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A Recession Is Coming - What Are We To Do As Real Estate Investors

Hosted by: Gavin Timms and Joe McCall

Joe: What's going on, everybody? Joe McCall here. The best coach ever.

Gavin: The mug that was stolen from me.

Joe: Now, Gavin keeps thinking this is his this cup says best coach ever, number one. No, but hey, we got a cool thing we're going to do today in this video. We're doing a series of videos this week. I don't know how many, but we feel like it's really, really important. We start talking about this recession that is coming that may be already here. Gavin I spent \$125 the other day to fill my tank, gas tank. Right now I'm in Saint Louis, Missouri, and gas is only like 4.55 or 4.60 a gallon here. It's \$7 a gallon in some parts of California. So recession almost double digits, which means what does that mean? Well, it's normal inflation, 3%. That's where they want to try to keep it at 4%. We're at 8 to 9, maybe 10%, depending on how you're looking at the numbers, which means from a year ago, everything is 10% higher than it was a year ago. But that number keeps on going up. And so look at the stock market. It's way down. Cryptocurrencies, bitcoin lost half of its value over the last few months or six months or something like that. Things are going down and interest rates are going up. Now, I'm not saying for housing, the market is crashing and it's the end of the world, but we're here. We want to talk about how to best prepare for this economic crisis that we're facing right now. And so we've prepared a free road map that you guys can get your hands on right now at REI proof dot com. It's completely free. It's a PDF that we created. A report pretty much shows you how to make over a hundred grand a year, consistently ten grand a month, wholesaling deals, vacant land or houses just a few hours a week. And so we're going to be kind of covering in these videos here this week, the stuff from that PDF report that I think is going to be really helpful for you guys. Let me ask you, Gavin, are you worried?

Gavin: No, I'm not. I think it is going to be sad for a lot of people. I don't wish it on anyone. But as this happens, when it's going to happen, how long it's going to take, I just think you have to be smart in the way that you invest. You've got to be able to pivot. Having multiple exit strategies is going to be important. Okay. And you'll just be fine, right? You just move as it moves. You move with it. And that's what we're going to be focused on doing.

Joe: Yeah. Yeah. So when we the last video we did earlier today, as we're recording this now, you might see it somewhere else, but like go to our YouTube channel or go to our podcast, Real Estate Investing Mastery Podcast or our YouTube channel and watch the previous video we did because we talked more deeply about like what to kind of do in the real estate world. Like always make sure you have multiple exits, make sure you're investing for cash flow, make sure you have if you can't wholesale it, then don't buy it. So like when the real estate mindset of things like this is what you need to be focused on. On two days video is going to be a little bit more general in terms of like what the mindset that we need to have. For example, wealth does not disappear, it just transfers. So we've got a mind map here. And again, this is part of this free PDF road map that we created called our it's a real estate investors guide to be recession proof. Doesn't matter what the economy is doing. I'm ready for it. Gavin's ready for it. Our students and clients are ready for it. I had a friend I was playing cards with the other day. He just finished rehabbing his house, put it on the market this weekend, which was just a couple of days ago. Right. And I already got that 20 something scheduled showings, sold it for 50 grand above asking price. This is in the Saint Louis area. So there is still a strong demand for housing when it comes to the rest of stuff. Well, you know what? We're going to be prepared for, but we're not going to worry. We're not going to worry about it. There's some really important things to understand, too, because the housing market probably will soft. I don't think it's going to crash, but it can't keep on going this way forever. The good thing that we have going for us is real estate investors is the demand is still really strong. We're going to start to see more motivated sellers. This is the big point I want you guys to understand. Right. There's there's still strong demand for housing. You're going to see more sellers getting motivated to want to sell their house quickly because they're going to start losing their jobs. They're going to start losing their house to foreclosure. One of our clients here in Saint Louis is averaging over 100 grand a month in wholesaling right now. We're talking to him with him and his significant other at a mastermind we just had here in Saint Louis. Gavin, what was he saying about the 30, 60, 90 day lates?

Gavin: Yeah. I mean, he's still using them. Yeah. You know, and they're performing, right.

Joe: Well and the list is doubled.

Gavin: Yes. Oh yes. Sorry. Yeah, you've just froze there for a minute now. You good? Yeah. The list has doubled over that period of time. There's more people on that list as well. And the good thing is, he just follows the map that we gave him. Right. And that was what was refreshing for us to hear as well. He's like, I just do what you say and then execute. And that's what it's about. If we can have you know, we had a coaching call this morning. It's all about hitting numbers. If you hit your numbers, you will make money in this business. If you just follow what works and you stay active and relevant and you listen and watch what's happening. I mean, we sold three, closed three last week. And in Alabama, we have another one closing this week. So we're still very active. They were all at discounted prices. One, the biggest one was 27,000. And that's in Birmingham, Alabama, closed down last week. So the there you've just got to get among it to find it. And while the buyers are still buying and they're still paying. That's what you go off. And as they adapt and change, we adapt and change and we go lower.

Joe: We are closing on three vacant land deals right now, two of them in California, one in Oklahoma. We've got a few more deals we're working on in North Carolina. So the market is still we're still selling stuff and we're selling stuff on our vacant land deals where average profits are about eight grand. Now, it's not as big as the House deal, but like it's about as virtual and automated as you can get. So we're still doing deals today. Our clients are still doing deals today. So we're going to share with you this mind map that we have here. Let me hide this banner again. You can get this mind map as part of the PDF. If you go to area approved ecom, it's like let me write it right here rti proof dot com. And I say it's free. I think I did you. All right. So what we want to talk about in this podcast is kind of the big picture of things you're out with every crisis. Try to zoom in a little bit, Gavin, I think.

Gavin: Yeah, that's good. All right.

Joe: Let me do one more. Even still, with every crisis comes an equal amount of opportunity. That's an interesting thing to think about because it all depends on how you react to it. This is the time not to bury your head in the sand. This is a time to keep your eyes open and understand that this stuff that's going on and there's going to be a lot of people losing their jobs. I mean, Tesla already announced and this is a strong economy. Everybody's got these help wanted signs up. Tesla has just announced they're laying off 10% of their workforce. We're going to start seeing more layoffs. We're going to start seeing student loans are are going to start being required to be making payments on you know, we're going to see more people with outgoing, their expenses going up, cost of living going up, obviously because of inflation, because of the stuff. It's a struggle right now with small businesses. I was just looking at Carvana, carvana, whatever. They're laying off a bunch of people. You'd think that all the I thought the used cars car market was white hot. Well, there's a big, big problem right now with the whole supply chain stuff. And so even these these companies that we thought were successful are starting to lay people off. But this, too, shall pass. It's just a matter of when. And there's two very important rules that we need to look at when we are in a, you know, an economic crisis or a recession. Number one time is your friend. And number two, emotion is your enemy. So these are real important things you need to write down and pay attention to. Time is your friend. What does that mean? Well, time is everything when it comes to being prepared for a crisis. Okay? No one knows how long this recession will last. Maybe it'll blow over in a couple of months. Maybe it won't. Might just be a slight blip. Or maybe it's something more major. One thing we know, this is a fact. We just don't know how it'll all play out. So you need to detach yourselves from your own bias. Just don't know the future. You need to be prepared for both the best and the worst case scenarios. And as the saying goes, you need to hope for the best and prepare for the worst. And it's easy to get intimidated and overwhelmed with all the hype that you hear going on in the news. But we needed to catch our breath because everybody has an opinion, but we need to detach ourselves from our own opinions. We don't know the future, but we just need to be prepared for it. The more time you give yourself in your business, the more likely you're going to be prepared and that you can recover. So the more time you can give yourself in your business, the more likely you're going to be prepared. Be prepared. More time gives you the ability to make better, more strategic decisions, more time to make better adjustments and move. And that's the great thing I love about real estate. Gavin With our businesses now because we network, because we

work closely with people that are doing deals or we're doing deals or our clients are doing deals. We also belong to other coaching programs ourselves and we belong to masterminds ourselves. And we are constantly talking to people about what's going on in your market. So with real estate, because it moves slow, we have time to adjust. That's why I'm not freaking out.

Gavin: Yeah, absolutely. You know, we spoke this morning about, you know, 6 to 12 months to get sellers on board, right. Where they're not going to see that they're going to be holding out for them prices. But as the market starts to go and everything goes open, people can't afford the payments anymore, then that's how that's obviously going to take time for the sellers to get in. And that's where potential crave finance deals are going to come in when you can give them more money over a period of time, things like that. So yeah, exactly right.

Joe: Very good. So time is your friend and emotion is your enemy. Fear is going to cripple your business. Fear always drives short term. Decisions. Short term decisions driven by fear cause long term problems. And during times of fear and panic, people become irrational. People follow their emotions rather than logic. So we just need to be not emotional, not freaking out, but understanding that emotion is going to be we're not going to be led by our decisions or our decisions are not going to be led by our emotions. Right now, what does that mean? Is time to look for opportunities. So kind of this is interesting. What happens is kind of a law of nature, kind of like a wildfire crisis, burns down the week and allows new life to grow. All that new space that's going to be kind of wiped out in any kind of recession creates an opportunity for new businesses and new ideas to flourish. Isn't that cool? I love that analogy. Yes, these get burned down to the ground. That's not the end of the world. That's actually maybe kind of a good thing. I mean, not in terms of like people losing their businesses and the life and livelihood and things like that. But like the market has to go through cycles. It can't be roaring strong forever. So there's tons of big businesses that have started in big recessions. And these are all companies that started after the crash and during the crash in 2008 after those few years. Airbnb, Uber, WhatsApp, Pinterest, Slack and Stripe. I think you've all heard of them. I use a lot of those tools all the time. So there is a there's going to be a lot of opportunity and your mind will find whatever you focus on. It's important to understand. Let me see if I can open this here. If you focus on fear, you're going to find it. If you focus on opportunity, you're going to find that as well. So let's make sure we're focusing on the right things. Now. We can use this time with this recession that's coming on us to find empathy for our customers, our sellers, our buyers, our investors, our clients. We're not trying to take advantage of them. Right. We need to look at in our real estate investing businesses, how can we serve our customers and our clients better? We don't want to pretend to ignore the problem with our customers hopes it goes away. We need to look at what can we do to make our clients, our private investors, our buyers or sellers? What can we do to make their lives a little easier? And when we go out and we're trying to help our clients and customers, we will make more money so that every crisis comes an equal amount of opportunity. So there's a few principles here that we want to talk about when it comes to being in a recession. Number one, invest don't save. It's important to have a long term investors mindset in this thing. And you know what Warren Buffett says, be fearful when others are greedy. Be greedy when others are fearful. So never, ever, ever stop your marketing. We are not in the real estate investing

business. We are in the marketing business, especially when it comes to recession. This is the last time you want to take your pedal off of your marketing. You always need to be marking. Your competitors have stopped or they're going to stop. But you are not so critical and important. And when you study great depressions and recessions of the past, this is something that really kind of struck me and I'm not sure this is going to be able to open up now. So let me do a news screen share here, because I want to I want to be able to share this with you guys. Share screen window. I was at the Rockefeller Center. You see that? Okay. Gavin and the Rockefeller Center in New York, right across the sidewalk or the area where that famous ice skating rink is. And there's a little museum there for Rockefeller. And this was there there were some pictures there. And this picture of a guy selling his car, \$100 will buy his car, must have cash, lost all on the stock market. Really kind of had a big emotional impact on me because I was that guy back in 2000, nine, ten and 11, nine and ten kind of where before that. But like I lost my house to foreclosure and short sale. I would have sold my car for 100 bucks if I could have. Right. Because like so something really struck me when I saw this picture of this guy. But then I read the text below this image and this is what got me excited. Again, I'm going to try to zoom in a little bit. In the aftermath of the stock market crash of 1921 1929, a man tries to sell his car after losing everything. The crash marked the beginning of a long economic downturn known as the Great Depression. So on Black Tuesday, October 29th, 1929, the stock market crashed boom turned dramatically to bust, triggering the Great Depression, the worst economic collapse in the history of the modern industrial world. Now, we're not saying that's going to happen again. I really, really doubt it. But listen to this. Those New York was hit especially hard with three quarters of a million people out of work. I don't know what percentage of the population that was at the time in New York, but three quarters of a million was a lot temporary. Shantytowns, or Hoovervilles, as they were called, sprang up in Central Park and along the East River Rockefeller. However, this is what got me excited. Created over 75,000 jobs, helped keep many people afloat during these dark days. So are we going to be a producer or a consumer? Everybody gets to decide whether we're going to be a producer or a consumer. And so this guy right here, I'm going to be a producer. I'm looking at this market economy, crash, whatever recession. That's coming up. I'm not going to fall victim. I'm going to be part of the solution. I'm going to be part of the solution. The guy that helps people, that creates jobs. That's what I want to do. Now, if you study for yourself, by the way, if you get this REI, if you get this PDF report that we have, you're going to get this mind map as well. And I did some studies on the Great Depression, and there's some links in here that you really should read to understand kind of what happened. But you can also search and find things. What are the companies that did well during the recession? And I have another link here that you can go read later on industries that did well and thrive during recessions. And then finally, this. Here was a great article I found on five Great Depression success stories. And they looked at all of the companies during the Great Depression in the twenties and thirties. And what did they have in common? The companies that survived and thrive? What did they have in common? Number one, they had cash before the crash. They had little to no debt. So I'm not saying debt's bad, but I'm just saying be careful. You do not want to be overleveraged in a down economy. You want to have access to cash. You want to be very careful, especially with your rental properties, your Airbnbs, your rehabs. You want to make sure you're not taking on a ton of debt for these deals. You want to have cash to buy assets. Why? Because you can get them at huge discounts. You're going to find a lot more opportunities in real estate. And

this is why I'm excited you're going to start finding it's going to be a lot easier to find deals and huge discounts in the months and years ahead.

Gavin: Yeah.

Joe: You can spin and sell assets for more cash in the assets that you currently have. These companies that succeeded during the Great Depression, they lowered their prices and they increased excuse me? They increased their marketing. They diversified. They got creative with marketing and incentives. And they never forgot the small guy. So these are some important principles that I think are important to understand in this economy going forward. Okay. Now, another principle after we talk about investing, don't save, don't hoard, but invest. We need to think bigger. We need to think in terms of growing, not shrinking. All right. Be careful with social media and the news, everybody. I can't say what I want to say, but, like, everybody's got something, right? And what do they all have in common? Everybody has one, and it all stinks. I mean, that's all I'm going to say about that. Okay. You know, what I'm trying to say is Gavin gets it. Everybody's got an opinion. But you got to be careful. And you are what you consume, what you focus on will grow. I mean, Gavin, what are some things that investors should be focusing on in this kind of a recession right now?

Gavin: Yeah, I think, you know, for us, we always focus on what the buyers, where the buying and what do they want. And then focus is in the wholesale aspect to deliver that and and find deals because they're the ones that are buying now, the ones that are doubling down. So we use that. We then double down on marketing them areas with then creative finance options as back up because we're trying to create bring solutions to the table. Right. So if a cash deal is not going to solve that problem. Then what is one option? Do I have the is going to solve the problem? So having backup options and offers is going to be the key as well.

Joe: So focus on what your buyers want, follow the demand. We're going to talk a lot about this in these video series. Right. So your your income only grow to the extent that you grow. And how can you grow during times of uncertainty, invest in your education, keep on reading books, get your online courses, start going through the online courses that you already bought. Listen to podcast. Listen to videos from people that have a positive outlook, not from the whiners and the complainers and the people that are just panicking. Turn the news off, for God's sake. Like just turned Fox News CNN. I don't care what it is. What side of the political aisle you're on, liberal or or conservative or an independent, libertarian, whatever. Turn the news off. It's a cancer in our society, so frustrates me. Okay. Invest in your brain. The best real estate you can ever invest in is the four inches in between your ears. That's how you're going to grow in this recession. What are you going to say?

Gavin: You know, exactly right. I mean, it's funny because people say, have you seen this and that on the news? And I don't watch the news now. You know what? We're in a storm earlier and I was I actually it's not a bad still I'm not paying attention to what's happening they just because of the negativity or are we have enough going on as it is without adding to it? Because unfortunately, bad news is what sells right and exercise. You got to see any happy stories on the news that don't exist.

Joe:

You know, they say if it bleeds, it leads, which that's what the news wants. That's all they want to talk about. They want to talk about the bad stuff. They want to talk about the negativity. So stop binge watching Netflix or Disney Plus or Paramount or Peacock or whatever they are now. Hulu, Amazon Prime videos don't binge watch that stuff. Take a walk at some fresh air. Start thinking. Thinking for yourself. Okay, so we're all talking about your growing, no shrinking. Invest, don't save. Grow don't shrink, hoard positivity. Remember when we were hoarding toilet paper a couple of years ago when the pandemic kind of first hit with Kroger and all that? It's all about perspective, guys. Our grandparents were called to go to war and pick up guns to defend our liberty liberties. We were fighting over toilet paper. We were worried about washing our hands. We're worried about masks. All this stuff is temporary. This recession is temporary. We know our grandparents were like they had Liberty Gardens or Freedom Gardens. I remember your parents probably have some grandparents, probably have some pretty crazy stories. During World War Two, right. Of like growing like being bombed. Obviously, we weren't. That wasn't happening to us in the U.S. knew your parents in England, grandparents? I mean, like so this is temporary. We need to be grateful. Focus on the positive side of things. You can't win the outer game if you're losing the game. All right. You need to eat good food. Stop eating junk food. Exercise. The other day, I saw a guy. He was getting a bunch of food in his golf shopping cart or whatever. And he had a whole cart full of Red Bulls. What on earth is that going to do for you? That's of any good obesity. Bad health will kill us way more than any kind of flu, corona virus or any kind of whatever's going out there. Double down in your health and your diet, boost your immune system, get some sleep, stop reading news before you go to bed, drink more water. All right, so think about your health. We've got to win that outer game. And then the other thing your real quick is gratitude. Stop complaining, resentful. If things are hitting hard gas, inflation of eggs cost more than they used to. How you ask yourself things like, how can I grow from this? Instead of, why is this happening to us? Why is this happening? What can I learn from this? Where are the new opportunities? And this is what I'm going to be talking to a lot about in this in this PDF book that you can get for free at REI proof dot com because wealth doesn't disappear, it only transfers. Right. What does that mean? Well, maybe there is a you know, in this part of town, there were a lot of deals that were wholesaling or that were selling. But as the market shifts, that money just doesn't disappear. That money moves to something else. Maybe it's to more affordable housing in lower priced, more middle income, medium priced areas, maybe areas of Las Vegas. I mean, I just saw this the other day, too, Gavin. One of the biggest reasons why hedge funds were so heavy into buying properties and still are is because rents have been going up. Well, guess what? In the last month we're starting to see rents stop growing. And some of the biggest hedge fund markets, Las Vegas, Jacksonville, Atlanta and one or two other markets that I read. Okay. So rents are still growing, but we're starting to see for the first time in a long time rent growth stalling in some of these markets. So, all right. That doesn't mean like maybe I'm not saying Las Vegas is a bad market, but like maybe there's some other markets that we need to look at. Maybe there's new opportunities. So always keep your eyes open. And how do you find those new opportunities? By listening to videos like this. By hanging out with other people, doing deals and masterminds and networking and things like that.

Gavin:

Yeah, absolutely.

Joe: I did a little bit about this being a producer, not a consumer. Your circle of friends, your circle of influence need to be needs to be positive and encouraging. Got to be careful. Social media, if you have kids, teach them this, for heaven's sake, right? You are required to step up and lead. People need leaders now more than ever. It's time to show up and serve. You have a responsibility to your business, your teams, your customers. Now's the time to create a safe place to communicate with your audience. If you have them, your customers show up, support, let them know you're here, and help them in any way that you can. So we need to be producers, not consumers. We need to be part of the solution, not part of the problem, which means we need to learn to identify problems and solve them. There's so much here. I got such good stuff. Maybe we need to break this up into a second video. Or should we keep on going, Gavin? I mean.

Gavin: We can do a part two, I guess.

Joe: Let's do a part two. Okay we're going to be talking about how to identify problems and solve them, how to prepare, not panic, and what to do if you're personally on the ropes right now, the some of you guys are some of you are on the ropes. You don't know where you're going to get your next dollar to buy food, get gas or whatnot. Maybe you've gotten a pink slip in the last like, you know, this is something I thought a lot about Gavin when I had my job. Everybody said, man, don't quit your job because that's too risky. I looked at it like, You know what? If I keep my job, that's too risky.

Gavin: It's costing you too much. I mean, we just had a conversation with someone in our mastermind group in Saint Louis, and he's doing, like, a ton of money in houses, and he's still doing truck driving. 60 grand. And what are you doing? Oh, well, what if and from. But I was like no all the time that you could be put into this. Now's the time you've even proven it. Could you do an outside of your job? All that's doing is holding you back. Like 60,000 is not enough money to be working 60 hours a week. It's just holding you back. You know, you're looking at 60 deals or less to make that in the year. And if you put the same effort as 60 hours in, how can you not make more? There's just no way if you hit the numbers. There's just no way when people are doing 100 grand a month or having \$100,000 plus months, and you say, can I make 60 grand a year doing this thousand percent this, not even like it's not even a rest. We have to believe in it yourself, right? You can't listen to me because you've got to put the effort in and do it. But if you your numbers, you'll make your your tax.

Joe: Yeah. You know I want to change this slide there roadmap 200 K. So if this works well, there he goes. That better, Gavin? There's nowhere to go. You're free recession proof road map to 100 K Get it for free at REI proof dot com, REI proof dot com let me show you I actually printed it out here it is and we talk a lot about in this PDF the things that we've just been talking about obviously right. What we talk about when the real estate market, especially the things that you need to be focusing on, where the opportunity is, where it's going to be, and then we talk about how to do more deals. Where is that? She's moving to the three important things you need to be focusing on right now, making multiple offers. Make sure you know where your buyers are, what they want, and follow up. We talk about how to make multiple offers, how to find the buyers. Yeah, this is going to be such killer stuff. And this pdf gives a bunch of images and graphs and

examples and spreadsheets you can get it all. Plus that mind map we just showed you for free at REI proof dot com so go to REI proof dot com to get it tomorrow we're going to be talking about on the next video we're going to be talking about how to identify the problems and solve them, how to prepare, not panic, what to do if you're personally around the ropes right now, we're going to be talking about the opportunities in real estate and mainly talking about the important things you've got to be focusing on in this market to succeed. Go. All right.

Gavin: And look, here's what Mark just said. Okay? I highly recommend you guys. You did did the course five years ago, 48 properties in Holder, which is, of course, a good job.

Joe: Mark, it's good to hear from you, Mark. It's been a while. It has. We got a lot of good comments here, guys. I mean, one of the things we tell you we want to try to tell you is like, hey, if you've got something. Hey, Greg, what's going on? Greg Well, Greg told me I did a book called Recession. No, no, it was called Secrets. And he told me this is the Timothy Ferriss tools and tightens for real estate investors. I love that Greg just walked from a deal today because of the market changing. And I think Greg is in the San Diego area of.

Gavin: San Diego now. He does virtual in New York.

Joe: So, yeah, Greg's a cool guy. Greg, I watch your IG's. I love your videos. He just sold a deal to above asking price. So it's like you were getting all these mixed signals as a market going up or down, who knows? But as real estate investors, we can be prepared and we can avoid and mitigate all of these risks by just understanding what our buyers want. Danny's in Vegas. He's one of the simplest option students. I love it. Okay, so we're going to be doing a lot more videos and podcasts talking about this stuff. We'll check it out and get this free pdf right now i proof tor.com i tor.com. And if you want to work with us to get to where you want to be faster and easier and cheaper. And if you read on your own after you opt in to get that free PDF, we'll talk about a little opportunity that we have. We can get on the phone because Mark is right. Opportunities are coming.

Gavin: Yes.

Joe: All right, cool. Gavin.

Gavin: Nice job. Other side. Part two. Get ready for it, guys. Make sure you like and subscribe wherever you are watching us and you will see what we've got for you next.

Joe: We'll see you guys later.

Gavin: Thanks, bye bye.