 to 10 acres I goes from now it's 25 properties okay. And I got all my properties here that I want to scrape. And you click on this little pebble thing up here okay. So on my recording you can't see this because it's not showing up on the screen. But a little pop up comes up and basically it scrapes all of those properties that are in the right hand side of Redfin. And it'll do this on Zillow and Realtor.com and land.com all of the sites, and then you can see it scrapes all of them, and it gives you the average price per acre of whatever is there on your screen. I'm going to show you a different way to do this. It's a little more manual but just play with it. Okay, now I can see I'm going to write this down. The average or median price per acre for active listings. Active listings is, $7,739 per acre. I know you can't see this. You can't. But I'm just telling you, I click that pebble scraper, little chrome extension thing. I call it a doohickey. And that doohickey then scrapes everything on my screen, and it tells me the median and the average price per acre. And I just go with whatever number is lower. And my median price per acre is $7,700. Cool. Right now I'm going to switch to Solds. The last three months there is. There's only six, so sometimes I'll go back six months. How many do we have now? Got 15 if you want even more. And sometimes I want as many of them as possible so I can get because I'm looking at the cheapest ones. I might go back a whole year. All right. And this is for whoever was asking this earlier. This is why I like Redfin so much better than homes.com or Zillow, because these filters are just very, very powerful. And so now I've got my area. I've got 22 comps under 100 grand between 5 to 10 acres. And I'm looking at sold in the last year.

Joe: Okay. I'm going to click that little pebble scraper tool thing up here. And I bring them all down. And again my median price per acre is 7874. Normally the sold is a lot less than that. But that's good. So I'm north here. What I'm thinking now is just right off the top of my head. The prices the properties are selling for about $7,700 an acre. Okay. Now let's just go to a calculator here. He his is a 6.99 acre property. If I sold it for 7700 acre, I should be able to sell it for about 54 grand. All right. He offered 27 grand. That sounds like a good deal to me, right? He's buying it at 50% of what he should be able to sell it for. That's a good

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general rule of thumb. Never offer more than 50% of what you can sell it for. So looking at sold price per acres and active price per acres, I'm coming up with about $7,700 an acre. So his is 6.99 acres. I take 6.99 times $7,700, and I should be able to sell this thing for 53, $54,000, $54,000. He's getting it under contract for 27,000. That's a pretty good deal, isn't it? All right. So we're going to do a couple of things. Now I want to show you on a spreadsheet how to come up with offers, doing what we just did there. And I'm also going to show you with the software that I have right here on how to do this as well. So if you go to Simple Land kit.com, you're going to get access to this spreadsheet. All right. This is my marketing plan spreadsheet I'm really zoomed in here. So it's really kind of big. But I have a bunch of different tabs here on the bottom okay. And the second tab is called Simple Offer Calc. So we're going to do this first on a spreadsheet. And then I'm going to do this on this software that I have here. And again the spreadsheet and the software you can get at Simple Land Kit.com. It's my Land Investors Flippers tool kit. And it's pretty cool. I got a bunch of other things in there. My direct mail swipe file, the scripts that I use with realtors, my software, my spreadsheets. It's game changer, simple and kit.com. Did I say that yet? Now actually let's go to this tab right here. This tab called calculate average price per square foot. And both of these tabs kind of do the same thing. But with this tab I just put in the number that I get from that pebble scraper thing. And this tab right here, I just kind of put in my numbers. So let's just do that. Let's put in some numbers here. Now when you get the spreadsheet, by the way you want to go to file. You want to make a copy of it or download it as an Excel spreadsheet. So then you can get in here and play with it as well. Right? Okay. So make a copy of it and let's do we're back here at Redfin I'm going to bring this on over here. And let's look at actives. And by the way don't forget to look at under contract in Pendings as well because you want to make sure you're looking at all the properties that are like this one here. It's under contract. This is a good comp right? This is 7.76 acres and they got it under contract for 29.9. If I click it let's see how long it was on the market. Well 2900 days. That's probably a mistake. Probably a mistake. In fact let's look at it here and let's go to sales tax history. So if this is true it's been on the market since 2015. Back to looking at this deal. You got to know where your property is. Because if I'm looking at actives right now your property seven acres I scroll down here. This is this one is 5.37 acres currently for sale for 29 nine. This is your competition. Right here is 6.58 acres for sale for 30,000 right now, 5.9 for sale for 37. This one is pending. That's eight acres. It sold for 39,800. So when you advertise your property, you need to be thinking about what price do I need to sell it for that I can sell it quickly and at a good price. So can you remember before we calculated we could sell it for maybe 54 grand, but okay, if you list your property for 54 grand, is somebody going to be interested in it when they can buy this one for 30, this one that's smaller for 37.

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Joe: So it just kind of depends on where actually in this square your property is. Maybe your property's on the water in this lake right here. Well that's a different story. Now if I go to Solds in the last six months there are properties that have sold you. Scroll down. This is a six, five and a half acre lot that sold for 58 5.2, that sold for 56.35 acres, that sold for 50. So there are properties that sold for that. So it just kind of depends. And it also depends on whether you're going to be advertising it with seller financing or not. If you can advertise your property for seller financing, you can get away with selling it for a higher price. Here's a five acre lot that sold for $65,000. So don't get discouraged if you see a bunch of cheaper properties that have sold for, or are currently listed for less than what you think yours is worth. But you just got to be aware of that. You got to be thinking, especially when you start making offers to begin with. Like, I want to sell this property when it comes on the market within 1 or 2 months. I want to be really, really aggressive with my price. I don't want to price it high and then bring it down. No, you want to price it low and then bring it up. I want to look at for sales. And I'm going to do all of these under contract and pending. Boom. Okay. And I'm sorting this from low to high. And I'm going to put these numbers into my spreadsheet over here. So this is 7.76 acres. And the price that it's actively listed for is 29,900. So that's an average price per acre of price per acre of 3800. The next 15.37. And that is 29 900 again the next one, 6.58 and 29.999. This 15.9 acres. 37,000. And let's do one more. Even though this is pending, I'm still going to put this in there. Eight, eight acres for 39, 800. Okay. So just looking at these, these numbers are a lot less than when I was coming up before when I was looking at all of them. I'm just looking at the five cheapest properties here. And I'm getting an average price per acre, or the median price per acre of about 3900 to $4200 per acre. So just play with that. Think about that. Let's go down here to Solds and let's change this to Solds. Let's do six months. If you need more than do the last year I got 15. What's the magic number? I don't know. Low to high. Let's look at, 5.78 acres. 5.78. It's sold for 33,000. The next one is 5.86. And that's sold for 40,005.99 for 45,000 right now, six for 49 956 for 49, 950. And one more 6.35 for 50,006.35 for 50,000. All right. So now we have it's interesting the solds the average price per acre is actually higher than the actives were. So from here you can choose what number do you want to use. When I'm looking at two, three, four different numbers I'm just going to go with the lowest one. I'm going to choose 3900 and acre. Right. And my property is 6.99 acres. So that's telling me it's probably going to be worth $27,000. I'm looking in the entire pocket here. You're going to need to zoom in a little bit more to where your property is, but you get what I'm doing here. All right. So I'm thinking, all right, this property I'm going to listed for, let's say I'm going to list it for $27,000. Now I'm going to subtract my expenses as I like to come up with my offers. There's no magic formula Mayo formula, RV type, 70% minus repairs, minus fee and all that. No, we're just going to keep it simple. What can I listed for? What price should I price it for where I'm aggressively pricing it. And then I'm going to subtract my costs. So I'm going to list it for 27 grand. I'm going to pay a realtor 10%

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commissions. I'm going to have this is North Carolina. So I'm going to have an attorney at closing cost a little more. I'm gonna have 2000 and closing costs. I'm going to pay a photographer 500 bucks, and I'm going to have a I'm going to make a profit of $10,000. So boom, I'm going to offer 11,800. And let's look at what percentage that is of what I think the property's worth. It's 43%. So general rule of thumb is you don't want to offer more than 50% general rule of thumb. So not diving into too much detail where you are, just what little we did right here, I would have offered 11,800 bucks.

Joe: Now, here's the thing. You got yours under contract for 27 grand. If that is the lowest price that you can get, this is important to understand. If that's the lowest price, you could get under contract with that seller. That's okay. Because, like, it doesn't matter what we think the property's worth. What matters is what the market thinks the property is worth. Okay. So you might get it under contract 27 and you sell it listed for 47. You might get an offer real quick. But guess what's going to happen after three, four, five, six weeks if you're not getting any bites, if you all of the realtors you're talking to or the investors that you're talking to that are buying land out there, if they're not in or your price might be too high. That's why we have three months to close in our deals. We have three months to close so you can get out of the contract. You can go back to the seller and renegotiate a lower price. Many times you can't negotiate a lower price until you actually get it under contract. So sometimes just get it under contract at the cheapest price you can, and then go back to the seller after 3 or 4 weeks and say, listen, I've been doing some due diligence. I've been testing the market, I've been talking to my private investors and my business partners, and this number is not going to work because I'm, you know, there's these properties that are currently listed for sale right now that are this cheaper, much cheaper. These are recent solds and this number is not going to work. So unfortunately I'm going to have to either cancel this contract or negotiate a new price. What is the. The least that you would take. What's can you go any lower? So a lot of times again you have three months to close. You can cancel the contract for any reason if you use my contracts. So give it a shot. Let the market tell you what it's worth okay? Let the market tell you what it's worth. And then if your price is way too high, go back to the seller, renegotiate or cancel the contract. It's it's okay to do that. It's okay to do that. All right. It's not a big deal. Does that make sense? I want you to understand this. Like, sometimes we get paralyzed in analysis paralysis. We're afraid to make a bad offer. We're afraid to make a mistake. And what if. What if we offer too much and we get in a bad deal? What if the seller says no? He's worried about rejection. What if the seller says yes? It's all good. Just make offers. Make offers. Do the best guess that you can. You're going to get so good at this in five minutes. You can come up with an offer. You can make an offer. Bam! Just like that. Send it to the seller. You're going to get 29, 30, 50 of them rejected for every one that you get accepted. Well guess what? On that one that you get accepted, you're going to make $10,000 maybe. What if

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you only make $3,000? That's better than a poke in the eye with a stick. Just make offers. You're going to make people mad. That's so important to understand when you're making offers.

Joe: Forget about your feelings. Forget about being too sensitive. If you want friends, you're in the wrong business. If you want a friend, go get a dog because you're. If you've not made somebody mad by 12:00, you're not making enough offers or you're offering too much. If you want to make friends, then make offers at full asking price if they want 50 grand. I tell you, the best way to make a friend is make him an offer for 50 grand. But you're probably going to lose money. So do you want to make friends or do you want to make money? So, you know, again, we're not going to be rude with the sellers. We're just going to make a lot of offers and you're going to make a lot of people mad, okay? You got to think about what price could I sell it for to sell it quickly and then work the numbers backwards from there. All right guys, appreciate you all. Let's wrap this up. Thank you everyone. We'll see you later. Take care. Bye bye.

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