

REI NETWORK RK

Episode 105

What Am I Currently Seeing In The Real Estate Market

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Gavin: Hey guys, how're you doing? Welcome back to the REI Network Podcast! You might also be watching on YouTube, so do me a favor, give me a like, and subscribe to the show.

Today, I wanna talk about what am I currently seeing in the real estate market. Now, people ask me this all the time. What do I think is happening? Is now a good time to get into real estate? What types of deals should I be doing? And I still go with 'whatever you focus on is what works. But I will tell you a few things that I am seeing in the market that I'm working in, and I have clients working in, and you can do with this information what you wish. But I will say that now is the time, now is always the time. You just need to know how to pivot and stay ahead of the way as it's potentially happening.

Now, we've obviously got through COVID and we've seen a massive increase in the market, in prices, inflation, interest rates have started to creep up. Properties were going 10, 20, 30, 50, 60 thousand over asking for cash, 50 offers on the same day. All this craziness that we've been seeing, we'll definitely be seeing less of it. So you are gonna start to see things sitting on the market longer now. When I say longer, it's probably back to what it was before, you might see 30 days on market.

You will see prices being decreased for the first time in months if not years. When did you last see a price decrease on the MLS? Very rarely happens. But you're gonna see more and more of it in your current market. And that's just because I believe the interest rates are going up. The demand is not there for what it was because one of them rates, and also just the uncertainty with what's happening in the marketplace.

So, what we're seeing, we just need to make sure. It isn't rocket science, guys, that the buyers start to drop their price. If the buyers start to drop their price, then what we need to do is get it lower. And this is where the sales come in. The sales cycle, going through your four pillars. Find out the situation, the motivation, the timeline, the condition, the price. Finding them things out and then making sure that you can negotiate these deals lower. So, where before, you might've been offering 85%, 80%, even in a midwest market because the people are paying it. Well now, you might be at 70% again.

So, you may have to change your mail formula, your maximum allowable offer. You may have to come down. You may be going again from 80% to 70% or to 65% depending on what your market is. And they're the main things that need to change. So having an understanding of what the buyers are paying, and then you will create a spread under that.

What I'm saying is that things are returning to somewhat normality in the markets that I'm in. Where they're not now going over, even the hedge funds are pulling out the markets or even lowering their prices. And I wouldn't say lowering them, they're just going back to what they were before.

If you've been in real estate in the last two years, you probably got a bit of a false sense of security and people will argue, even since the last crash. In that bucket from 2008, when the market obviously dropped and started to then steadily come up, and now we're seeing the peak, probably the highest it's ever been. So, you need to make sure that you're negotiating them prices lower. Getting in to create them spreads, and don't think that you can't wholesale now. No, you just can't pay the prices that you've been paying over the last two years. We've got to get them lower. Now, I'm saying that this is where you're gonna now start to see the creative deals.

So a lease option is gonna be where you control the property without owning it. So, we might be staying in the middle of the deal where, us as the investor, we're gonna have a contract to have a monthly rental and an option to purchase on that property. Now, if people wanna hold out to them prices, that's where them trustees will really work whether you're assigning the lease option or you're staying in the middle, People want to hold out that's why they're gonna do that type of trust deal. Now, it's been harder to do because over the last several years with people paying over cash, why are you gonna wait for your money if you can get it now? That's been the argument.

That's why they've been a lot more challenging to do, but now their prices starting to dip, you're gonna see that lease option to creep back in. We're just in a holding pattern right now. The sellers are a little deluded in terms of what they can get for their property. They still think it's worth what it was several months ago over asking because that's what the comms may be showing. And what they're finding is "Well why is my house not selling?" And then you're starting to see a market and then we're starting to see the decrease in price.

So, that's what we're gonna start to see. Which will help then in the creative finance. Now, we could also talk with sub two and creative finance in the same way. As this market starts to drop, you're gonna see more creative deals because people want to hold for their prices. When they wanna hold for their prices, that's where you're gonna see these creative deals really spark and they're gonna be easy to negotiate because people wanna wait for that.

You're gonna be able to do terms deal, where you can negotiate the money down. You can negotiate your monthly payment, to cash flow, on as long term as possible. You can do interest only or principal-only payments. But it doesn't matter what strategy it is, it all still currently work, and now is the time. If you get it on a good enough deal, on a creative long-term deal, you're gonna be fine regardless of the market. And it's location-based. Some places will still sell. I could list in my neighborhood and still sell for what it's worth very quickly because people want to live here in our area in Savannah. So, I'm gonna get that.

Now, if I go out into Richmond Hill which is 45-50 minutes outside of Savannah, that's gonna get hit first. Less people potentially. Now, the school district might be better there, so you need to take that into consideration, but you will see the surrounding area suffer before the kind of desirable areas where people wanna live. And this goes for Phoenix, we have a house in Phoenix in a desirable area, I don't think it's gonna be affected that much but the surrounding areas of Phoenix. If we see some kind of recession, their prices will start to drop first. If you're in real estate and you're controlling property without owning it then you are pretty safe. If you fall in the right people if you got the right education to actually get deals done in a safe way.

The only thing we can lose in sales and marketing is time and marketing dollars. If you're doing it properly. And obviously with creative deals, to make sure the deal actually makes sense. And normally, if you can get it cash flowing, you can make some money down in a long enough term, the market will correct and come back over a long period of time, you just need to be watching for that.

Hopefully, this helps. That's just my take on the market. So again, I do feel it is softening. I do feel days on market are longer. I do feel that there are less properties going over asking. Cash offers are still happening but they're slightly under what they're asking price is which is still a great offer to take. And we're kind of coming out of that bubble.

So, just remember. Make sure that you're lowering your offers and you're still selling to the investors. You're still selling and you're listening to your investors. Just learn to get your offers and negotiate lower prices and you will be fine.

Alright, guys! Hopefully, this helps, and again, drop a comment, give me a like, and subscribe, and I will see you on the next video.

Thanks, guys! Bye-bye!