

Week 9

So, the big question is this, how do aspiring real estate investors like us escape from the rat race and build real wealth and freedom without access to millions of dollars in investment capital and start to live the life that we know we deserve? This is the question and this podcast will give you the answer. My name Zack Childress and welcome to Real Estate Investing Talk Show.

Today is week 9 of our 24-week challenge and in week 9 we're going to pull the curtains back on one thing that most of you don't do and that is determining your market and how to find the right markets. And so, this is really the foundation of the growth of your business. It's the foundation of where you're going to move your business or what marketing you're going to do or what strategy you're going to deploy. And that foundation really starts with understanding market research, okay? And what is market research? Market research is determining who's your buyer in your market. Who's, who's, you know, what are the properties that are being moved the most. We call it the Avatar of a property. Um, and so I think that that's important to understand is when you look at it from that point of view is instead of making it a guessing game, how about making a realistic strategic game?

Okay. So, what would be, you know, the idea of saying, I'm going to go out and pick a market. How do I pick a market? Well, the beauty is, is it's easier done than you think. Most people don't do it because of two reasons. Number one, they don't have the understanding of how to do it. Or number two, they don't want to put the time in to do it. Okay? And that's a big thing that we see all the time. So, the first thing you've got to understand is, is the time. So, let's talk about the time. So, when it comes to researching a market, yeah, you're gonna have to put some time in. And so, you need to understand that that time you're putting in to research. That market is going to give you greater value and the back end because now you're not just hoping, but you're being strategic about the doing of the business.

Okay? Um, and that requires research. So, you need to be using sites like cnnmoney.com. Cnnmoney.com is a great resource because it'll tell you like, you know, what are the best places to live? It'll tell you average income rates in most markets. It'll tell you, you know, all types of information, like the top 10 cities that you know, the millennials are moving into to give you an idea of where kind of like migration is happening. From there, you want to start to pin down certain markets and those markets are where you move into what's called Zip code data, right? I want zip code data. I absolutely want zip code data. Here's one, because a market can be very large. You might pick Atlanta and imagine the size of Atlanta, right? Do you want to market the same strategy and all of Atlanta? No, you don't. You know, there's certain strategies that will work better in certain segments of Atlanta versus other strategies and the unknown to that is is you don't know unless you do your research right?

And so, if I was going to pick Atlanta, I think there's something like 46 zip codes in Atlanta. You need to go online and you need to download what's called a zip code map. Okay? This map will lay out the city in which you're looking at with all the different zip codes and the boundary lines for each zip code. That's the first starting steps. So now you have a map specifically on the zip codes and so now it allows you to start going out and acquiring zip code data. The data based

on each zip code. It's performances, it's lack of performance, it's you know, Avatar for a property, what price range you need to be in, who's the buyer, the majority buyer in that zip code. So, it starts to give you a picture of the zip code and what, and I know what some of you are saying. Yeah, but Zack, some zip codes, you know, you have night and day in neighborhoods and that's fine. We're going to get to that in a minute because that's called clustering. But to get an idea, we start with a zip code map. Now, can that take a lot of time?

None, it's so easy. It's super easy if you have the right agent on your team, it can be. But it does take some time guys. Like it really does. It's the commitment to your business, right? It's you committing and saying, I'm going to do this and I'm going to do it right the first time. I'm going to put the time and energy in and I'm going to make sure that I'm strategic about my business model. And that's what we're doing here. If you think about it, we're running a business. Yeah, we're flipping houses and selling contracts and renting properties, but we're really running a business. Okay? Um, and you need to think of it from that point of view and you need to kind of take a back step and say, am I just being reactive or am I being proactive? And I, my thinking with the end in mind, you see how I hooked our Dig Deeper Wednesday and all that.

You gotta think about that stuff. Okay? And um, and what that means is, is this, when you really understand and look at this from a point of view that says, um, I'm going to be more strategic about this. I'm going to do the research, I'm going to make sure that I get the research done. Then you're going to start creating a focus and a clear objection to where you're moving into. So, zip code information. What some ideas behind zip code information. So, if I'm going to build a zip code data sheet, I need to know, I need to create an excel sheet, right? I need to have an excel sheet. And on that excel sheet I need to have every single zip code down one column, okay? And then what I need is I need to have, start to put my fields across the top, that's going to be how many houses have sold in the last 12 months per zip code, okay.

Per Zip code. So, you're going to see some zip codes where they have, you know, 1200 houses sold in the last 12 months. You're going to see some zip codes were 100 houses have sold in the last 12 months. And the reality is, is that's all useful information. Okay? It's all useful information. It just helps you get a guideline of, you know, what's the activity level so you know, and who's the buyer types. So, when you look at that, you didn't want to move over to once you know, how many houses have sold in the last 12 months, you will then want to identify, um, what's the average sales price per zip code? And I'm going to tell you why. What's the average sales price per zip code? Meaning in each one of the zip codes, what's the average price of a house being sold in that zip code?

And here's another thing, you also want to look at each zip code in what city they lie in. So, let's say in Atlanta they average sales price is \$175,000. And then one of my zip codes that is in Atlanta is selling at 350,000. Well that's a red flag for me. Okay. Because I want to cater to the majority of the buyers in the market into the majority of the buyers in the market or buying it, that 175 price range. Why do I want to go jump in? Especially if I'm brand new and to a market where I'm trying to, you know, secure properties and sell them for 250, 300, 350. I decreased

my buyer pool whether I'm selling a contract or if I'm fixing and selling a property, I decrease my buyer pool so it becomes harder. So, what you're trying to identify is that you want to play in zip codes that are equal to or less than the sales price per city.

So, if the sales price is 175 and the zip code I'm looking at, it's average sales price in that zip code is 145. That's a winner, winner, winner chicken dinner, right? Um, so that's just the first tidbit. So, I want to identify all those. The second thing I want to do is I want to identify what's the average days on market in that area. You know, each zip code. Okay? The other things I want to do, and I'm not going to keep going on and on about this, you know, I've got about another 20 minutes or so with you, but I want you to also identify who's your buyer pool. So how does that work? I want to go to my agent and I want to say, look, this zip code sold 1000 houses in the last 12 months, how many of those houses were sold to a retail buyer?

Meaning someone getting financing, okay? How many of those were sold to someone getting financing? And let's say out of those 1000 houses, 700 of them were sold to a finance buyer and 300 were sold to a cash buyer. Well then that tells me in that zip code, the lion share of the buyer pool is what it is, my financed buyer. So, I need to cater to that buying pool. Now, let's say the next zip code was 600 houses were sold in the last 12 months, but 400 of them, let's just say we're sold to cash buyers and 200 to finance. Well there again, I need to cater to that cash buyer pool. So, I'm going to wholesale contracts there. Let's say you got a market where it's 800 houses have sold in the last 12 months in 500 of them sold to finance buyers and say 300 of them sold to cash buyers.

Well, that number says I could really do both, but I wouldn't. And here's why. Because the cash buyer percentage is so close to the retail buyer percentage. Then that means there is a ton of competition amongst those guys that are buying contracts or fixing and flipping properties to get to that, that that buyer pool. It's almost balanced out, so therefore I'm not going to go in there and try to compete to fix and sell properties because my competition might be trying to just dump and drop prices, so I'm just going to sell contracts into that segment of the market to those wholesalers, so this is the strategic side of it so that you move your business ahead of time before you start trying to wholesale in an area because you think it's great. No, no. What you're doing moving into it by getting this data, getting this research together, understanding clearly how this works, because once you do that zip code information, then you can move into what's called clustering.

You can start to take that zip code and break it into a map and then put in the Avatar property that you're looking for. For instance, if I know that that zip code selling for \$150,000, well then, I can put the Avatar in that says I'm looking for houses from \$75,000 to 150 in this zip code that have sold in the last six months. That's a 3 to 1400 square feet or greater. And what it will do is it will show me all the clusters inside that zip code where the activities at. That's what I'm trying to get to. And the other reason that it does that is for all the people that are watching this and yeah, but in my zip code you got to half a million-dollar house and you got \$200,000 houses. Well, what that does for me is that it allows me to eliminate and push out all those subdivisions

that are selling for half a million, a million dollars that doesn't need to be calibrated inside this clustering map.

And so that's huge. This is something that we teach heavily at our 3-day event. So, with that said, we've been talking about your market. We've been talking about determining the market for you and I think that that's a big aspect of your success. It's reason. It's one of the things that I teach at the 3-day event on really how to look at all the different angles, the websites of how to gather all this data, how to put it together so that you understand your zip code matrix and, and really what the mapping is for and then how to start taking those zip codes and drilling those zip codes down into clustering zones. I mean, that's very, very, very important. There are sites out there that you should pay attention to and really kind of get on and do some research. One of them's MGIC.

Um, the reason MGIC is important is it's a mortgage guarantee insurance corporation. It's the company that puts insurance together for mortgages. And so they have a lot of great data for you out there. There's another one called PMIgroup.com. You might want to research them and I'm just. The thing is, is gathering data. The more data you gather, the better you're going to understand your market. Okay? And some of you might have this book, I'll give you a little bit of a jumpstart if you have my business blueprint book that is the 24-week model that we're going through. Um, and so you might, if you want it or if you've received it somewhere, you might want to be following along with that as well. I'm a highly recommend that you do that. So, um, you know, some other ways of segmenting a market.

To give you an idea, this is another little Ninja trick. We use list source and I've used List source for years and years and years and why is list source so powerful because let me explain something to you. I can go to list source and I can pick a market like Atlanta; Georgia and I can say it. Atlanta, Georgia. Hey look, I want to pull all the foreclosures, the 30, 60, 90-day late foreclosures that are happening in Atlanta, Georgia. Now listen, follow me. I can then acquire that list and then I can itemize that list by zip codes and I can do what's called a zip code sum. And then I can identify which zip codes are having the highest foreclosure rates. So, I know that those are areas that have a high need for a solution. That's one way, right? I can also go in there and do the same type of list filtering and aggregation for like landlord purchases and I can pull that list and itemize it by zip code so that I can identify which zip codes are identifying the most purchases for landlord, you with me, the other side of it is looking at some type of cash buyer database. I can go into a cash buyer database. We offer one for our coaching students and I can pull all the cash buyers in that market, say Atlanta and I can go itemize those cash buyers by zip code...so I can identify where the majority of the cash buyers are buying at all of this stuff and all this resource and all these tools allow us to strategically plan our approach into a market first. Okay. Not just let's go market, but let's research. Let's identify it. Let's find the needs. Let's look at this from a point of view of saying, of I'm going to go here, I want to have the highest and most effective results that I can get for moving into this market, and the sad part really is it most people don't ever do this. They don't do it, and listen, and this is the probably the only time I'm going to ever say this to you as my students, my followers is it. That's not your fault.

You'll never hear me say that again, but it's not your fault, and the reason I say that is because you've never learned it, right? No one's ever taught you and you might be one of these students that I have that follow me that's been to 15 other seminars and bought other, you know, systems and tools or maybe even a coaching program out there that you just felt like didn't give you the value that you wanted. At the end of the day, you gotta let go of all that and you got to start identifying, I'm not quitting. Obviously you're not a quitter. This is why you do this, right? You do this to not look backwards, but to look forward at all cost and part of looking forward is finding the tools or the information or the knowledge that you lacked in the past. That was part of the reason you didn't succeed.

Right? And own that, you know, own that. You know, I always say to, you know, in my life, people say, "*Zack, you still have mentors.?*" Absolutely. Still have mentors, you know, but you know, I hire a mentor to get me so far. My level of mentors grow as I grow, you know, and there's different levels of coaches right out there you have, you know, all the coaches that help new people understand a model or a business. Then you got coaches that are really there to inspire people and then you got coaches that are there to really dig down and get into the essential aspects of things in the technology and the systems and the processes. Calling it a scalability type coaching. Right? And that's, you know, as we grow, we look at it sometimes we just need motivation. We need somebody telling us we can do it.

We need somebody telling us that we're strong, we need somebody telling us we're winners to get us out of that old mindset that we've been in or lived in, that held us back from the success that we're supposed to be living. And that's a mindset shift, right? That's a mindset shift, you know, that's like, one of the things we're going to end this year with, which you guys are going to be blown away about this is we're, we're gonna. We're only gonna, have two more, 3 day events and then we're done with the 3 day events this year, but we're going to do an end of the year called Freedom Summit. Woo. That name just sounds good, right? A Freedom Summit and this Freedom Summit is going to blow your mind. It's going to not just have me there, but all my partners. It's going to have marketing specialists, commercial specialists, creative financing specialists that are there to just teach you and help you grow your business to a whole nother level.

That's why we're going to end the year with it. It's called the Freedom Summit. Um, it's going to be a mind change, it's going to shift you to understanding yes, look, I know what it takes to do this, but this is the whole next level of things, right? Freedom Summit, write that down, ask questions about it. It's important. So I think it's amazing once we start to put it out there, we start to believe and we start to receive, right? We were talking about this in our training this morning about, you know, visualizing your success as if you're already living in it before it ever happens. It's called manifestation. And some of you might think, ah, that's kinda crazy. Well, I can tell you some really crazy things that are going on in this world that would blow your mind, um, but manifestation of your life is a real thing.

My friends, it is a real thing. And you start to change your thoughts. It'll change your life, right? You start to change the position in which you see the world. You'll start to receive things different from the world. You start to look at yourself and in a higher level than where you think you are. You will start to live at that higher level. You start to look at your friends and associates and business partners and start to say, look, how can they influence me in a positive way? You will start to change the circle of your friends. It's inevitable. It's inevitable. You've gotta want it though. You've got to want this type of training. You gotta be willing to go do this research that we've been talking about today. You gotta be willing to put that time in and that effort in and you gotta be willing to say, I will do whatever it takes to make this business work and live the life that I want.

That's the game changer. It has nothing to do with what's out there. It has everything to do with you and are you willing to drop your ego long enough to say, I need help. I need help and I need to find where I can get that help and let me tell you something. I'm willing to give an olive branch to you. I'm willing to say, talk to someone in my Student Advisor team. Come to my 3 day event, learn what we're doing, learn what we're teaching others, see the difference, see, feel the difference. Be around people that actually enjoy what they're learning. Put yourself in that position and you'll succeed. You absolutely will succeed. I say it all the time. Get the right support. Stay focused and commit to this thing and you'll make it, but the only person that's in charge of that as you, and that's called will power.

Do you have the will to keep moving forward at all costs? Are you going to get slapped in the face? Yes. Are you going to his live going to hit you? Yes. Or your bill's going to keep coming in. Yes. Is the drama in your life going to be there? Yes, but it's you that can control how you let that influences you. So I encourage you to take that challenge. Understand that knowledge is the easy part. Controlling your mind is the hard part. The controlling the walls that you put up to stop the negative in is the hard part. That's the side you have to work on daily is being in that position to say, I refuse to allow myself to believe the lies that the fear in me tells me. You understand that. My trainer said something great to me the other day, *"I've always looked at fear as false evidence appearing real."*

And um, and he say he called it something else and I just loved it and I didn't write it down. I should have wrote it down for you, but it was so powerful. Um, faith in doors, all something. Um, it was so different than what we always say fears and acronym for. And um, I'll have to dig it up. But it was, it was more meaningful about what fear really is. And, and I'm here to tell you that the only reason that people don't do what they want when it comes to fear is because the fear is what sets in because you don't have the ability to visualize your journey. Because here's why. It's the lack of faith that you have in your in where you're going. That creates that fear because you can't see it yet because you can't see it. You understand, so if you can't see it, then you don't. You're, you're, you're afraid, you're fearful, but if you have the ability to receive it and see it and visualize it, you start to create that faith that it's gonna work because you are going to work it, and that happens with help. That happens with support, that happens with encouragement, that happens when you put yourself with the right team that can guide you down that path.

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