



How To Have An Outstanding Feel For Your Market

The benefit to generating offers without actually presenting them is that you will get the needed practice that is essential to being successful in the business. If you had some offers that were thousands higher than what the property ultimately sold for, then you may have made an error in that assessment. It is important to figure out why you made that error.

The most important reason that you want to do this lengthy exercise is that you will begin to have an outstanding feel for your market. If you begin to know exactly what others will pay for properties then you will understand what you need to do to make a profit. You will simply offer less than others would be willing to pay. But you do this on many properties. Thus when you begin to purchase properties, you can immediately sell them to others who might pay a little more, or you can go through and rehab the house.

The second thing you should do in the information gathering stage is to begin to go to auctions. Go to the sheriff's sale auctions and go to other real estate auctions. But do not bid or have the intention of bidding on any of the houses. You should not do this until after you have graduated your 120 day training program. Instead, go to the auctions and practice.

Pretend you are buying the house and analyze it. Have an offer ready in your mind. See what the house ends up selling for. Pay special attention to the people who are bidding the most for the properties. After the auction, get to know those people and get their email address. Tell them that you will email them if you come across a good deal.

There are large segments of the investing crowd who only buy homes at auctions. Because they limit themselves to only auctions, you will be able to find better deals to sell to them. These investors may be willing to pay you a finder's fee if you truly come across a great deal. Also talk with the people at the auction who did not bid. Many of the people who did not bid would have bid if nobody else did. These investors may be quite experienced and may have insight into your market. But most of the people there were either being nosy or did not have a serious intention of buying.

One note of caution. A weird phenomenon occurs when you try to sell an auction buyer a home that is not being auctioned off. Because they are not at an auction, they will not pay as much for the exact same house. During the auction, their juices get flowing and they want to win. However, when you bring them a deal on the side, their negotiation juices will start flowing and they will want to win the negotiation. This is where you need to be creative and help them satisfy their negotiation ego. Start higher than you normally would to leave room for them to negotiate you down.

If they don't feel like they won, they will not buy the property from you, even though it may be the same deal or better deal than they just bought at an auction. Their motto is to buy low and sell high. What they don't realize is that they can still buy low and sell high even if they are not at an auction. This phenomenon has frustrated me over and over. It has frustrated other investors in other markets and I don't think is specific to my area.

The same phenomenon will occur from foreclosure or REO buyers. Some people will only buy a foreclosure. Even if you bring them a deal that is equal or better than another deal they just bought, many will

pass because it is not a foreclosure. Their mindset is that they should have found it the first time, and they are not going to let you profit just because they missed the deal. In situations like these, it is important to have many buyers working against each other so that you create the same environment of competition for the property.

Foreclosure buyers want to feel like they won as well. Except they want to feel that they won by beating other buyers to the punch and finding the deal sooner. Satisfy their ego by having them compete against each other. Some buyers could not care less how they find the deal as long as the numbers work for them. These buyers are generally the easiest to work with and will be most likely to buy a property from you if you find a great deal.

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