1309 - Sending Offers & Overcoming Objections in Land Investing [Do or Die Series]

Hosted by: Joe McCall
Guests: Jared and Foster

Joe: What's up guys? Joe here and I'm with Jared and Foster. We're going to do an update here. Some good things have been happening. You guys got about 12 leads I think. And, freedom soft. You guys give me an update on the we've been schedule. We've been doing the mail every week. I think we're three weeks into the mail now. Right. You've got some leads coming in. We had a really good potential deal, but it turned out maybe not. So, guys, give me an update on kind of where things are right now.

Foster: Yeah, we got our first contract signed, so we sent the offer. We initially offered 17 or about 15 to 17. That might not be the range that we want to be at when we saw some comps. So we went back to the seller, negotiated 25. She accepted and signed our offer, and then we signed it. And in the meantime, we've sent out or we will have by the end of tonight another two offers out.

Joe: Now, if you already gotten a verbal from them on the phone or what are you doing there.

Foster: Yeah. So the two that will go out tonight spoke with last night, gave them a rough estimate of what the offer would be. They liked it, obviously. They said they might come back with the counter. They have some other decision makers that they need to talk to but on the phone discussed, got their buying temperature. Some other questions to see how motivated they are to sell. They're pretty motivated, especially one. And we're going to send the offers formally today through their emails, which they gave me. And we'll get rolling and see what their counteroffer is and see if we can't come to a win. Awesome.

Jared: I give you a little bit more background. Yeah. One of the offers is a is two sisters. Dad passed away. They own the land got it through probate. And she's very motivated. So she wants to sell it. Foster did an awesome job because she threw out what you would call objections that some people could get caught up on, like I, I heard the first phone call because it was recorded in Freedom Soft and they're saying, well, we had a low offer at a high offer, so we'll see where you're at. Foster just kind of burst that off and said, well, it sounds like you should have taken the one of those high offers. Why didn't you take that offered? Well, they actually didn't come through, you know. So he did a really good job of fighting through that false information.

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Joe: I love it.

Foster: Smokescreen.

Jared: Yes. Smokescreen. And, he talked her down to a number, and I don't know if you got this. Did you get her to say this? Foster, if we're at this number, are you prepared to accept our offer? Did you get that closing question? If we get to this number, will you sign it tomorrow? Did you ask that closing question?

Foster: I did because her sister's out of town. I said, would you and your sister be willing to sign this week? Not tomorrow. I said, would you be willing to sign this week if we could come to X amount? And she just said, I don't know. It seems like the sister has more leverage. And so she just needs to speak with her. And I think what the sister says goes, gotcha.

Joe: It'd be good to get them both on the phone next time that you if you can. Ideally, when you're negotiating the terms, you want to make sure the decision makers are both on the phone with. It's a husband and a wife. Right. And try to get that verbal commitment from them on the phone together before you send them an offer. But it's fine. You know, you just got to do maybe a little more aggressive follow up, because sometimes sellers will say, listen, just send me an offer to get you off the phone. Right? So I always like to get a catch and you did a good job with this. I'm just reaffirming this. You always want to try to get a verbal commitment, at least of a decision of a yes or a no, or some kind of deadline when you're going to get a yes or no before you send the offer. So this forces then the issue of, who needs to make these decisions. Right. And can we, can we just do this right now? Well that's awesome. Okay, cool. So, the deal that we got under contract for 12,500, this was the deal we looked at earlier, right? This is kind of a questionable property.

Jared: I don't know, in the wetlands.

Joe: It's in a wetland. It's next to some new subdivisions, new construction. But there's not much activity in this little right across the street. But maybe I think you got a good price. We'll find out.

Jared: If you don't mind. We did tell her. Hey, this is what we're going to offer. This is what the lowest she would accept. But I want to be honest with you. We're not confident we can flip it. A lot of properties we hold, a lot of properties will do owner financing. We can't do either one of those. This. So we're flipping this property. So it's possible to likely in 30, 45 days. We're going to come back to you and say, look, we got to let you out of the contract unless you're willing to sell it for less. Yeah, she understands that and accepted that. So we

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do have her knowing and understanding as possible. We're going to come back and say we need at ten we did it at nine. So that's the goal. We're trying to get something around 18, 20 it so we can make a few thousand on our first.

Joe: Yeah that's awesome. I'm glad you did that. You're setting the expectations. You're just being completely honest. And this is the best way to get into this business. And you know this, the more honest and open you are, the more business you'll do. That's people want to work with people they can know, like and trust. And you've got to always be upfront. And honest with sellers and tell them what you're doing. We're in this business to make a profit. We are not retail buyers. We're not going to pay you full price for your property. If you got a better offer, you should take it, because we're not going to be able to get you the best and highest offer. So that's cool. Now, why I say this all the time too. And I did this. I've done this a lot over the years. Sometimes, like you just got to get the property under contract at the lowest price that you can, right? Because it's always easier to negotiate a lower price after you already have it under contract. But don't let it drag out. Don't wait three months before you go back and try to renegotiate a lower price. You should know within 30 days, 2 to 4 weeks whether that number is going to work or not. I think we talked about calling some realtors. If you had a chance to do that about for that property in that area, specifically that Foster.

Foster: Yeah, I got some awesome information. A realtor has been doing it for a good amount of time by the name of Lindsey, was very willing to share great information, was able to build some rapport so that he feels like he's got a contact, that he can reach out to an investor, per se. And so that was a good relationship builder. And now that we have a property under contract, I'm going to go back to him and see what he thinks about marketing it.

Joe: Nice. Let me know if he's willing to market it for you before you own it. If he's not, I know some other realtors that can help you.

Foster: Okay. He said that he would check with his brokerage. He said he doesn't know if they will be open to that or not. So he's gonna get back to me.

Jared: Yeah. Oh. So that's somewhat common. Realtors can't negotiate and sell it unless you actually own it.

Joe: Well, that's what they think. There's ways around it. Typically the normal average transaction is you own a property and you listed on the MLS. They may want you to have the seller sign something that gives them permission to do that. You already have it in the contract. There's that one line in the contract that says, we have the right to list this

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property and advertise it for sale or for lease on the MLS before we buy it. So some realtors have no problems with it. Some of them say, no, you can't do that. That's illegal, immoral and fattening. Others will say, well, you can do it, but just have them sign this extra one page thing here, right? So you might need to talk to several realtors to see to find one who would help you do it. But, you need to get this marketed as soon as possible so you can find out from, you know, find out if there's any demand for it at all. Right. The other thing is, I would start doing right away is we talked about this before to start finding other investors that have bought property, vacant land there recently and start calling them, maybe even sending them some letters, because you could go directly to those investors and find out if they would be interested in this deal.

Jared: Okay.

Joe: Yeah. My whole point is like, get that out there and start marketing it as soon as possible, because you'll start getting feedback and you'll start getting people that say, nah, not going to work, not a good deal. This is what you want to find out. Well, what price would you pay for this property? Because let's say you come back and somebody says, I'm not interested at, you know, 18,000, but I will pay 15,000 for it, let's say. Right. So now you can kind of go back to the seller and maybe negotiate a lower price if we need to. Right. Gotcha.

Jared: And the best way and the only way is to marketed those two ways. If we don't do Facebook Marketplace, we don't do it.

Joe: Yeah. If you can put it out there in Facebook Marketplace, I just find the best kind of an order of priority, the best places to market a properties number one on the MLS, because now you get it on Zillow, you get it on Redfin. You get it out there to the largest audience. But it's also kind of the hardest for various reasons. But number two would be the land.com websites. The land.com is is good. You're not going to get a ton of leads, but they're going to be good quality leads and it does more premium. It costs depending on how many properties you put on there. So go look at that. There's another website and these are all on my course. But land flip.com, land modo.com or different websites you can put out there. The free sites are always good too right. You've got Craigslist Facebook Marketplace. I would try to join the local Facebook groups in these counties that you're in. There's local buy sell trade groups or garage sale groups. Try to join those. You can put your properties on there sometimes. But you know, Jared, we were just talking earlier about Facebook Mark and Facebook ads making it really hard. Right. So sometimes even on Facebook Marketplace for if you get flagged or if somebody complains about your listing, you can get ghosted sometimes and they'll say your property's out there, but it's not you can't nobody can find it. Or sometimes they'll just say, you can't post these properties

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anymore. So when you put it out there on Facebook, make sure it's done with your personal profile. Either Jared or Foster's. Don't create a new business page and then post properties from your new business page. You can maybe eventually, but that's a big red flag that Facebook will shut people down. They want to see there's a real person behind it that has a history in Facebook. Does that make sense? Yeah. Good. So that number one, that property you have under contract start marketing that as as much as possible. Try to find other buyers who have bought property recently in that area. You can find them on priced or prop stream, even prop wire and just skip trace them, try to call them, call the real. Tours of other vacant lots that have sold recently. And just do you just got it. It's called the flap your lips method. We've talked about this a lot. It's just talked to as many people. Hey, we've got a deal here. What, are you interested in it or not? And, get the feedback. I got it out. You said two other offers. Do you want to review any of them right now? Do you want to pull something up and look at it? I know you can't maybe see it on your phone, foster, but you can at least look at the recording and know.

Foster: Yeah, I can, I can see it on here. I'd love to go through with kind of what I sent you an archive stream. I sent kind of all the information. I'd love for you to pull it up on Redfin and see your thoughts, because I haven't sent the offers yet. Okay. So this call I wanted to, I had a couple of questions of what would be a great deal.

Jared: And I just talking through it, felt like the offer that foster wants to send, that he thinks there's a good probability that they're going to accept. We believe it's a price that we can make money on, but there's a few things that make it a little bit odd. And since we're new into it, we wanted to get an expert opinion on if you think the offer we're going to send is a good deal, or should we go back? Because after our last call, we did go back and renegotiate. You know, we were at around 15, 16. We got it out of 12 five after the call that we have from you learn about the wetlands and things like that. So that's kind of the goal is for you to kind of do your magic where you have about 82 windows and you flip through it, you kind of do that kind of stuff.

Joe: Is that a compliment?

Jared: It's amazing how fast you are. Like I told you, you should be doing this for a living.

Joe: All right. Thank you, I think so. This is a particular there's the property is 7.73 acres, and, I have the APN number here. I'm just going to pull it up on and glide, and I'll share my screen here. I'm also going to open it up in a map right. Which is now called ID dot land.

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Jared: Tell them real quick about the adjacent property. You said it in the text. So what does that mean? Foster yeah.

Foster: So basically he has property right next to it. So this 1177, the one right next to it is 179. It's not anywhere on Redfin or any of that. And it doesn't show us connecting lots. But he says that he wants to sell them together. I mean, if he can. So he doesn't even know the acreage of the second one.

Joe: Yeah, I can see this here. Let me share my screen because it looks like it's actually one lot. So if I, zoom out a little bit here, you can see most of these other lots are like a quarter acre. But he's got this lot that's a bigger one. So it's already it is two lots kind of. But it's showing up as one in the mapping and software, the website. So this is good. It's a larger lot which should make it easier to sell.

Foster: Absolutely. So the .73 is both of them combined. Yeah.

Joe: Right okay. All right. Good. Okay. So then let's look at this property in, ID land and I'm going to let's do it by APN number Charlotte County than the ID plus a great area. I like this area a lot.

Jared: Oh there's a golf course just to the right of it. That's it's awesome.

Joe: Yeah. Nice. If you look at it, if you zoom out on a map, kind of see where it is in relation to everything else. There's, Cape Coral, Fort Myers right there. Right. Or Naples. That's Naples down there, right. Fort. So it's kind of there's Fort Myers.

Foster: I mean, from what I've looked, I mean, I want to jump all over this thing.

Joe: Yeah. If you look at the satellite, there's a lot of new home construction there. This is a beautiful area. So you can be a little more aggressive, a little more less aggressive, maybe on the pricing on this. Now, one of the things I like to do is just look at the wetland area. This is Florida. It's common to be in wetlands or floodplains. And so, you know, practically the whole state of Florida is a floodplain. So it's blue. Not a big deal. I say it's not a big deal because, look, there's a bunch of homes being built in that blue area. Right? The other thing I like to look at then is wetlands. This is a little bigger deal. You can see even in some areas where property is in a wetland, there's a house on it. But this property right here, it's just kind of something that goes to the backyard. Not a big deal. Then if we go to that property here on Redfin, if I click on the map, click on nearby homes for sale. The property is going to be right smack dab in the middle. Let's look at the A street view here. I'm going

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to change the filters to land only under contract pending active must sort this from low to high. And I'm going to set a lot size filter. Let's do, quarter acre to one acre. Okay. Ours is .73, but you don't want to do a half acre to one acre because most of these lots are smaller than that. So if I'm gonna zoom out again, there's 20 properties in this area. The cheapest 0.35 acre lot is 35 grand. So this is kind of our competition. I'm going to do a price filter max of let's do, 100,000. So now I have 17. Right. And there's this, doohickey from Pebble and I'm going to I don't can you see the little pop up? Yeah. Okay. So this just went and scraped all of those properties on the right hand side, and it's giving me the average price per acre. And this is all sorted from low to high. So I'm just going to pick the top. Let's just say ten. Then I scroll down here. Now it's in saved. The median price per acre is about 167,000, and the average price per acre is 162,000. So I'm just going to pick the lower one. I'm just writing this down 1627 and 78 per acre. Now these are active pricing. So I'm going to go back to here. And I'm going to change this now to Solds last six months. Like done I'm going to zoom out a little bit to get more. All right. So now there's 20 in here and I'm going to do the pebble do Hickey again here. Clear all. And I'm just going to bring over the top I mean the lowest ten. And you can see then the average price per acre is $95,000. So quite a big difference right. Right. So if we look at the 95,006 22 95622 times .73, that gives you, you know, a sold comp value, $69,800, $69,800 is about what you could sell it for just based on. So yeah, that's price would sell it for. Let me go into the calculator from my course here. Now I have a lot of different tabs on this spreadsheet. I just try to keep it super simple. So I go to the simple offer calc here. And if I'm looking at actives 162 778 and our properties 0.73 acres and you discount the active listings 8,015%, that means it's worth maybe $101,000 based on actives. If we look at Solds it's worth about 69,000. So a big difference there, 69 to 101. If you pick something in the middle, it might be you might be able to sell it for 85 grand, but I just usually am more conservative. I'm looking at the lower number. So if what if we list this for $69,000, would it sell? Right. And this is when you look at this is kind of an art and a science. You look at the active listings in the area. Would a 0.73 acre sell for $69,000 when you can buy a 0.3 acre lot for 27,030 3000, 35,000. Right. But if you double that, that's going to be about 66,000. I'm just thinking again, what I need to price this property for, to sell it quickly in 1 or 2 months and see everything here is like 0.3, 2.4 acres. And I think if you sold a 0.7 acre property for 59,000, like get it right under 60,000, that might be a good place to start. Does that make sense.

Jared: Yeah.

Joe: So if we listed it for 59,950 let's say and you want to make a minimum of ten grand profit and you pay a realtor maybe 8% commission. So they're going to the realtor is going to get about $5,000. These sell this deal and maybe give them a $500 bonus that they. That's up to you. Just keep it simple to zero. You've got $500 in photography maybe 1500. And

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closing costs are the most you could offer would be about 43 grand. If you're going to sell for 59, 950, if you offered 43 grand after all your expenses and costs, you'd make $10,000 wholesale profit. Now, you might want to say, let's make 15 grand. So that puts you at about 32 grand. Now, having said that, general rule of thumb, I try not to offer more than 50% of what the property's worth with vacant land. You should be able to do that. But Charlotte County is a more competitive market. There's much higher demand. So if you were to do 50%, that would put you at 29,000. So you kind of want to be kind of like maybe you offer 38 at the that's your highest offer, maybe start at 30 and maybe you climb up to 38. Now do you got it under contract for 41? I think that's good.

Foster: Well no, I haven't sent it to him yet.

Joe: Oh, you have it have you, has he verbally said what he would accept.

Foster: No. He said he said you send me an offer close to 40 grand and we'll talk tomorrow, okay?

Joe: Yeah. I think you'll find out pretty quick it way. If you do get it under contract for the lowest price that you can get. I mean, try to maybe get it under contract for 38. See, you know, see how that goes. But you'll find out if you put it out there on the market. It's a bigger property than everything else. I think you have that going for you. But the first thing you'll do is you'll click this to solds look, in the last six months and you've got 25, let me remove the price filter. You've got 20 vacant lots here that have realtors that have sold properties. You should call them all because they probably have buyers that are looking for more land here, right?

Jared: Most of these are buyers that are going to build a home, right? They're custom built home owners.

Joe: Some of a lot of them are speculators, man. They're just like they want a place where they can park their money because this is going to be really this is going to be growing okay.

Jared: So they're not going to build a house soon. They might park it there for a year or two and wait for it to grow even more for a homeowner to come in and buy. So look.

Joe: This is this zip code is 33947. Right? 33947I like to go into prop stream Joe and look at this and just let's see what kind of activity has happened in this zip code and see who are these active buyers recently. If I go to quick list choices vacant, I know this is really small. Just bear with me here and I go to ownership. So I want to find who are the investors that have bought something in the last three months. So essentially since July and they own they own

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over five properties already. And these are owner occupiers. No. Look at this in that one zip code in this area right here. There's 56 properties that have been purchased by an investor, somebody who's an absentee owner in the last three months that owns over five properties already. And I'll go ahead and send this to you. Now, there's probably some duplicates in here, but these are people that I would skip, trace and call. Just Google them or try to find a phone number. I would send them a letter. Remember that handwritten motivated buyer yellow letter I showed you? I would send them a letter. In fact, let me show you real quick what that letter looks like.

Jared: We can do it right here out of Freedom Soft, right?

Joe: I'd recommend just do it manually. You can do it in Freedom Soft, but I'll explain why. It's better to get it done for a handwritten yellow letter. It's better to do it by hand, because they'll send it in a window envelope. And the window envelope will be white. When you send this done by hand, you can crumple up the letter. Remember we talked about that before you crumple up the letter, reopen it, fold it into fourths and send this. But basically it's going to be in handwriting at the top. Urgent. I desperately need to sell my vacant lot close to the one you own near city and county state. I've had it on the market for some time now, and I can't wait any longer. If you're looking to buy more land in the area, call me. I'll tell you all about it. The title is clear. Taxes are paid. It's great shape. It's 0.73 acres and I need it sold today. Exclamation point. Call me please. Make me a cash offer right now. Phone number. Name. Okay. Do 2530 of those 50 of them. Crumple it up like I talked about. Crumple it up. Fold it back into fours, handwritten envelopes. Send these right away to these people that are own property in that area.

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