

2018 REAL ESTATE INVESTING REPORT



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INTRODUCTION

WELCOME TO THE 2018 REAL ESTATE INVESTING REPORT!

A couple years ago, we created the very first Real Estate Investing Report with the goal of definitively figuring out the differences between the most successful real estate investors in the country and the rest of the industry, who experience mild to moderate success.

What started out as a seemingly small project quickly morphed into arguably one of the most expansive and valuable collections of data our industry has ever seen. It quickly became clear that the **top 5% of real estate investors did things very differently than the rest.**

Because this collection of information was so valuable to so many people, we decided to do a new survey to see how things changed over the course of a couple years. The respondents varied in age, location, expertise, focus, and success rate.

This report will serve as an incredibly valuable data set and also a reference point for our entire industry.

Our main objectives with this report are to:

1. Separate out the results from the top 5% of investors so that we can understand the differences that exist between how they tackle the real estate investing business versus the other 95%. We've found that the top 5% of investors are those people who have invested in 51+ properties.
2. Identify "success traits" that may allow us to pinpoint why investors succeed and, maybe more importantly, why they fail.
3. Understand the short and long-term problems and constraints that investors face on a consistent basis. And, potentially identify solutions to these issues.

For the purpose of this report we will refer to this top group of investors as **"The Leaders."** The other 95% of investors we will refer to as **"The Pack,"** which consists of investors that have done 50 deals or less.

Does this mean that all of those in The Leaders are "better" than those in the other 95%? Absolutely not. It does, however, allow us to map the actions and attitudes of a distinct group of investors who have clearly had massive and consistent success in the business.

While the responses to each question are extremely interesting, it may make sense to start by reading the Executive Summary followed by the Conclusion or the “Big Aha’s” as we call them. If you’re only going to spend a few minutes digesting the information, this will offer the most immediate value. However, we suggest that you take 15-20 minutes and read the entire report. We’ve spent a great deal of time, not only collecting the responses but also, analyzing the data so it can add immediate impact to your business.

Of particular interest is how The Leaders spend much more of their time operating in what we call **“The Real Estate Investing Lifecycle”** than The Pack. Also, of note, are the different patterns and trends that we’ve seen emerge from the data. It seems obvious now that lead generation, funding, and “bandwidth” (time and effort) dwarf all other responses, both good and bad, in the survey.

We hope this information serves as a foundation and a springboard to your success. We think you’ll quickly see that with a little hard work you’re probably not that far off!





EXECUTIVE SUMMARY

LEAD GENERATION

Lead generation, funding, and bandwidth were the three most prominent themes of the 2018 Real Estate Investing Survey. When comparing The Leaders with the rest of the group, leads were (unsurprisingly) front and center in the minds of almost every investor who participated in this research.

While those in The Leaders and The Pack have very similar top 3 seller lead sources, there was a big difference between them. The Leaders ranked Direct Mail as their number one lead generation source while The Pack ranked the MLS higher. Those in The Pack also have a greater reliance on Real Estate Agents than The Leaders do. Real Estate Agents didn't break the top 5 lead gen sources for The Leaders, but are third for The Pack.

The investors who are most successful at lead generation appear to be those who understand and invest time in marketing even though it may not be their most enjoyed activity. Amongst some of the investors who are less successful at lead generation, the need for leads does not always equate to a need for marketing.

FUNDING

With rising existing home sales and house flipping being at an 11-year high, it has created challenges for those in real estate investing that can't move quickly on properties due to increased competition. This has increased the need for funding for investors to be able to stay competitive in their offers and closing timelines. Funding and Leads have always been the top two biggest needs for real estate investors year-over-year with this year being no exception.

Our data shows that many of those who are at the top of their game have largely walked away from banks and now rely on private lenders or their own capital to fund their deals. Those investors in The Pack are still working with traditional banks and hard money lenders twice as much as The Leaders, to augment funding they may not be able to access through private lenders or their own capital.

The challenge for The Pack will be breaking the cycle that continues their dependence on banks and hard money lenders.

The most successful investors in this area are those who continue to develop relationships with existing lenders while proactively targeting new lending sources.

I BANDWIDTH

Challenges around bandwidth change as investors evolve. New investors continue to run out of hours in the day as they struggle to balance investment activities with full time jobs and other obligations.

Those who have moved into full time real estate investing are drowning in necessary, yet low value, tasks which prevent them from tackling their higher value, direct revenue generating activities. This group continues to look to technology to automate aspects of the investing lifecycle. Alternatively, this group continues to look for ways to simply out-source elements such as marketing, paperwork, and general administration.

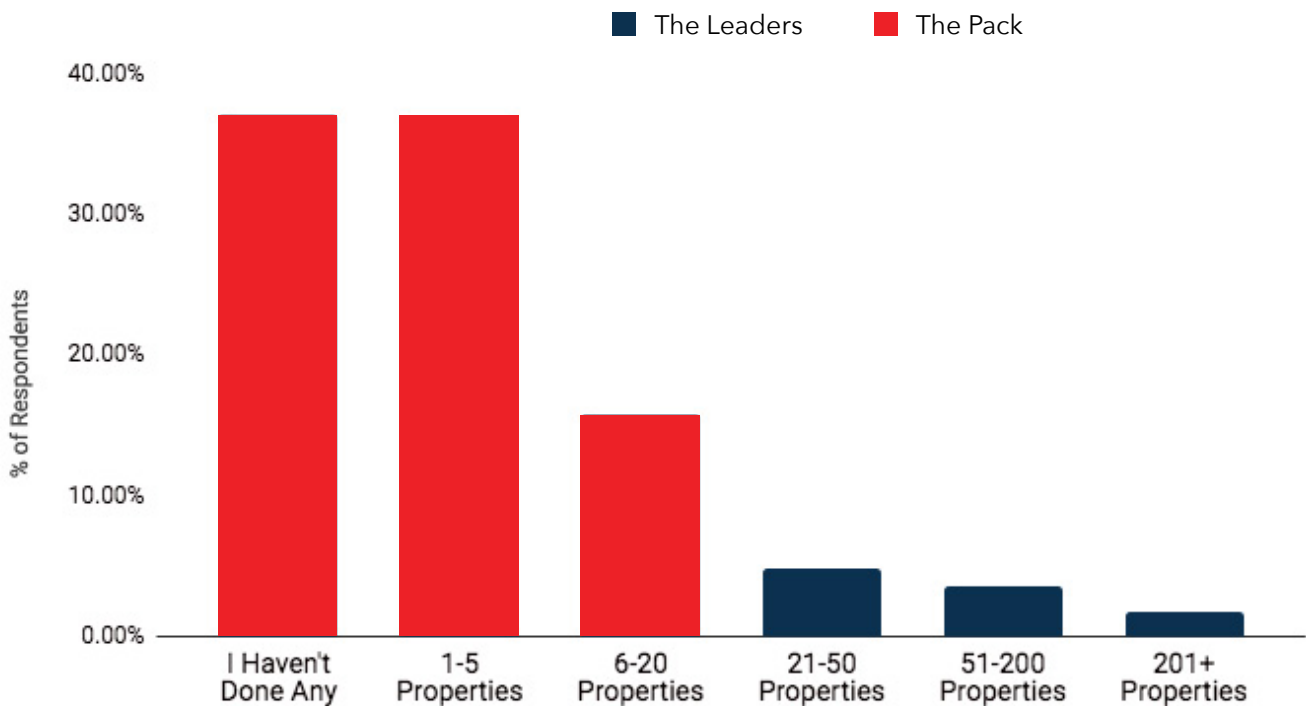
Once an operation grows from a solo venture to a team operation, the focus shifts from quantity to quality. Better trained and more experienced staff enable principals to delegate more and turn around projects more quickly and with fewer errors.

The most successful investors in this area are those who recognize that time and personal limitations will always exist. These investors prioritize high value tasks and actively seek out solutions that enable them to capitalize on the time they do spend on specific activities. When reviewing the responses as a whole, it is clear that the most successful investors are those who focus their efforts on the earlier steps in the real estate investing lifecycle, while finding creative solutions for managing the necessary activities that come later in the process.



HOW MANY PROPERTIES HAVE YOU INVESTED IN TO DATE?

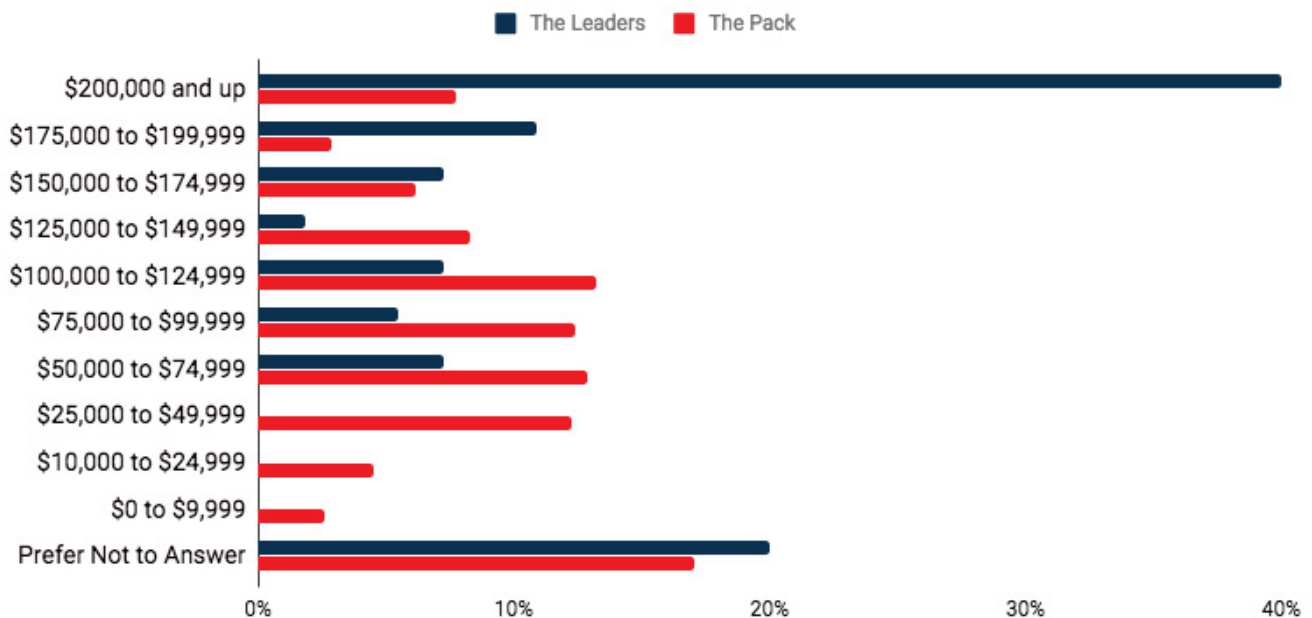
PROPERTIES INVESTED IN - TO DATE



We've found that those who are in the **top 5% of real estate investors** are the ones who have done **51 or more deals** to date. We call those investors, "**The Leaders,**" and the remaining **95%**, "**The Pack.**"

WHAT IS LAST YEAR'S TOTAL COMBINED INCOME FOR ALL THE MEMBERS OF YOUR HOUSEHOLD?

COMBINED HOUSEHOLD INCOME



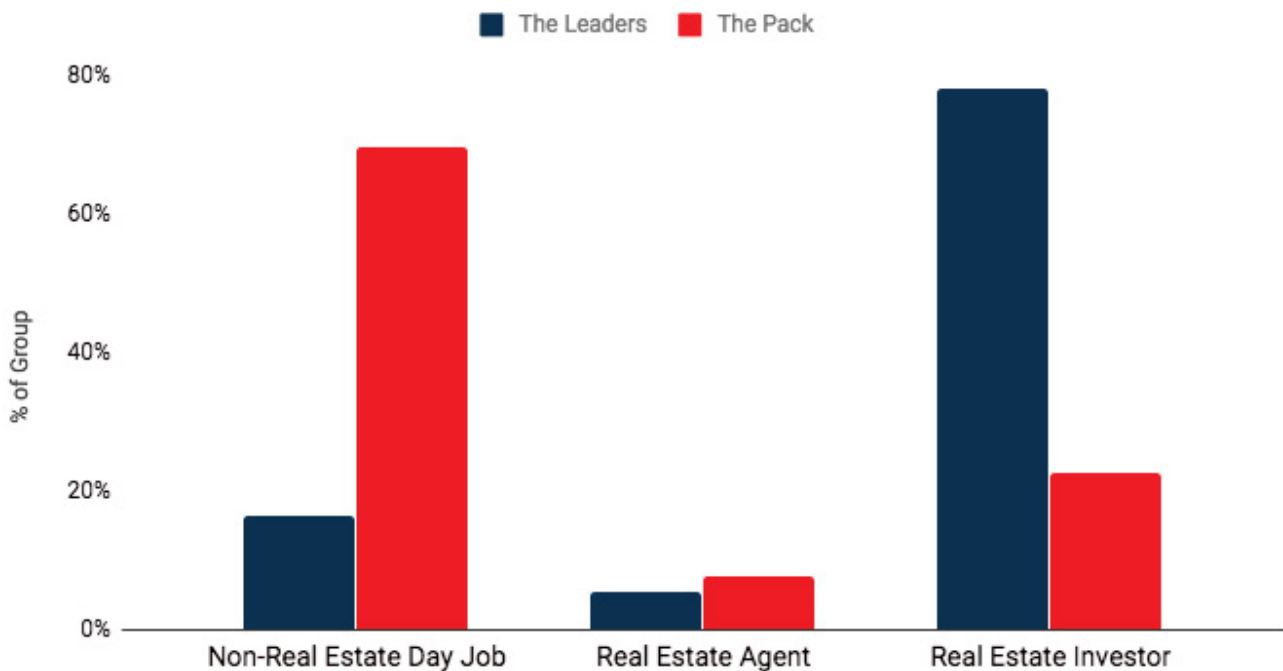
Over 40% of The Leaders find themselves making over **\$200,000 a year** in total combined household income. Real estate is one of the greatest wealth creating vehicles for investors who are willing to put in the work and then focus on systematizing their business so that they can reap and enjoy the rewards.

Another interesting note is that **over 50% of The Pack make less than \$100,000 - \$125,000 and start to decline from there as the income range increases.** They make a comfortable life for themselves and their families, but find it harder to reach generational wealth and freedom like The Leaders do. Those who continue past this mark do so by creating efficiencies in their businesses through systems and focusing on key revenue generating activities like marketing and sales.



WHAT IS YOUR PRIMARY SOURCE OF INCOME?

PRIMARY SOURCE OF INCOME



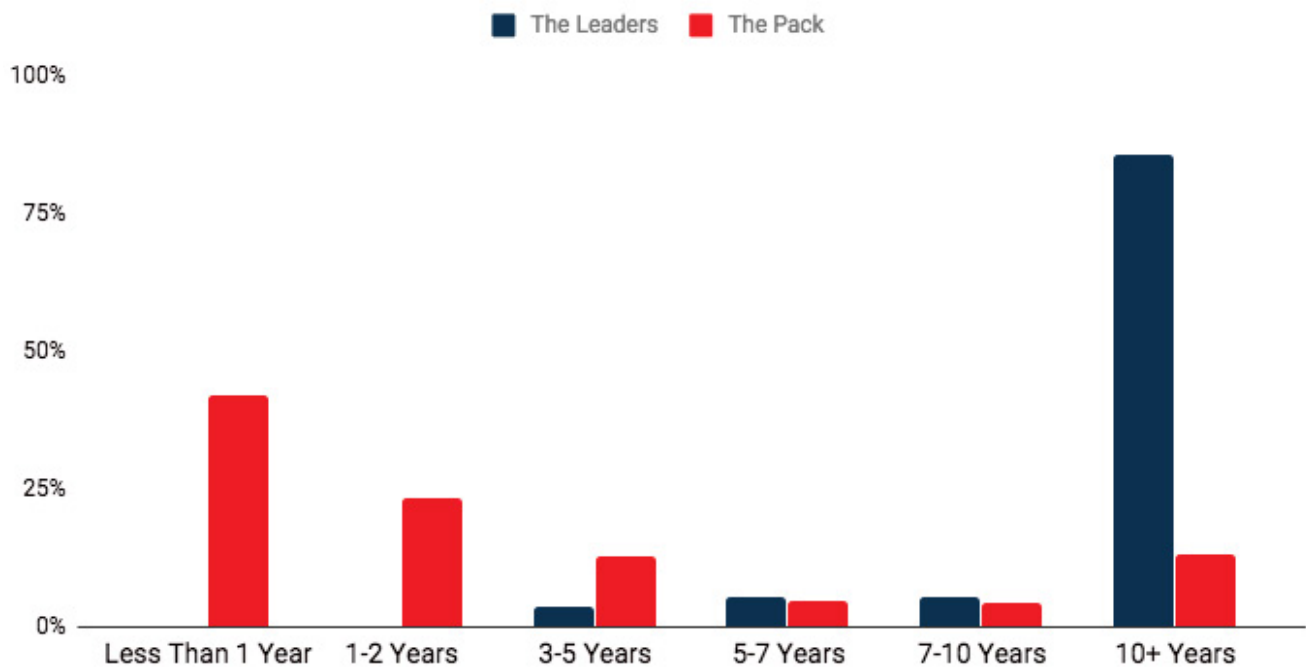
78% of The Leaders are entirely dedicated to real estate investing versus 23% of The Pack.

In past years, real estate agent income accounted for a third of the income for those in The Pack. Now it only registers as 8% for those in The Pack and less than 5% for those in The Leaders group.

Many respondents to the survey cite lack of available time as a key challenge to getting deals done, let alone managing the volume of business required to get into The Leaders group. The data in this report also shows that some of the most successful lead generation channels involve face-to-face interactions, which can be hard to achieve for those limited to just a few hours per week to dedicate toward real estate investing.

HOW MANY YEARS HAVE YOU BEEN INVESTING?

YEARS INVESTING

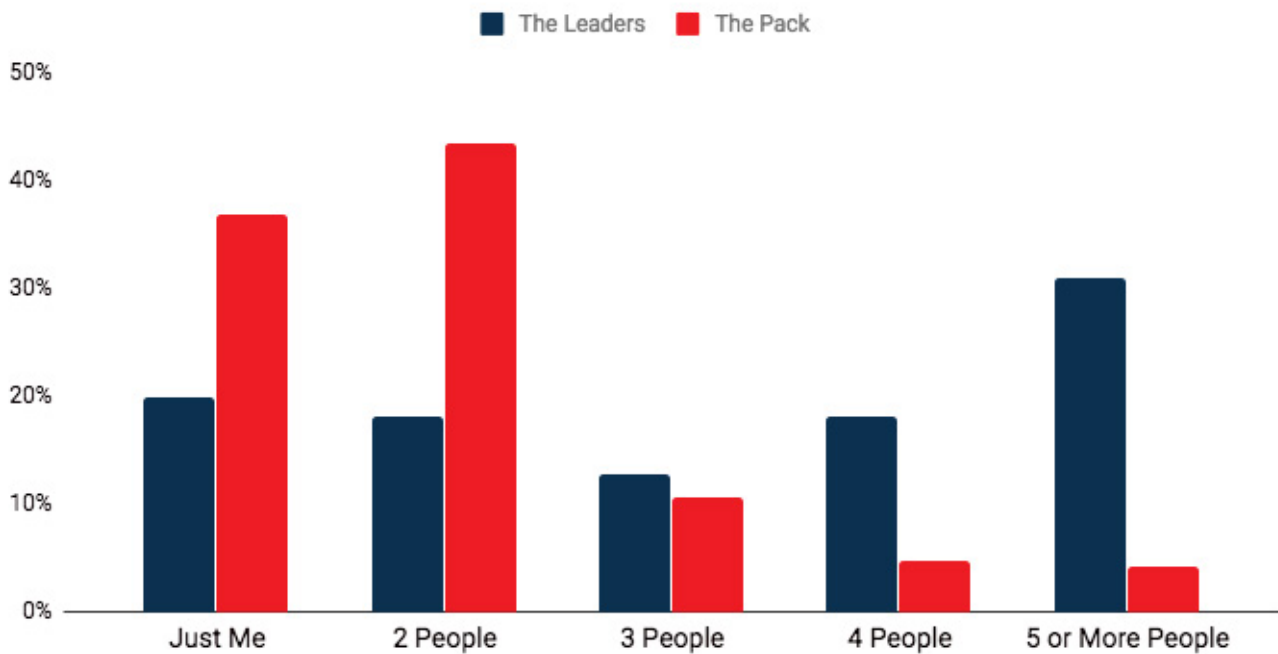


85% of The Leaders have been investing in real estate for "10+ Years." The great majority of The Pack (78%) have been investing for less than 5 years. These numbers show us that real estate investing is much more a marathon than a sprint. Those looking for a get rich quick scheme, may do better trying to design the next Snapchat. While success can be achieved rapidly (months), true long term wealth often takes years to create.



HOW MANY PEOPLE ARE ON YOUR TEAM?

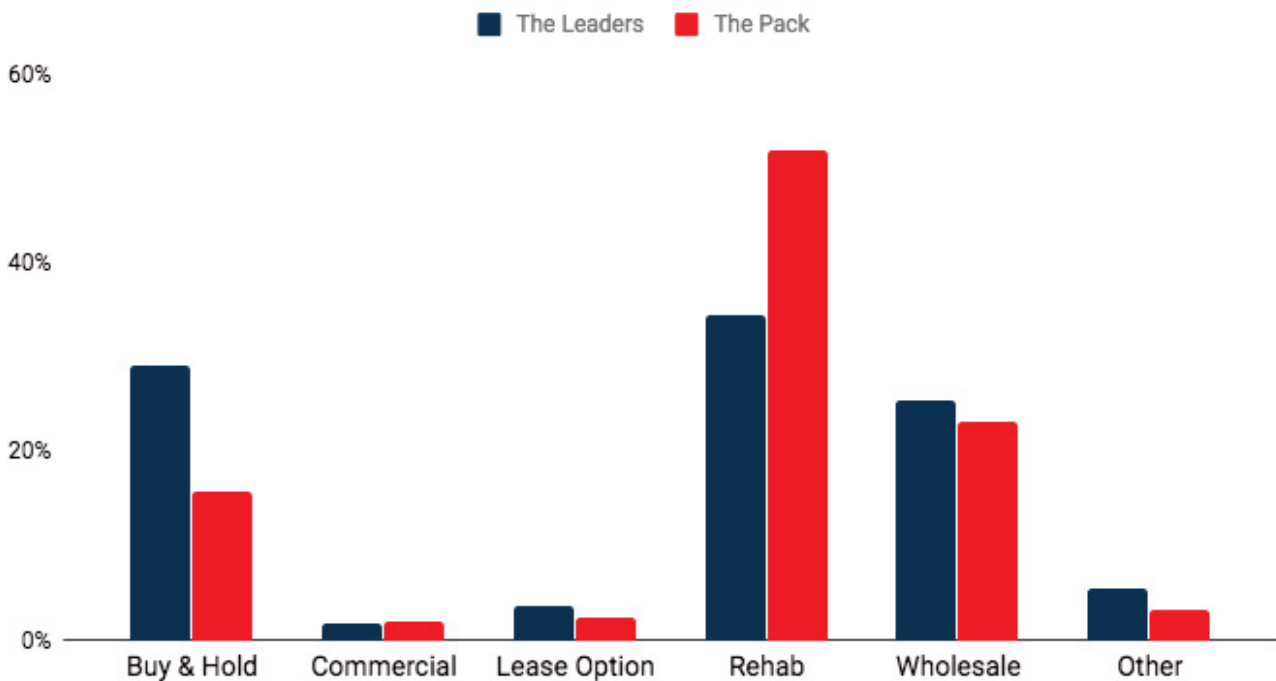
NUMBER OF TEAM MEMBERS



Unsurprisingly, **The Leaders have the largest teams out of all of the investors** who completed the survey, with over 80% responding that they have a team of two or more that they work with. Oftentimes this is a necessity to be able to maintain some level of personal freedom from their business. This is also a key component of delegating priorities so that the investor can remain focused on high revenue per hour work.

WHAT IS YOUR PRIMARY FOCUS IN REAL ESTATE INVESTING?

PRIMARY FOCUS IN REAL ESTATE



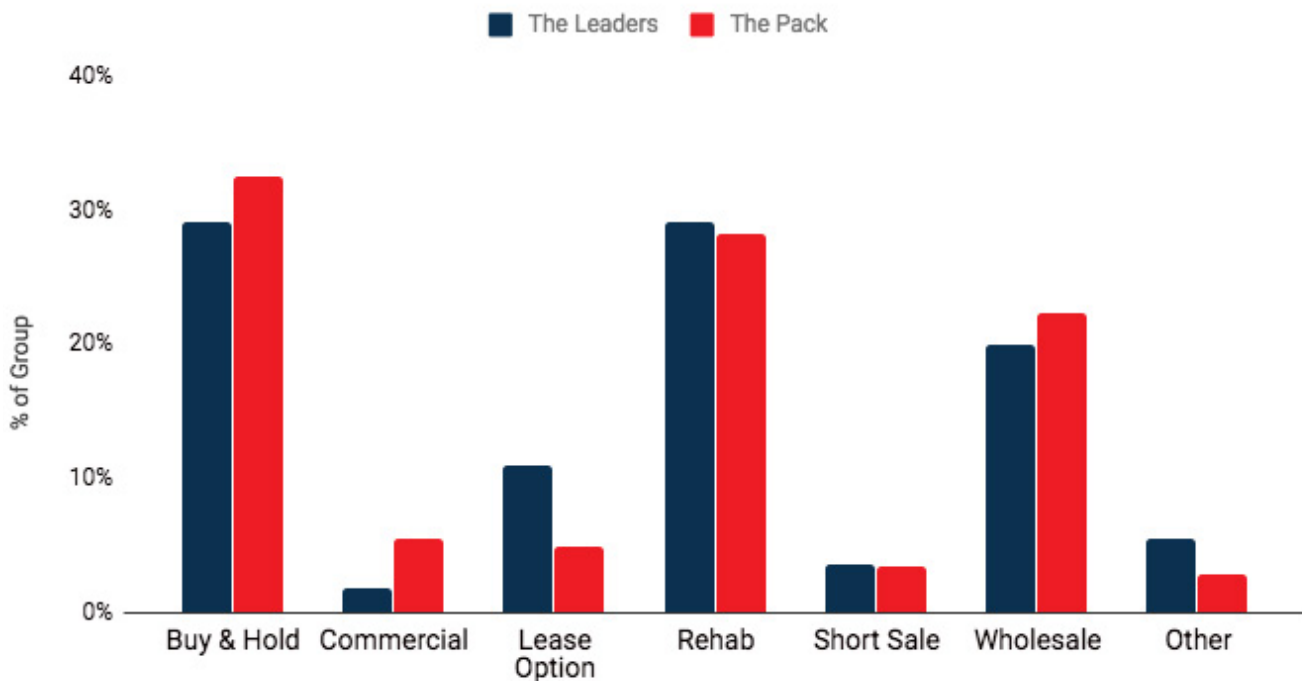
Rehabbing clocks in at the top spot for The Leaders (35%), and The Pack (52%). Rehabbing offers, perhaps, the best opportunity to add value to a property and, therefore, net the most profit. Rehabbing is, however, the most capital intensive and risky, which is why so many in The Pack (23%) begin (and often stay) with Wholesaling, which is far less demanding on funds.

It should be noted that The Leaders are more evenly spread across multiple investing strategies than The Pack.



WHAT IS YOUR SECONDARY FOCUS IN REAL ESTATE INVESTING?

SECONDARY FOCUS IN REAL ESTATE INVESTING

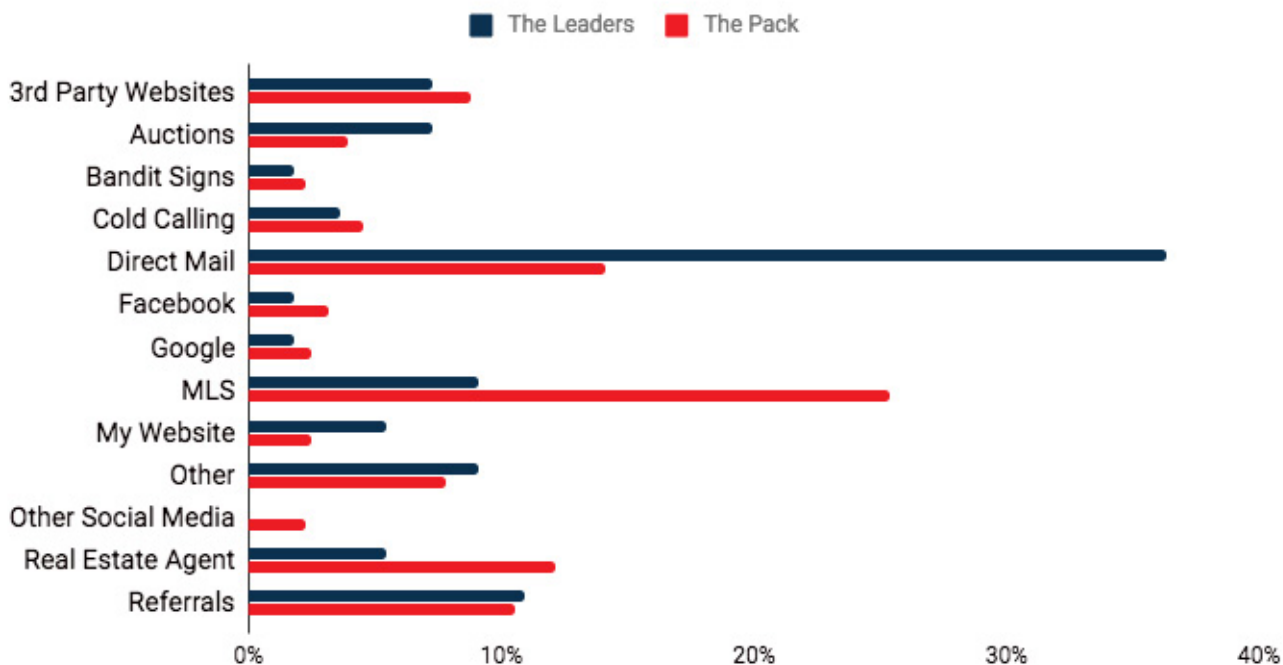


Focus shifts heavily for investors in The Pack towards Buy & Hold (33%) as their secondary focus in real estate investing. Buy & Hold offers a great opportunity for investors to set up Passive Income in their business, which is far less time intensive upfront than rehabbing (26%) as, oftentimes, most buy and hold investment properties require light cosmetic upgrades to be rentable. Buy and Hold also remains the top Secondary Focus for The Leaders at 29%.

Also interesting to note, investors in The Leaders showed increased interest in Lease Options as a secondary focus in their real estate business.

WHAT IS YOUR PRIMARY SOURCE OF SELLER LEADS?

PRIMARY SOURCE OF SELLER LEADS



Both groups included **Direct Mail**, and the **MLS** in their most popular tactics for seller lead generation, although they have different rankings of importance within their top 3. In past surveys, The Leaders ranked Referrals ahead of Direct Mail by a small margin, but this year, Direct Mail has taken the lead by a dramatic margin.

The Leaders place a very high value on **Direct Mail (36%)** for seller lead generation, whereas The Pack value the **MLS** highest at (25%). Oftentimes, this is due to the costs associated with creating and managing direct mail campaigns. Also, without understanding how to successfully mine public data to build lead lists, many newer investors in The Pack try Direct Mail without much success and move away from it until they have more time and resources. The Leaders have a more refined target market and know which characteristics are typically related to motivated sellers in their area. By using list providers like Realeflow's Leadpipes, they have the tools they need to filter down large lists of leads very quickly, resulting in highly targeted leads that fit their business model.

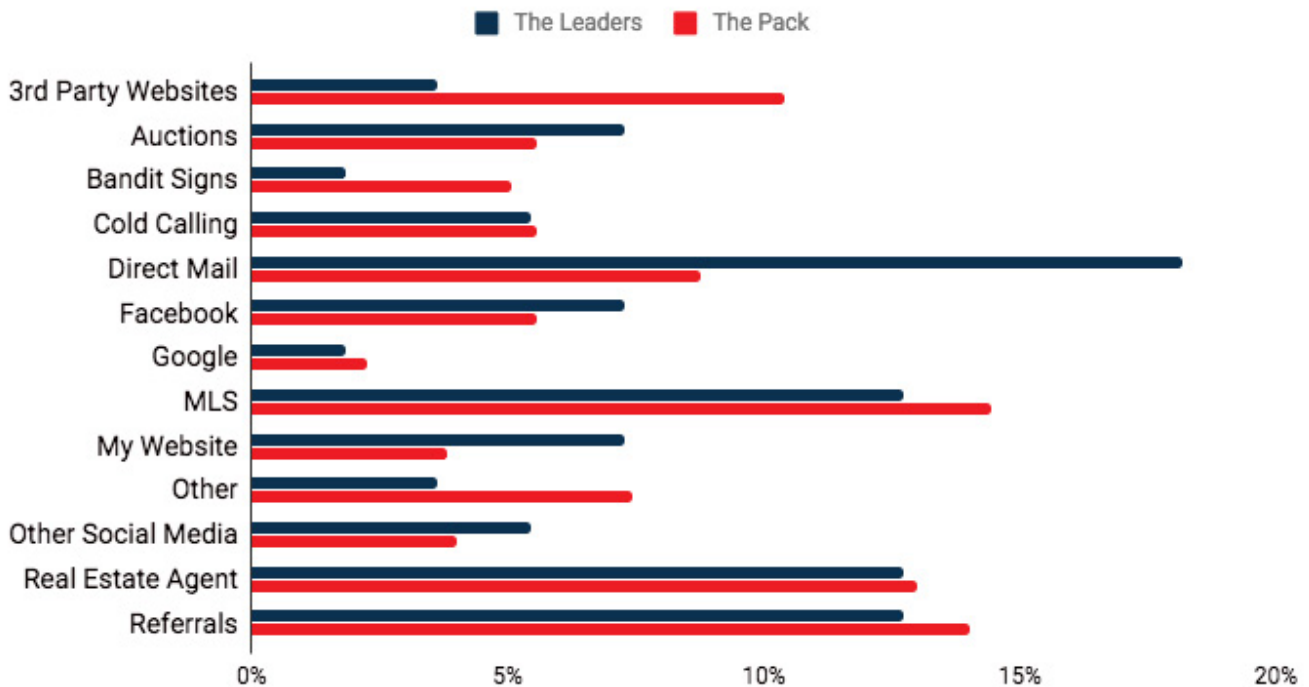
Also interesting to note is that The Leaders are **less reliant on real estate agents (5%)** for seller leads than The Pack (12%). This could be due to The Leaders having a real estate agent on their team who can access the MLS or them having direct access to MLS listing data. Those in The Pack either rely on networking with real estate agents to get leads or to gain access to the MLS through other means.

New 3rd Party Websites and tools like **FlipComp** that are designed to allow investors to access MLS listing data are also opening up the MLS to real estate investors like never before.



WHAT IS YOUR SECONDARY SOURCE OF SELLER LEADS?

SECONDARY SOURCE OF SELLER LEADS



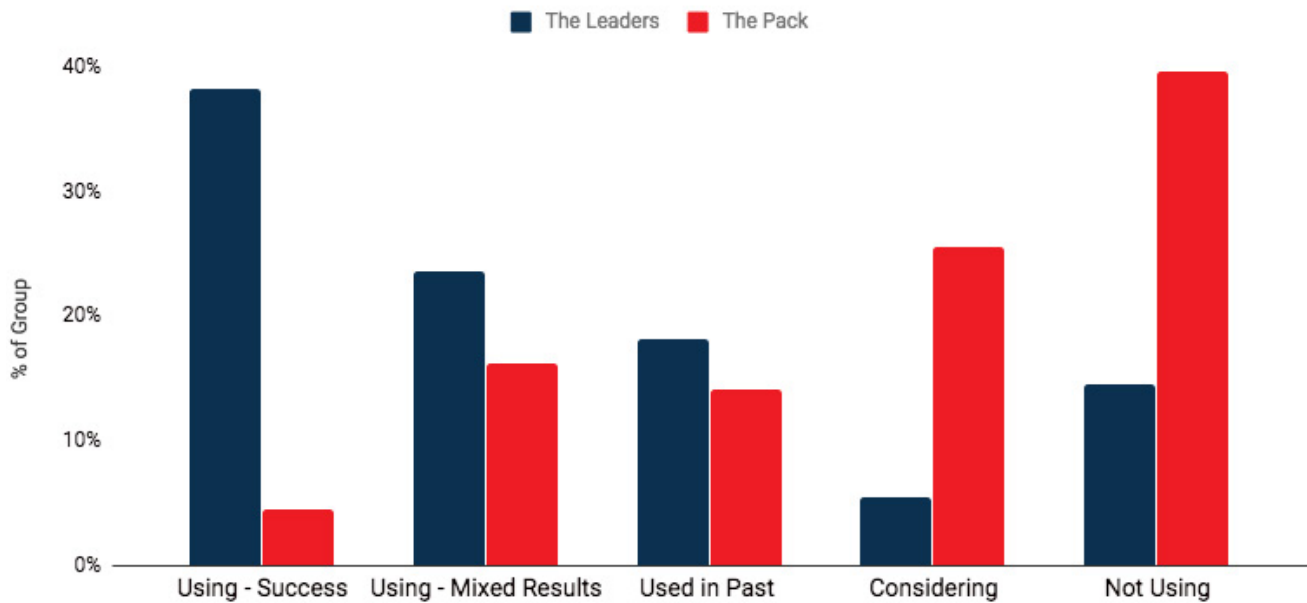
The top 4 primary seller lead generation sources continue to top most investors' secondary lead source list as well; Direct Mail, MLS, Real Estate Agents, and Referrals.

Interesting to note in this category is **The Leaders are more inclined to use the MLS and Real Estate Agents as secondary sources of seller leads ahead of referrals.** The Pack indicated that they are more inclined to view referrals as a secondary source of seller leads than a primary method where it ranked outside the top 3.

Referrals are generally a more time intensive lead generation method that requires more face to face interaction and brand building.

TELL US ABOUT YOUR EXPERIENCE WITH USING DIRECT MAIL...

EXPERIENCE USING DIRECT MAIL



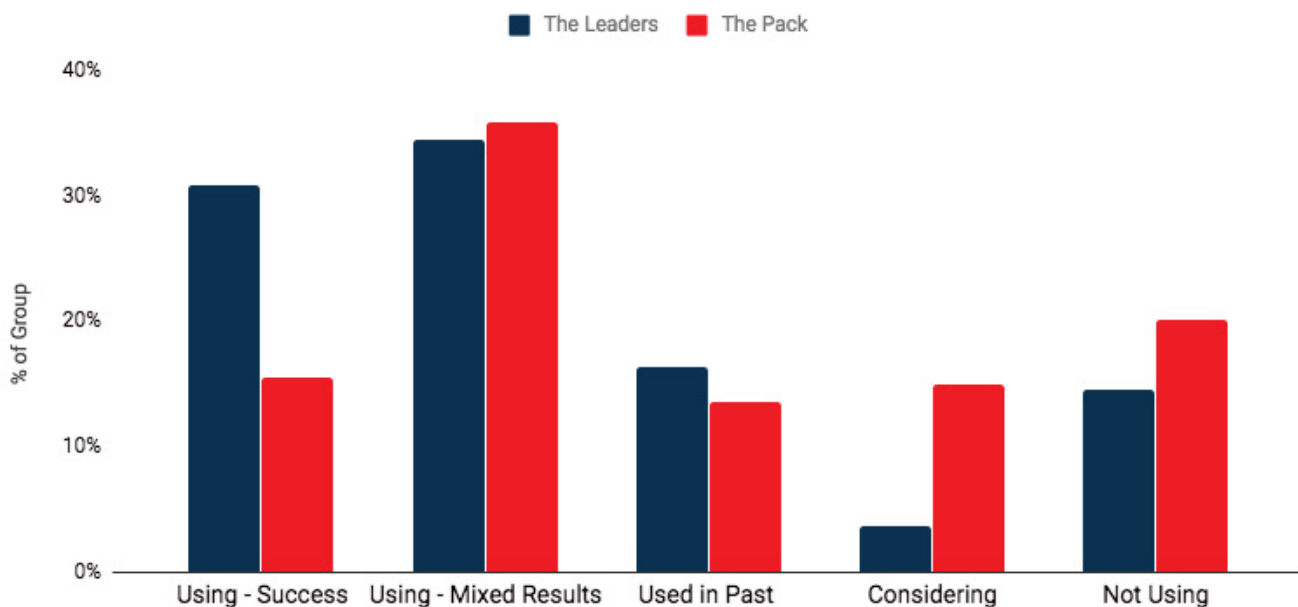
As we saw above, **Direct Mail remains one of the top marketing methods for The Leaders,** and The Pack. When we dig a little deeper we find that The Leaders are dramatically more effective than The Pack with Direct Mail. 38% of The Leaders are successful with direct mail, while only 4% of respondents in The Pack are finding success. There is also a slightly higher barrier to entry when compared to other traditional marketing methods and that is likely the cause for many in The Pack to be in the "Considering" (26%) and "Not Using" (40%) group.

Again, this success oftentimes has to do with The Leaders having a more refined target market and the tools necessary to find and market to those motivated leads. Experience also plays a factor here. While many in The Pack are still perfecting their seller phone scripts and lead intake skills, The Leaders have used their vast experience in talking with sellers to hone their skills and develop their most effective scripts.



TELL US ABOUT YOUR EXPERIENCE WITH USING THE MLS?

EXPERIENCE USING THE MLS



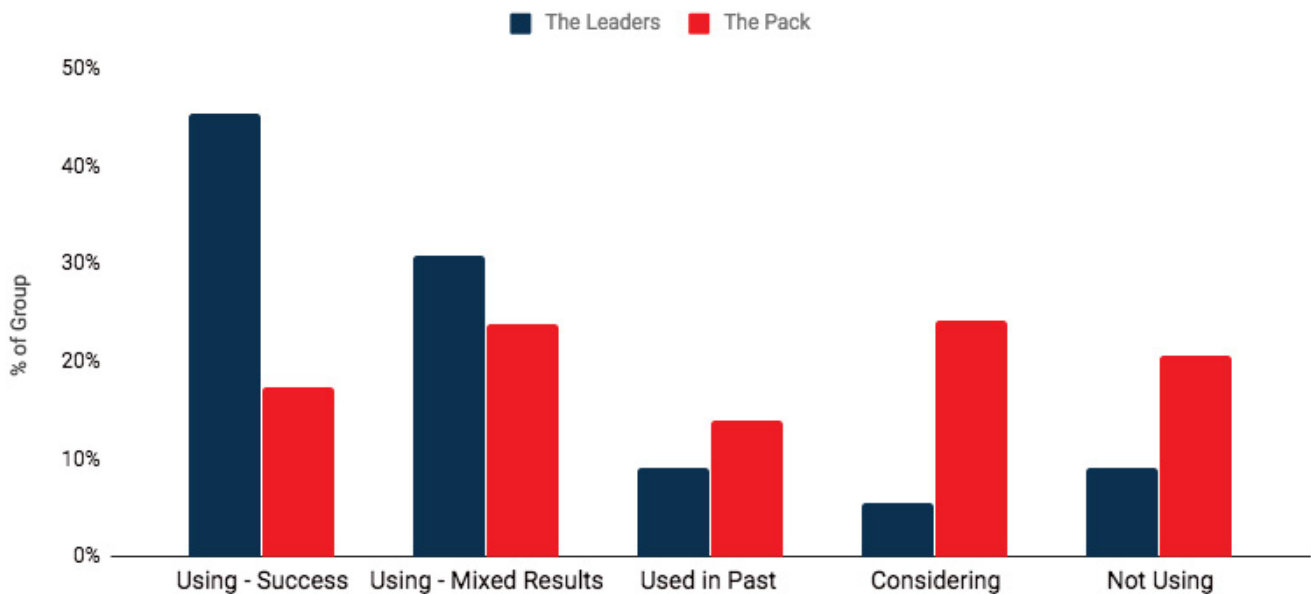
The Multiple Listing Service (MLS) is one of the **top primary lead generation methods for both The Leaders and The Pack**. The Leaders (31%) are more effective with using the MLS than The Pack (15%). This is oftentimes the result of The Leaders increased experience and being able to utilize that experience to effectively comb through MLS listings to find the 2-3% that meet their ideal investment property profile.

One way that a lot of investors find these properties is by searching for specific terms in the listing descriptions which may indicate that a seller is motivated. The most successful Investors use tools like **FlipComp** to access MLS listing data and then set up automated notifications when properties with certain keywords hit the market.

Especially true in highly competitive markets, The Leaders have to be able to receive timely notifications of new property listings and, subsequently, have to move faster on making offers to be effective with on-market properties.

TELL US ABOUT YOUR EXPERIENCE WITH USING REFERRALS...

EXPERIENCE USING REFERRALS



Referrals are one of the most tried and true lead generation methods for real estate investors.

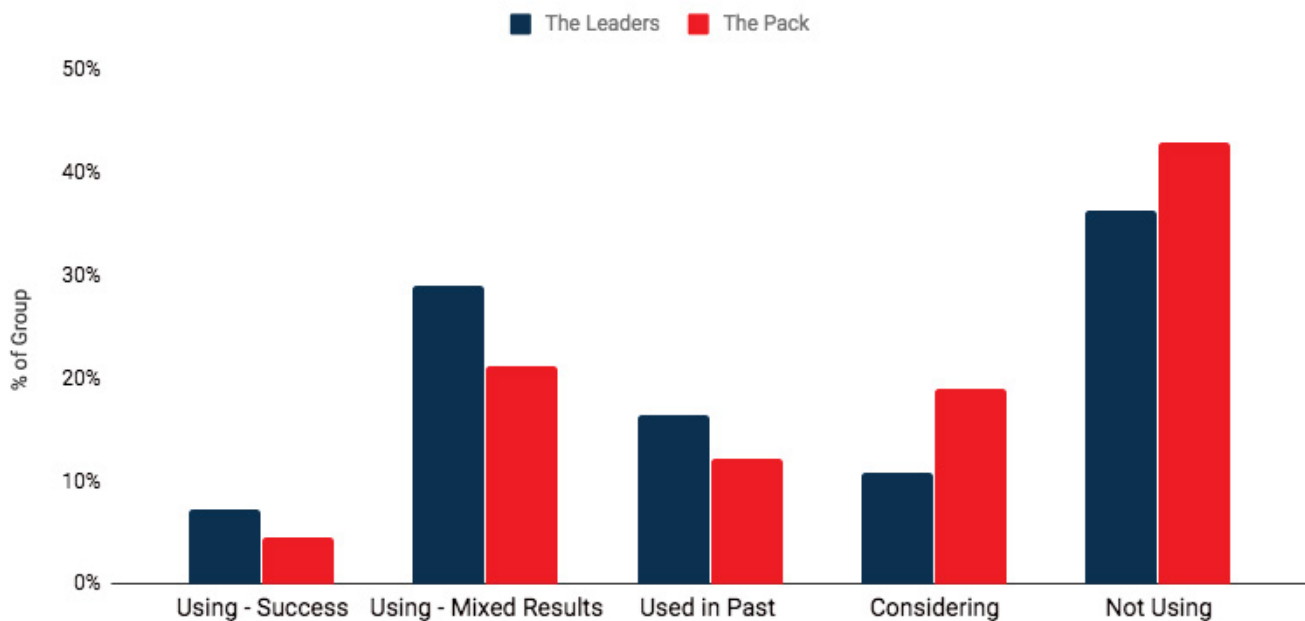
The Leaders excel in this category. This could be due to the fact that to leverage your personal network effectively, you have to have an established brand that helps create top of mind awareness for those in your personal network. This brand could be the investor themselves and/or their company. **Those in The Pack realize the effectiveness of this method, but are oftentimes trying to set up their brand and systems in a way that enables them to capture these types of leads.**

Social media oftentimes plays into this strategy to help investors position themselves as real estate experts in their area, and to also inform and leverage their own personal network for leads of all types.



TELL US ABOUT YOUR EXPERIENCE WITH USING 3RD PARTY WEBSITES...

EXPERIENCE USING 3RD PARTY WEBSITES

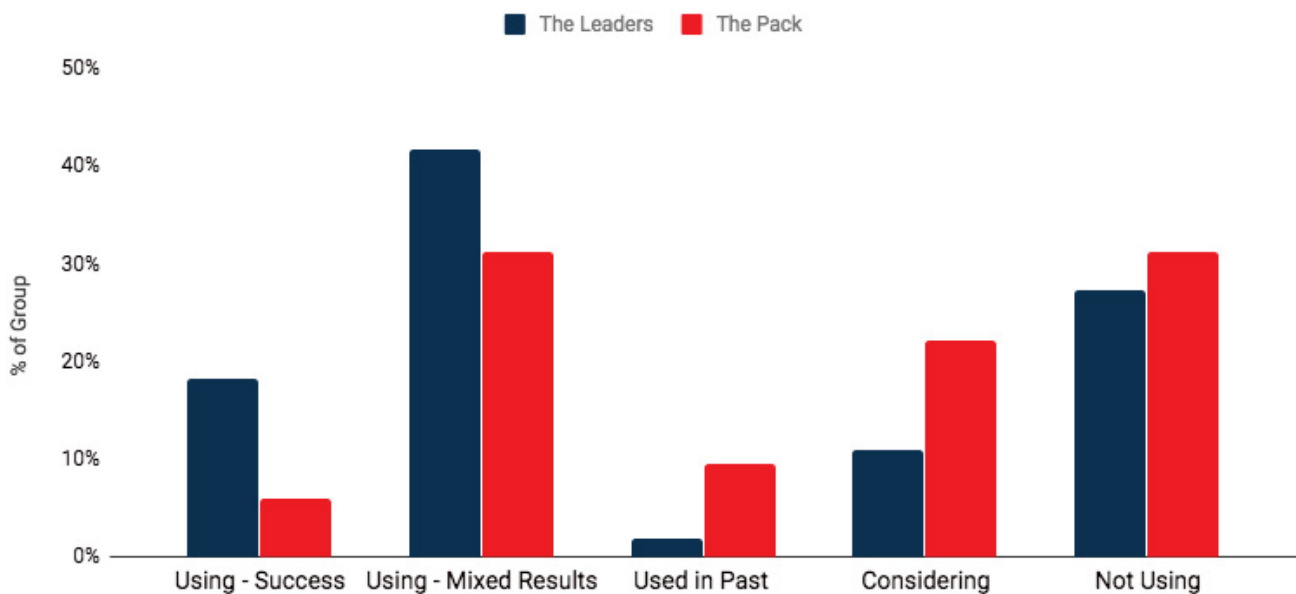


3rd Party Websites like Craigslist, Zillow, Realtor.com and others provide investors access to both on-market and off-market properties, depending on the site. **The Leaders edged out The Pack when it comes to success with 3rd Party Websites, but 29% of The Leaders stated they are seeing Mixed Results from 3rd Party Websites.** However, the great majority of investors are not finding success using these types of websites.

These sites can be used to farm for motivated sellers or, in cases like Craigslist, can be used to post ads to find cash buyer leads as well. However, both can be, and are, used by investors for selling their properties and building a buyers list.

TELL US ABOUT YOUR EXPERIENCE USING YOUR WEBSITE?

EXPERIENCE USING YOUR WEBSITE



Creating and maintaining a business website presents the same challenges to real estate investors as it does to any other business sector.

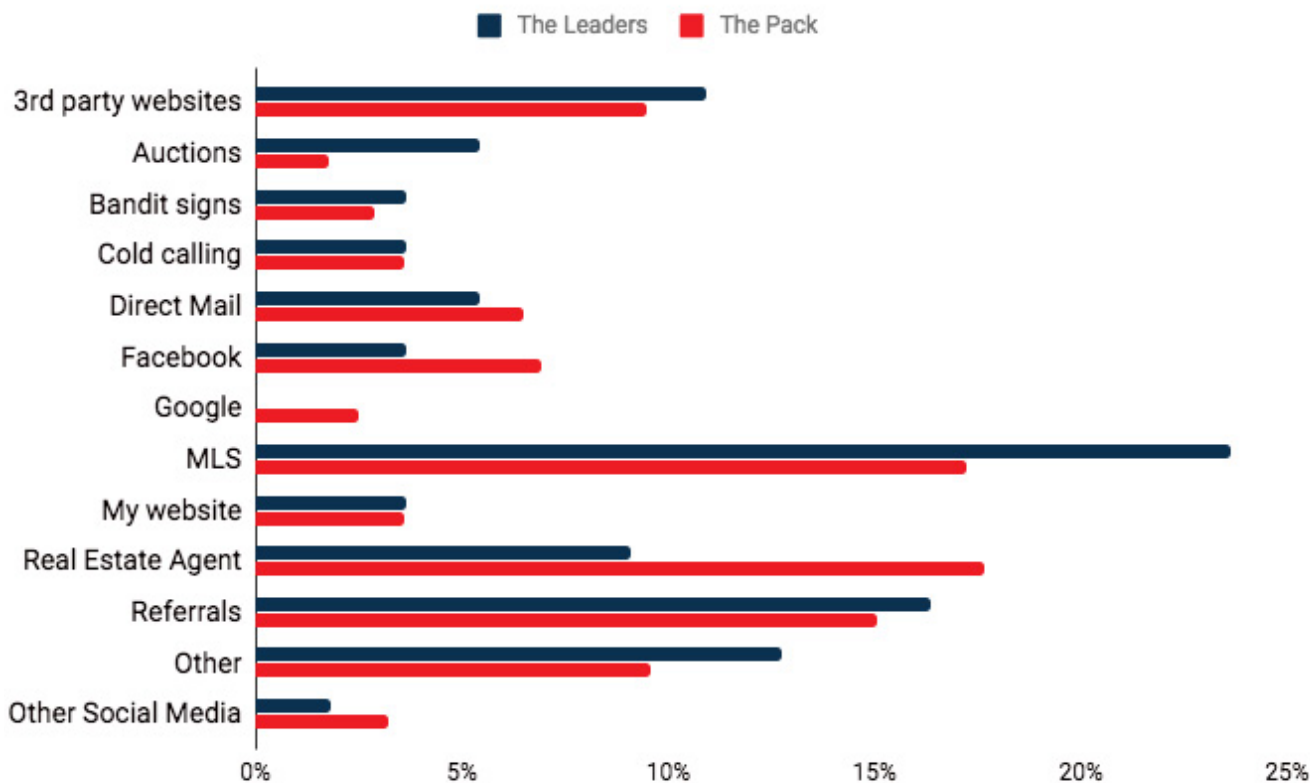
Creating an engaging site that is easy to find can be a costly and time-consuming exercise. Maintaining timely and relevant content is often an even greater burden, especially amongst those investors who have little inventory to showcase.

The data suggests that more **experienced investors** view their website as serving **two main purposes: to position themselves as the experts in their market AND to generate leads for their business. Newer investors tend to ONLY consider the amount of leads their website is generating when measuring its effectiveness.**



PRIMARY SOURCE OF BUYER LEADS

PRIMARY SOURCE OF BUYER LEADS

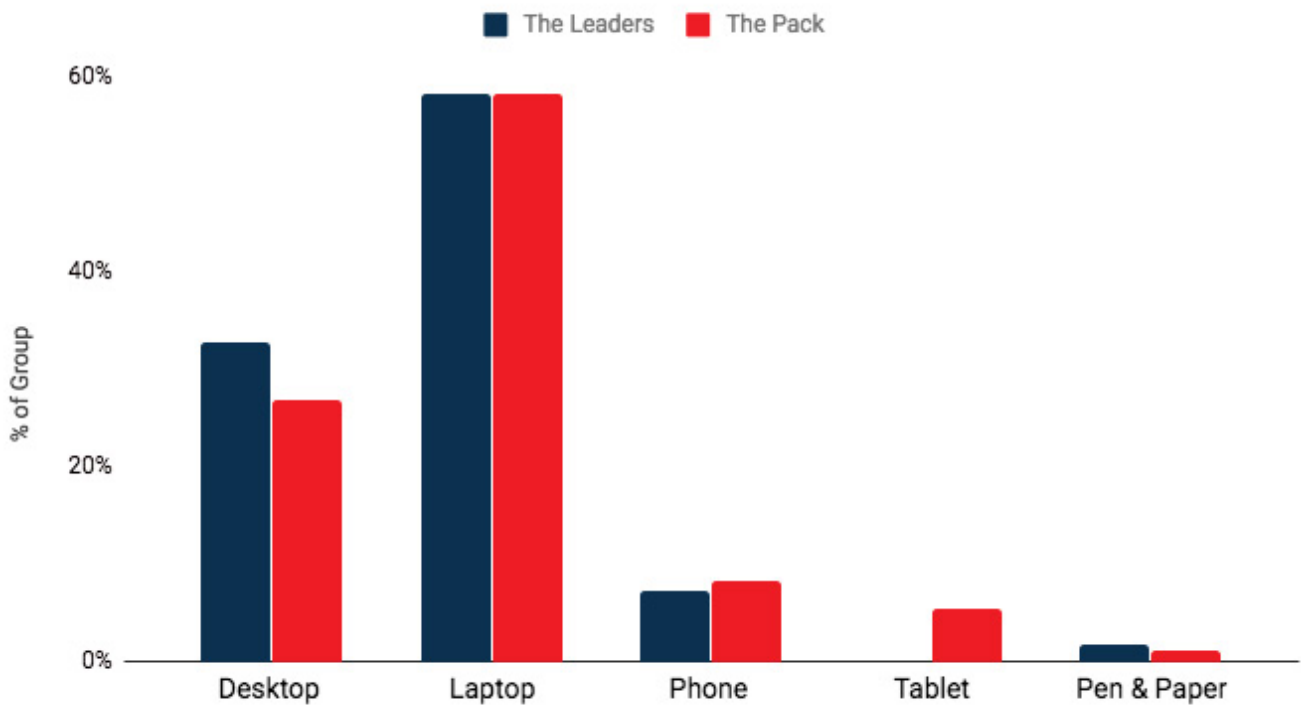


The Leaders and The Pack both had the **MLS** and **Real Estate Agents** high on the list for their **Primary Source of Buyer Leads**. The Pack listed Real Estate Agents slightly ahead of the MLS. Oftentimes this is the result of them not having access to the MLS to list their properties and/or not having a real estate agent on their team.

Referrals also ranked high on the list. Referrals from friends, family, and especially neighbors are great ways to find potential buyers for properties.

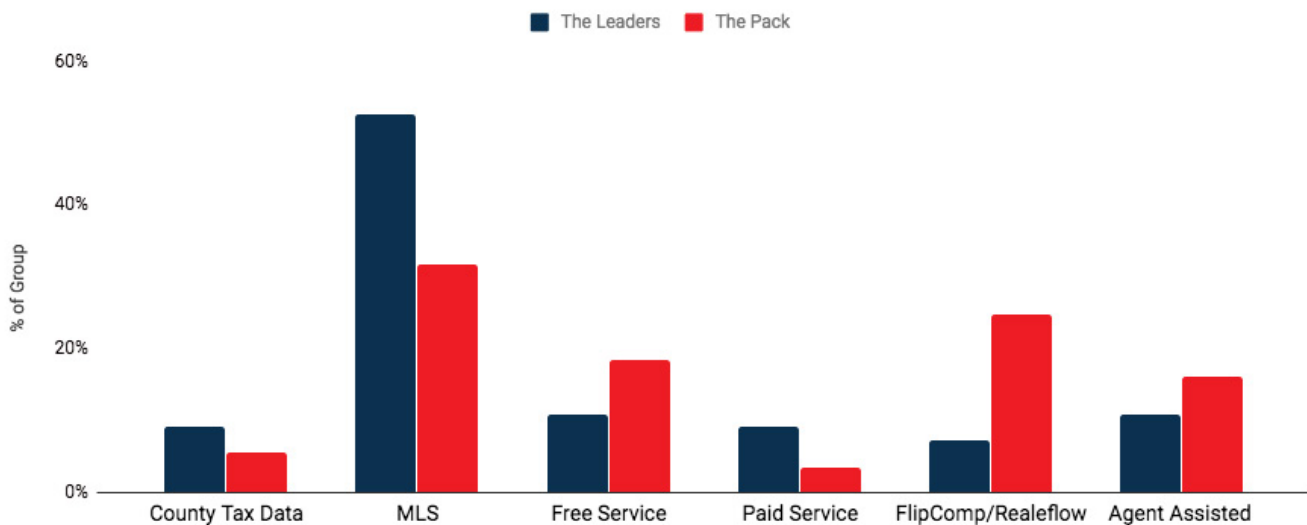
WHICH TYPE OF DEVICE DO YOU PRIMARILY USE TO MANAGE YOUR BUSINESS?

PRIMARY DEVICE TO MANAGE BUSINESS



WHAT IS YOUR PRIMARY METHOD FOR PULLING COMPS TODAY?

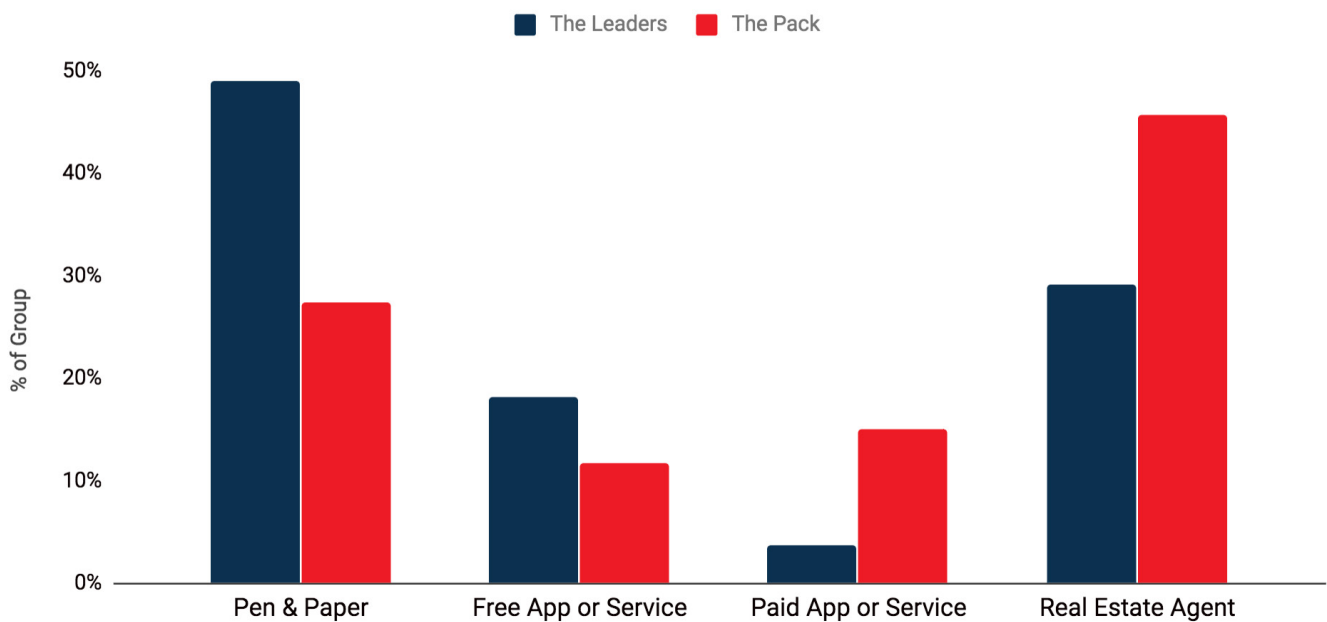
PRIMARY METHOD OF PULLING COMPS



One of the most important factors that will make or break a real estate deal is having access to reliable comps. **The Leaders (53%) and The Pack (32%) both listed direct MLS access as their primary method for pulling comps.** The Pack listed 'FlipComp/Realeflow' as their next primary method of pulling Comps. **FlipComp** and **Realeflow** both give real estate investors **access to MLS** listing data to make informed decisions on properties when it comes to their current value and their After Repair Value (ARV).

WHAT IS YOUR PRIMARY METHOD FOR MAKING OFFERS ON PROPERTIES?

PRIMARY METHOD FOR MAKING OFFERS

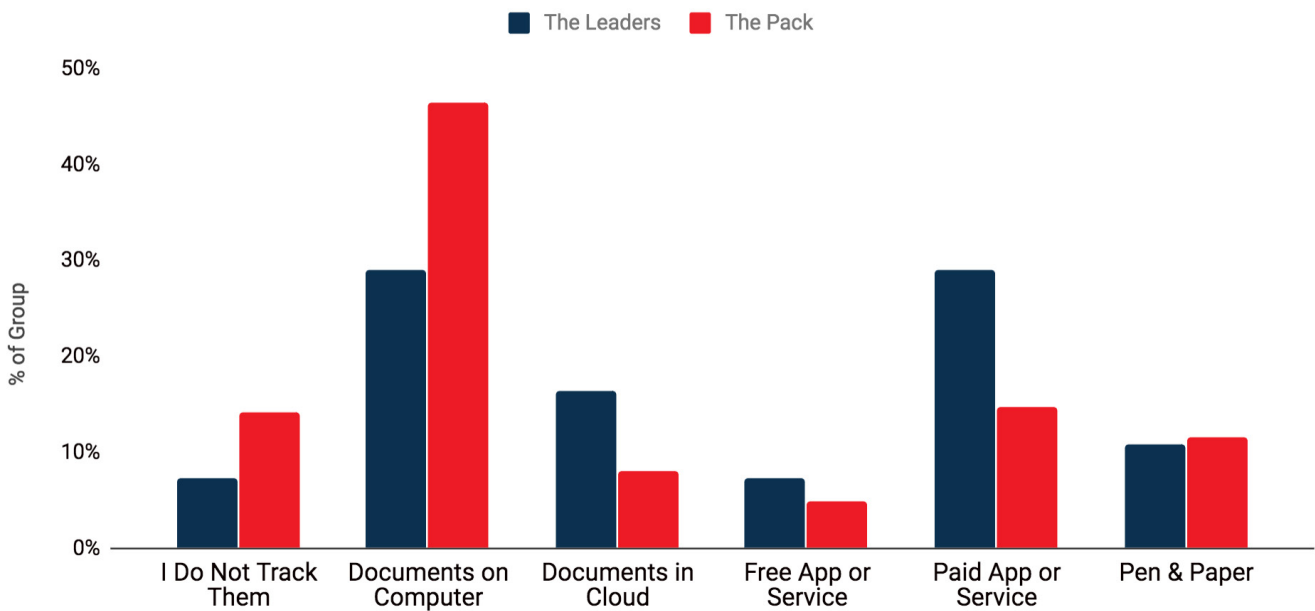


The Leaders are more likely to put together offers on properties **without the help of Real Estate Agents**, while many in **The Pack rely heavily on Real Estate Agents** to generate and make offers for them. This is due to The Pack's dependence on on-market seller leads like those from the MLS and Real Estate Agents, whereas The Leaders focus heavily on off-market channels like Direct Mail and Referrals. Many times the speed at which an investor makes an offer can make or break the deal, so swift action on potential deals is imperative.



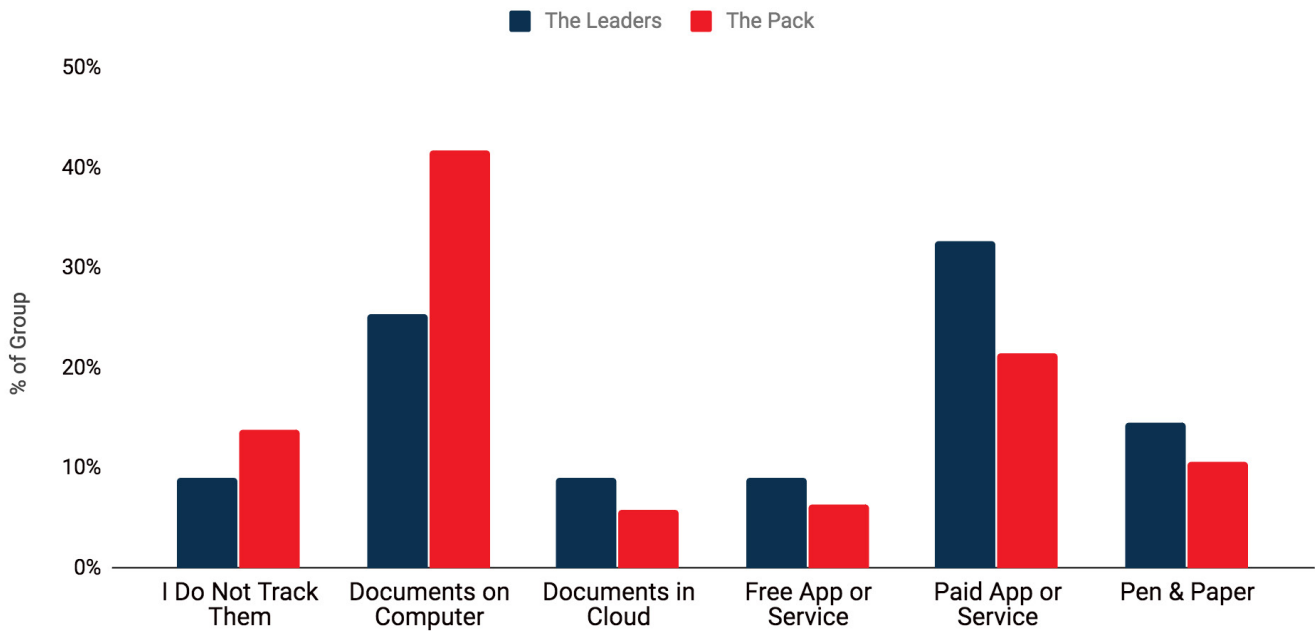
HOW DO YOU TRACK PROPERTIES YOU ARE PURCHASING?

PRIMARY METHOD FOR TRACKING PROPERTIES YOU'RE PURCHASING



WHAT IS YOUR PRIMARY METHOD FOR TRACKING LEADS AND CONTACTS?

PRIMARY METHOD FOR TRACKING LEADS AND CONTACTS



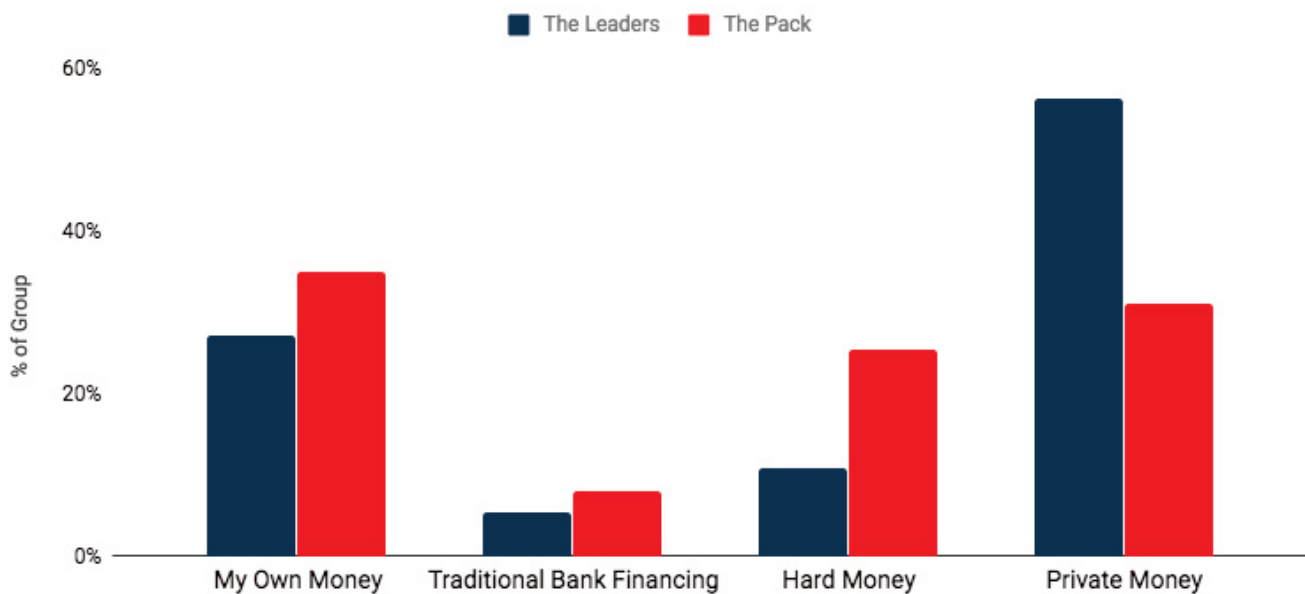
Both **The Leaders and The Pack indicated** that they keep track of their leads, contacts, and properties that they're purchasing in an **electronic format**, whether that be through **'Documents on Computer' or 'A Paid App or Service.'**

The Leaders (33%) are more likely use 'A Paid App or Service' to track the properties they are buying than The Pack (21%).



I WHAT IS YOUR PRIMARY SOURCE OF FUNDING?

PRIMARY SOURCE OF FUNDING



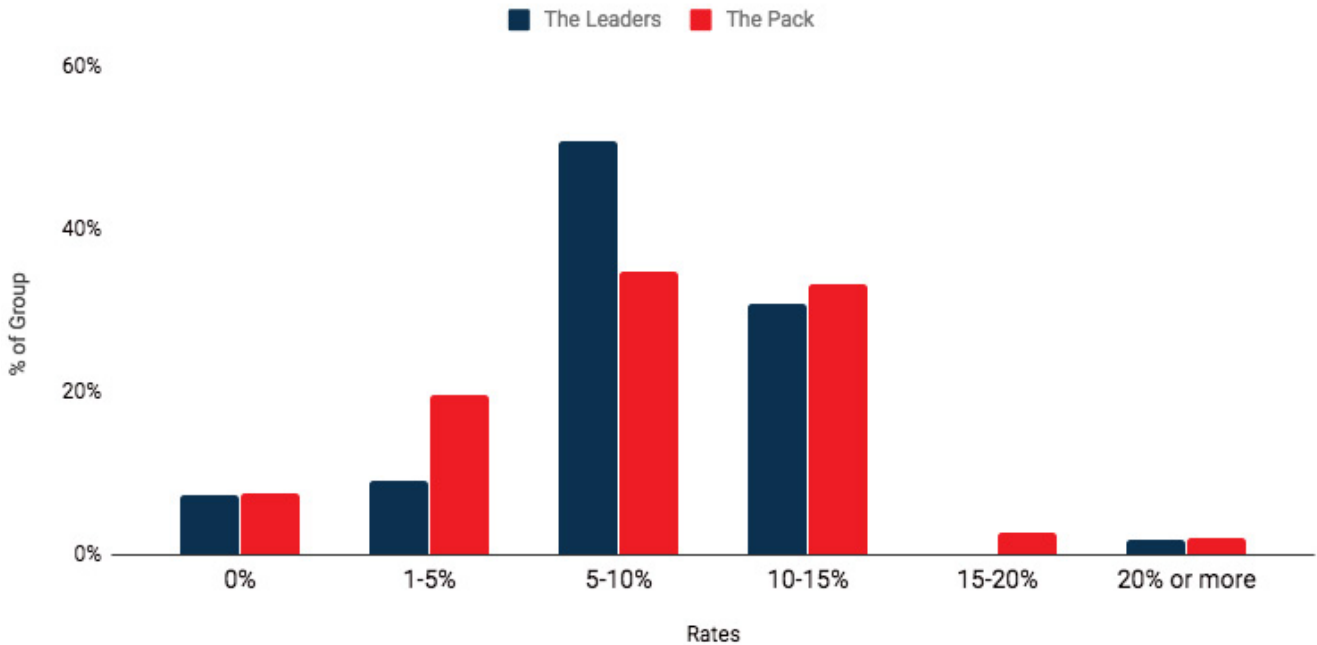
Of all the questions posed in the survey, the responses to this funding question most clearly demonstrate the difference between The Leaders and the rest. Most striking is that **The Leaders almost never use banks to finance their investments, instead preferring to utilize funds from Private Lenders or their own capital.**

The move away from banks and hard money lenders enables those investors to move much more quickly on deals, using less expensive money. The challenge to the rest is how to make the same transition. The answer is, once again, their personal network and marketing.

Investors need to develop their brand in order to build up the confidence of private lenders. Investors also need to target private lenders in much the same way they would sellers, using regular communication and a consistent message that creates trust and mitigates potential risks in the eye of the lender.

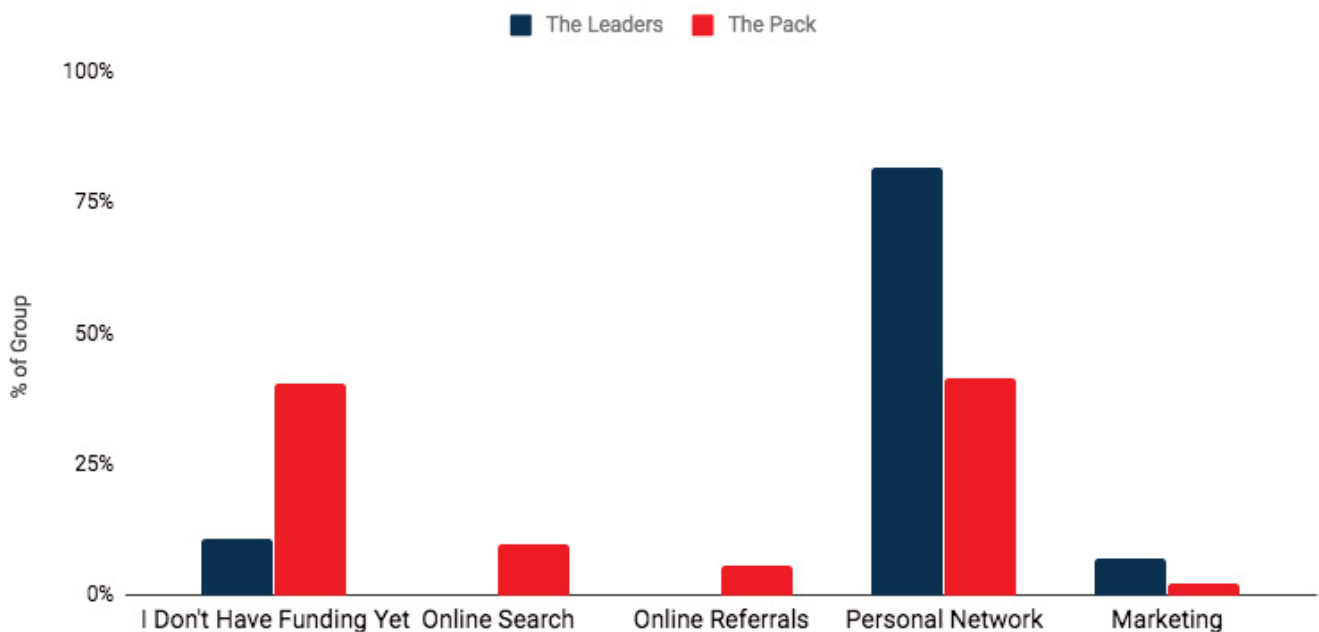
WHAT INTEREST RATES ARE NORMAL FOR YOU?

INTEREST RATES



HOW DO YOU FIND YOUR FUNDING?

FUNDING SOURCE



With over **51%** of the respondents stating that they are in the **5-10% interest rate range**, we can see that the **majority of The Leaders** are getting access **to cheaper funding** than those in The Pack. This is due to their more established businesses as well as the systems they use to turn their lender's money over more efficiently. This allows the lender and investor to continually re-invest the funds more often and receive higher returns.

Personal Network is the number one source of private lenders for both groups.

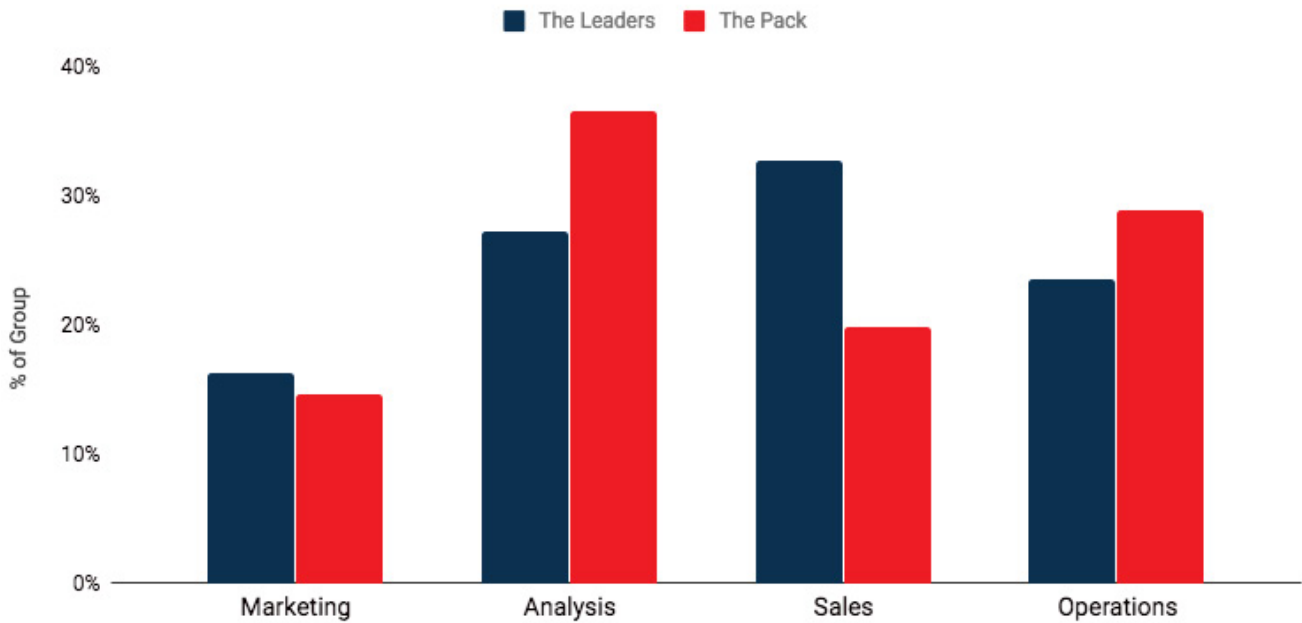
Friends, family, and acquaintances are generally more likely to be private lenders than complete strangers, but this doesn't mean investors shouldn't be marketing to potential private lenders.

In fact, 7% of The Leaders spend time actively marketing for private lenders in their business.

Also, note the amount of The Leaders in the "I don't have funding yet" category. This may appear to be a discrepancy, but as we saw earlier, a high percentage of The Leaders use their own money to fund deals.

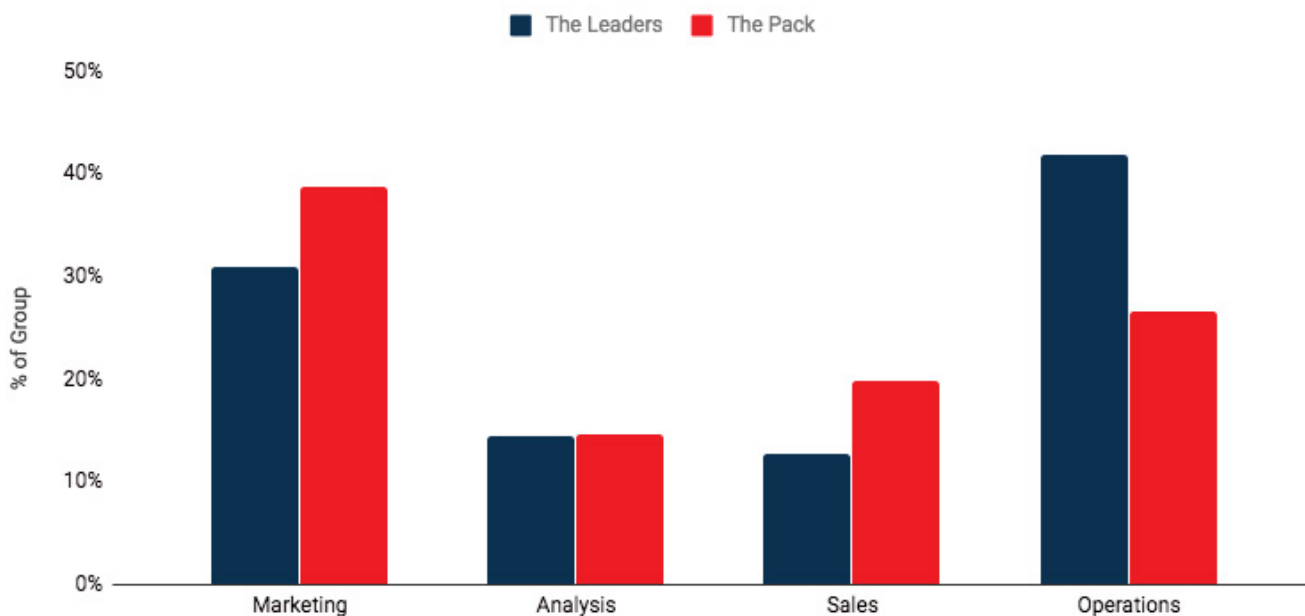
WHAT REAL ESTATE INVESTING ACTIVITY DO YOU MOST ENJOY?

MOST ENJOYED REAL ESTATE INVESTING ACTIVITY



WHAT REAL ESTATE INVESTING ACTIVITY DO YOU LEAST ENJOY?

LEAST ENJOYED REAL ESTATE INVESTING ACTIVITY



Sales and marketing are generally considered to be the highest revenue producing activities in the “The Real Estate Investing Lifecycle” and those which produce the greatest returns.

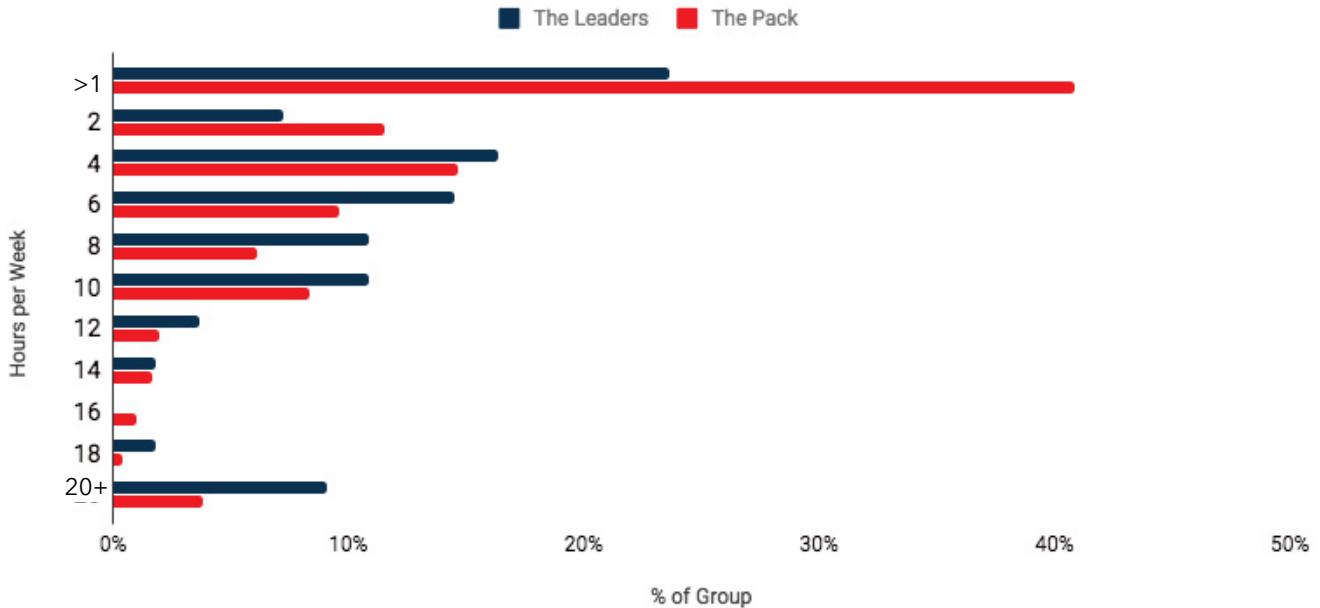
Of the four real estate investing activities, **The Leaders most enjoy Analysis (27%) and Sales (33%).** **The Pack** generally enjoyed **Analysis (37%) and Operations (29%)** the most out of all of the investing activities and, similarly, spends the most time in Analysis.

The Leaders reportedly spend more hours on **Operations and Analysis activities.** This doesn't mean that they aren't focused on **marketing**, one of the key revenue producing activities, but are, more than likely, **delegating those activities to their team members.** The Leaders are experts at systematizing their marketing efforts and then handing them off to their team.

What we've found is that, with over **80%** of **The Leaders having a team of 2 or more**, most of them have someone to handle activities that can be systematized easily, such as marketing. This is further supported by the high number of hours that The Leaders spend on Operations activities running their businesses. Over **50%** stated that they spend **10 hours or more** a week on **Operations activities** compared to The Pack (24%).

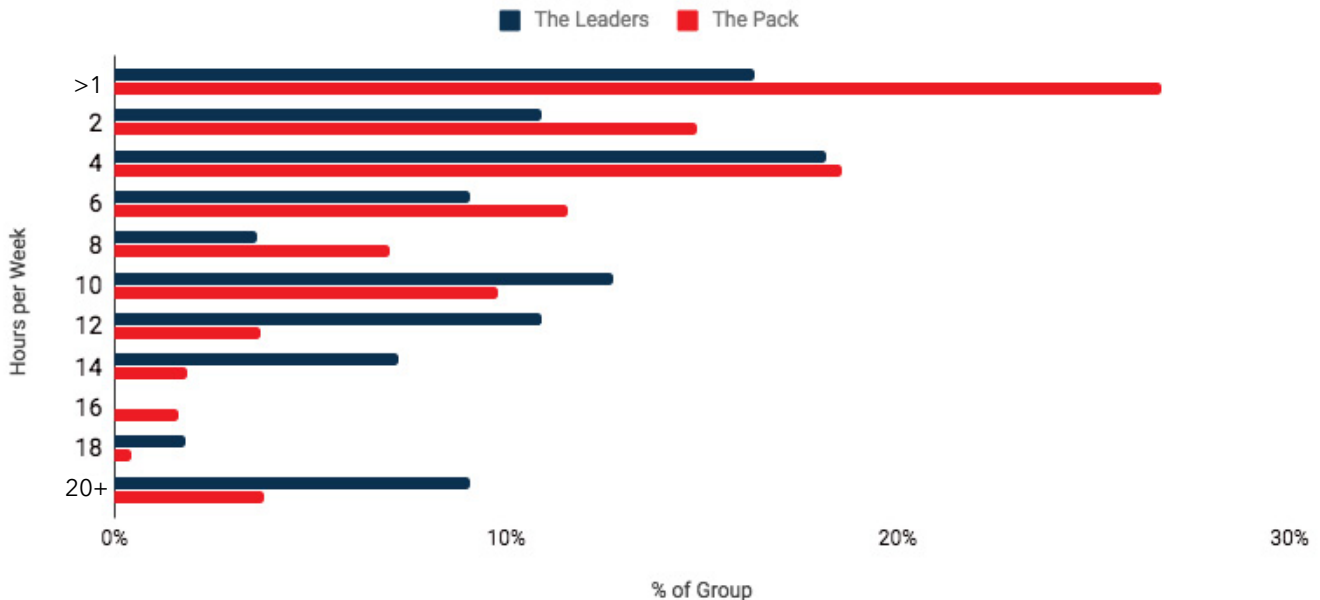
HOW MANY HOURS DO YOU SPEND EACH WEEK ON MARKETING?

HOURS SPENT ON MARKETING



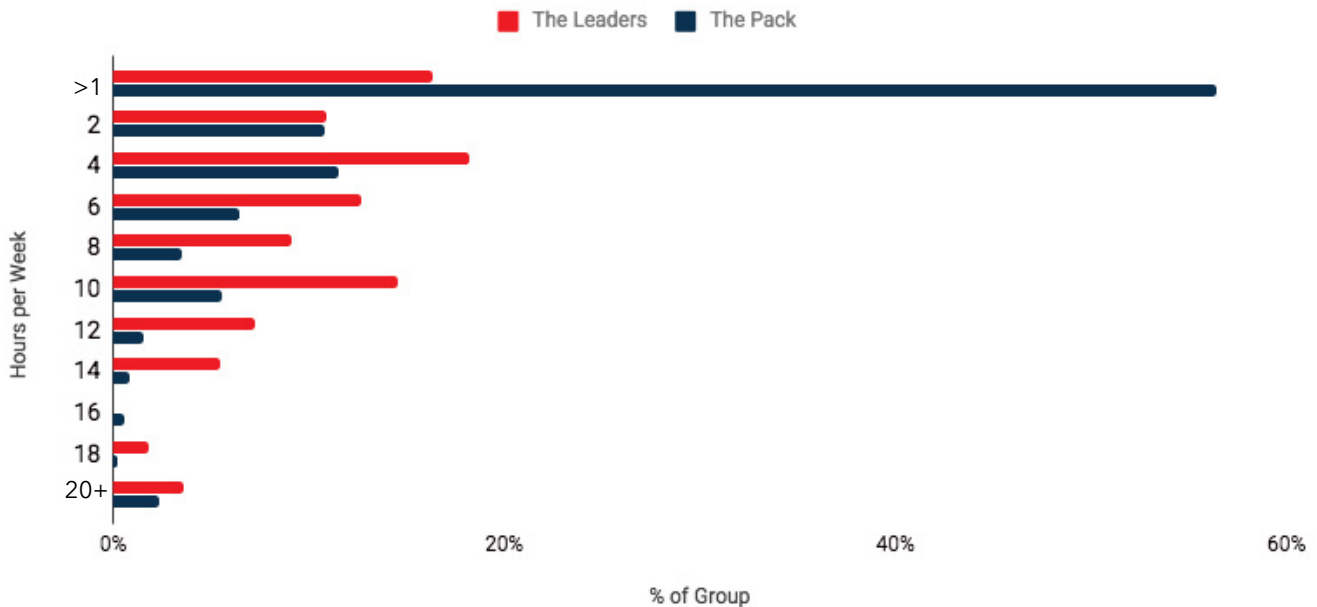
HOW MANY HOURS DO YOU SPEND EACH WEEK ANALYZING DEALS?

HOURS SPENT ON ANALYZING DEALS



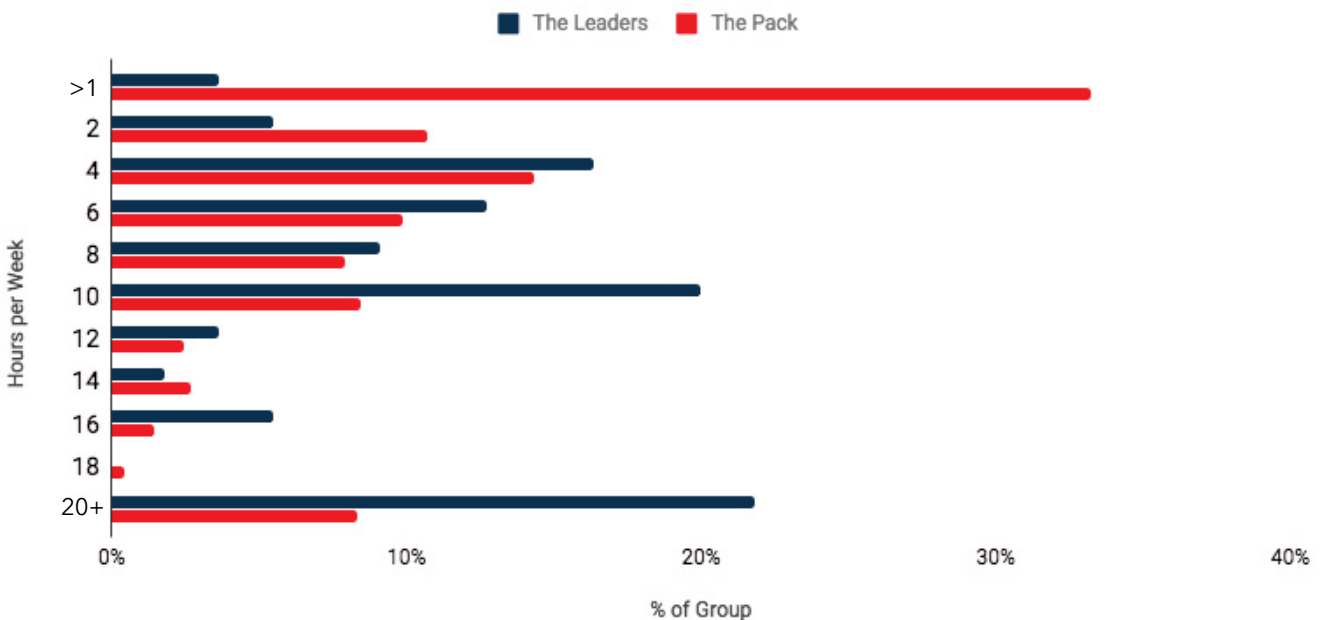
HOW MANY HOURS DO YOU SPEND EACH WEEK IN SALES?

HOURS SPENT ON SALES ACTIVITIES



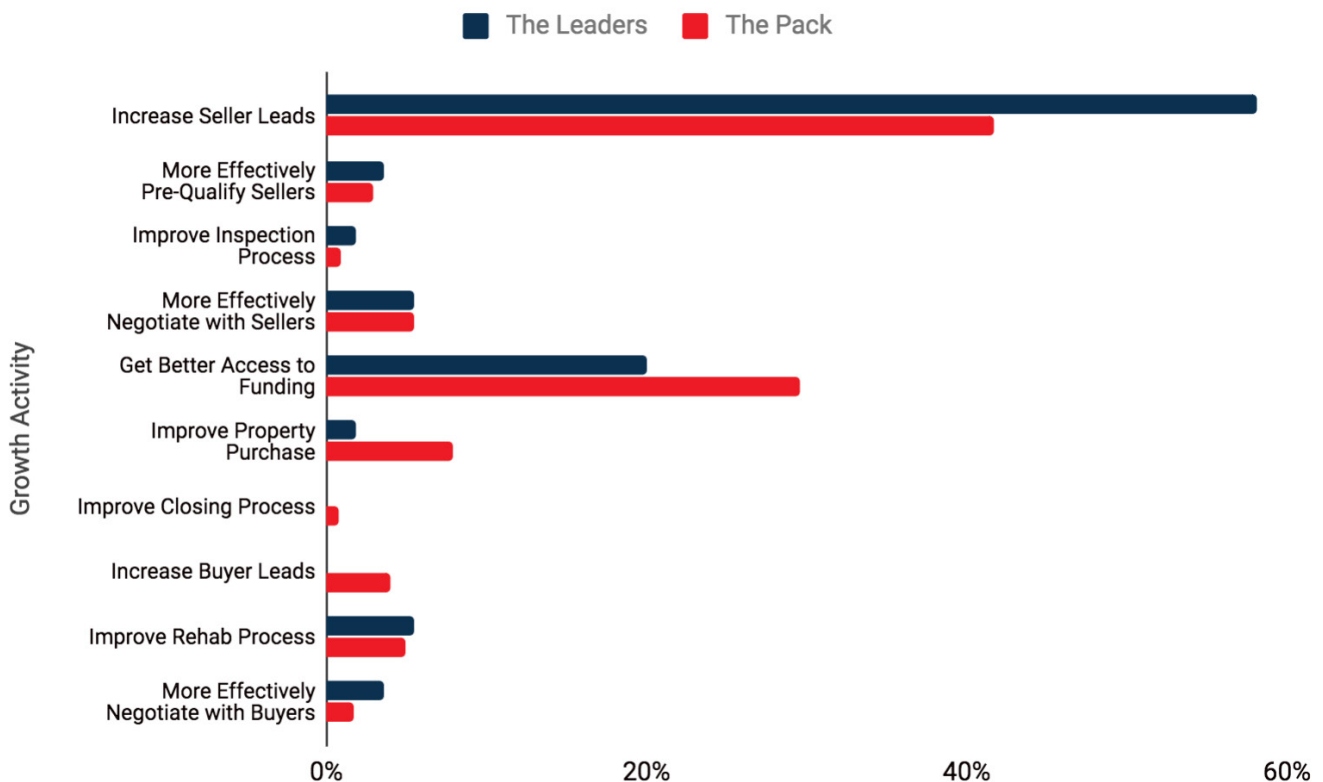
HOW MANY HOURS DO YOU SPEND EACH WEEK IN OPERATIONS?

HOURS SPENT ON OPERATIONS



TO GROW MY BUSINESS IN THE NEXT 12 MONTHS I NEED TO...

12-MONTH BUSINESS GROWTH NEEDS



Access to leads and funding have historically been the top two biggest needs of every real estate investor so it's no surprise that they, again, make up the biggest need that investors have to be able to grow their business. A whopping **58% of The Leaders and 42% of The Pack** stated **'Increasing Seller Leads'** as their **number one need to be able to grow their business**.

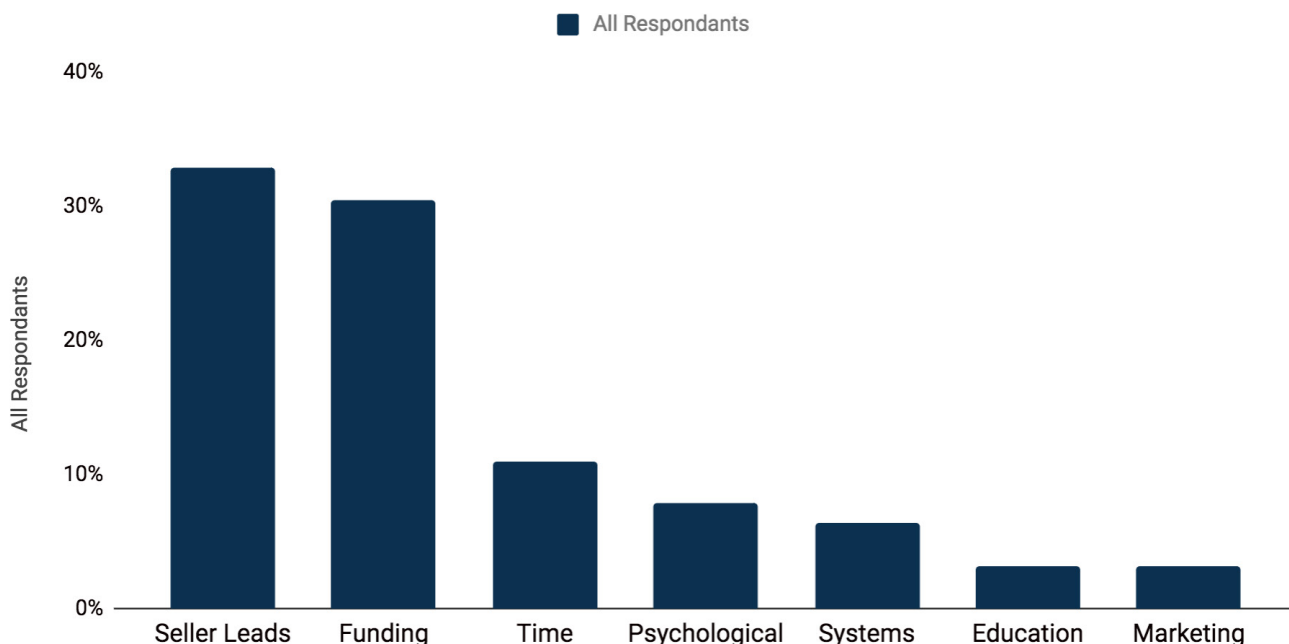
The Leaders have a strong desire and need to keep the funnel full. As they become more efficient, their ability to handle more deals increases as does the need to keep their funnel full and increase their profits.

The Leaders (20%) also have a great **need for funding** even though they have more established private lender relationships than The Pack (30%). The Leaders, oftentimes, need to find more funding to handle the increasing volume of deals in their business.



WHAT'S THE BIGGEST OBSTACLE YOU'LL FACE IN YOUR BUSINESS IN THE NEXT 12 MONTHS?

BIGGEST OBSTACLE NEXT 12-MONTHS



Seller Leads (33%) and **Funding** (30%) continue to hold the **top 2 spots** again this year. Historically, they have been neck and neck for the biggest challenge that investors will face, and this year was no exception.

After diving further into the data, it is apparent that there are **3 driving factors** for those who anticipate **'Seller Leads'** as being their **biggest obstacle** in the next twelve months. The first, and most common, is a **lack of marketing systems** to generate seller leads on a consistent basis. The second deals with **investors being located in a hot market where homes sell faster** than they can access them. The third most common reason that investors foresee **'Seller Leads'** as being an issue is due to the **amount of competition from other investors** in highly competitive markets.

Time (11%) is the number three constraint for both groups this year. After reviewing all the responses it's clear that time affects everyone, but affects the two groups differently. **The Leaders** lack enough time **outside of Operations** to focus on the business. **The Pack lacks systems in their business** and, oftentimes, do not focus on real estate full time, which creates insufficiency and a shortage of time for them.

Another interesting thing to note is that **8%** of the responses to this question were related to some sort of **'Psychological' obstacle**. Many responses cited **'fear,' 'myself,'** or **'trouble starting'** as the biggest obstacle that they face. These responses were **more common amongst The Pack** than The Leaders.

Also interesting to note was the **number five biggest obstacle, 'Systems.'** This affects many of the other categories and oftentimes is an underlying issue when it comes to **'Funding,' 'Seller Leads,'** and **'Time.'**

"GIVE ORDINARY PEOPLE THE RIGHT TOOLS, AND THEY WILL DESIGN AND BUILD THE MOST EXTRAORDINARY THINGS."

- NEIL GERSHENFELD

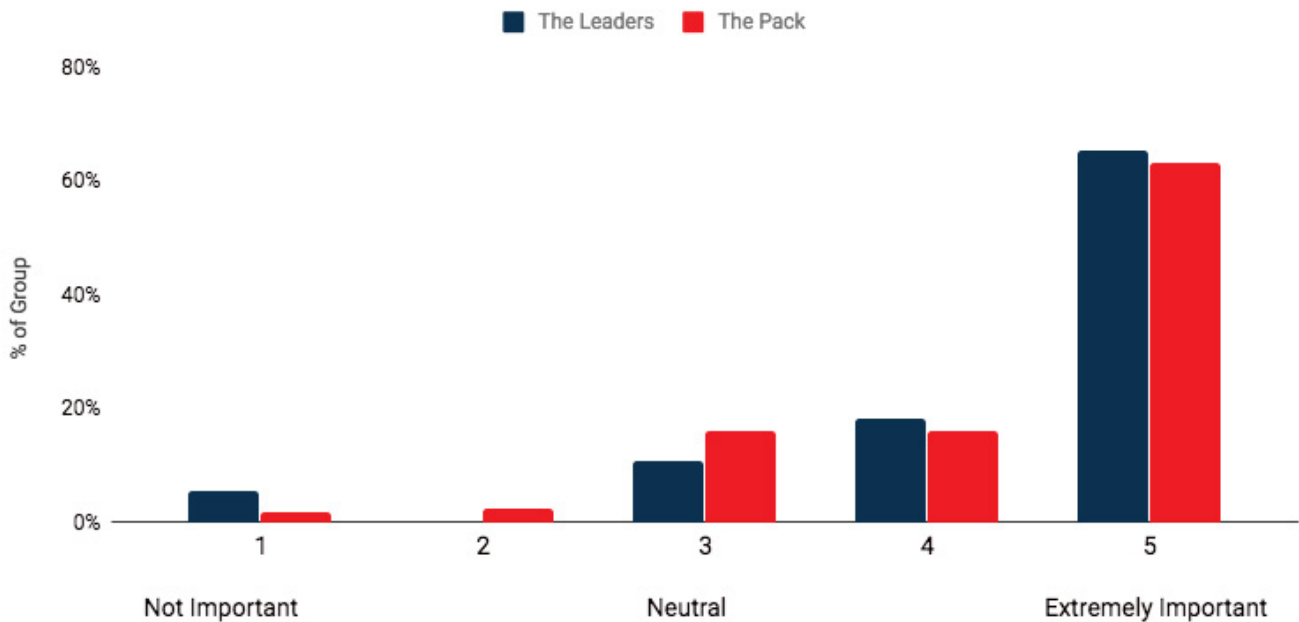
For decades, real estate investors have used everyday tools designed for the masses to run their businesses and reduce the time it takes to do things. Tools like Excel, or online storage like Dropbox, were used to handle everything from crunching the numbers to file organization. As the appeal of real estate investing has grown due to popular TV shows and educational programs, so too have real estate investing tools designed to help investors grow and run their businesses. These tools are designed specifically for real estate investors and eliminate the need for customization and workarounds.

We asked investors about some of the different types of tools they use in their businesses. One thing that became apparent is that The Leaders and The Pack all realize that having the right tools in their real estate business is extremely important.

When ranking tools based on their importance, **The Leaders** ranked them as follows: **(1) High Quality Seller Lead List Source, (2) an Accurate Online Comping Tool, (3) tied for third are a Paperwork Automation Tool and CRM.** **The Pack** ranked the importance of tools a little differently: **(1) High Quality Seller Lead List Source, (2) Repair Estimator, and (3) an Accurate Online Comping Tool.**

HOW IMPORTANT IS REDUCING TIME AND EFFORT IN YOUR BUSINESS PROCESSES?

REDUCING TIME AND EFFORT IMPORTANCE

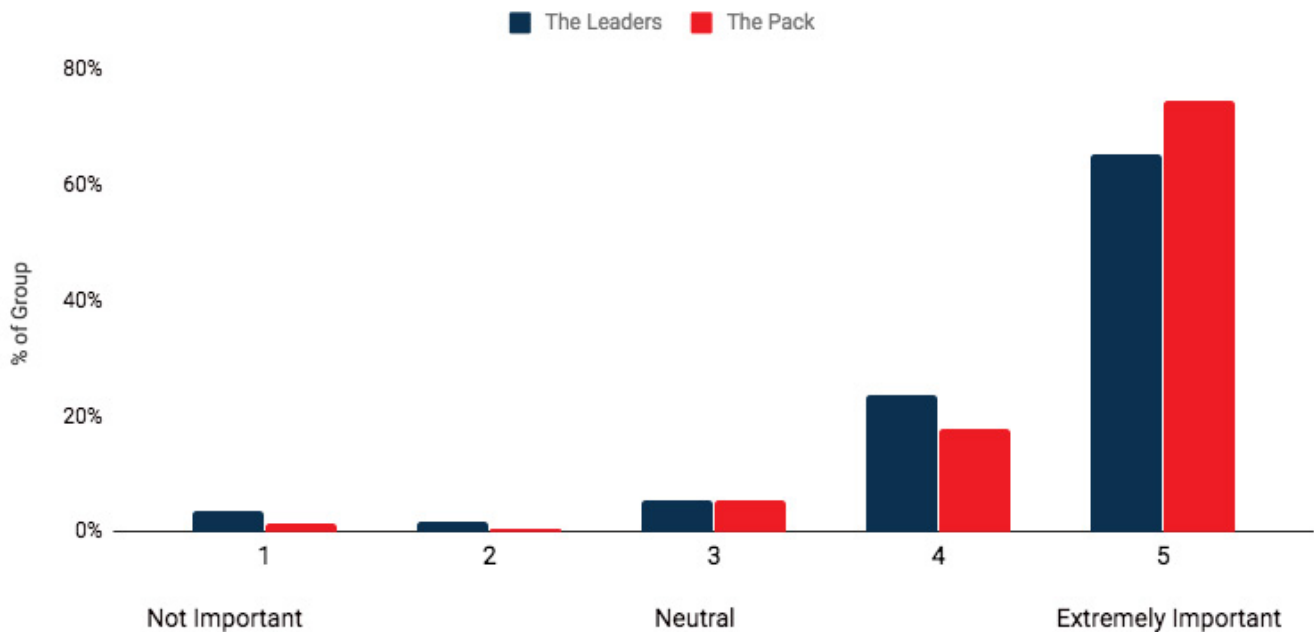


Another thing that **both groups agree on is that reducing time and effort in business processes is extremely important.** The ones that master this and streamline every aspect of The Real Estate Investing Lifecycle are the ones who **find true personal and financial freedom through real estate investing.**



HOW IMPORTANT IS HAVING ACCESS TO A HIGH QUALITY LEAD LIST SOURCE?

HIGH QUALITY LEAD LIST SOURCE IMPORTANCE

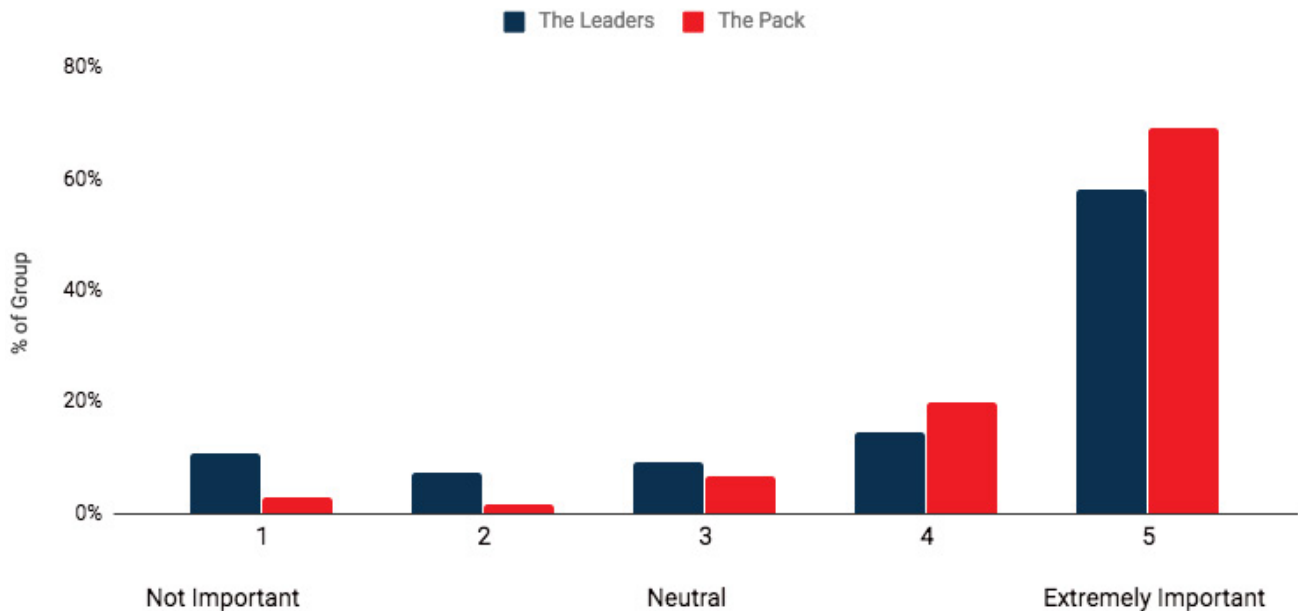


Another question that The Leaders (65%) and The Pack (75%) **highly agreed upon is the importance of having access to a High Quality Lead List Source**. This isn't too surprising. As we saw earlier, both groups listed "Increase Seller Leads" as the one thing they need to do to grow their business in 2018.

These seller lead lists are a key part of direct marketing efforts. As Ed Meyer, the "Father of Direct Marketing" put it, 40% of the success in any of your marketing campaigns is in the audience you are marketing to.

HOW IMPORTANT IS HAVING ACCESS TO AN ACCURATE ONLINE COMPING TOOL?

ACCURATE ONLINE COMPING TOOL IMPORTANCE



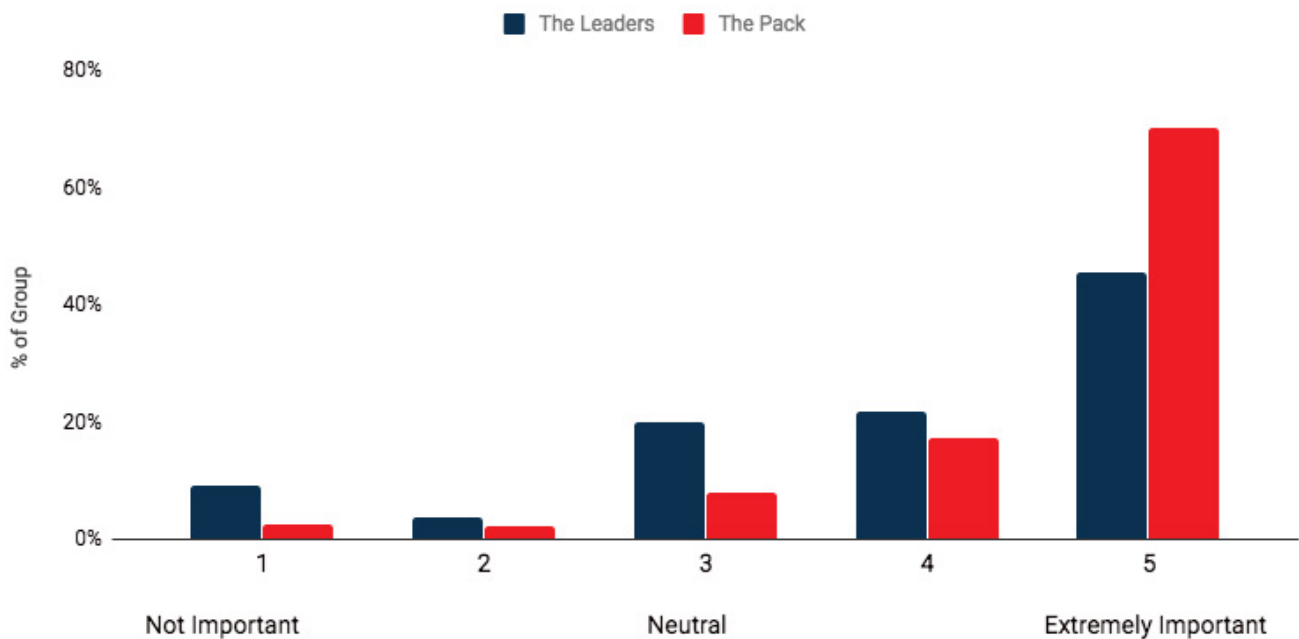
Having access to an Accurate Online Comping Tool was something that **both groups found Extremely Important**. Of all the tools The Leaders rated, this was second in terms of how many investors marked it 'Extremely Important.' For The Pack this ranked third.

Having **accurate comps** helps investors understand a property's **current value** and determine its **After Repair Value**. These are extremely important numbers when analyzing deals. Getting them wrong can mean the difference between profitable and unprofitable, so it's no surprise that this tool is ranked so high for both groups.



HOW IMPORTANT IS HAVING ACCESS TO AN ACCURATE REPAIR ESTIMATING SOFTWARE

ACCURATE REPAIR ESTIMATING SOFTWARE IMPORTANCE



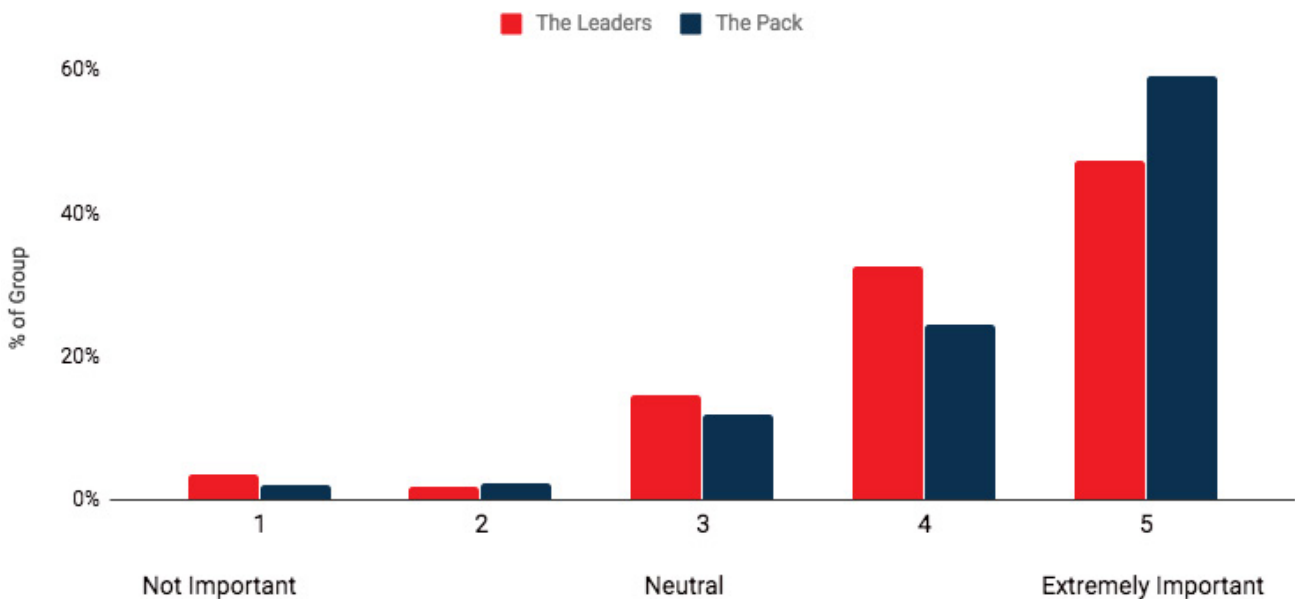
Having access to an Accurate Repair Estimating Software is something that **The Pack** (70%) **found to be of higher importance than The Leaders** (45%). Repair estimating is something that comes with experience and new investors oftentimes look for guidance in terms of what repairs to look for and their average cost.

Tools like **Realeflow's Hammerpoint Repair Estimator** help investors to not only **identify the repairs** that they should be looking for, but it also gives them **national average repair costs** to work off of while analyzing potential investment properties. For seasoned investors in The Leaders group, this tool is **great for training new team members** and is a great tool for anyone who needs to prepare professional looking repair estimates to support their offer and/or use in negotiations.

HOW IMPORTANT IS HAVING ACCESS TO A CRM TO MANAGE THE ENTIRE BUYING/SELLING PROCESS?

CRM IMPORTANCE

To Manage the Entire Buying/Selling Process.



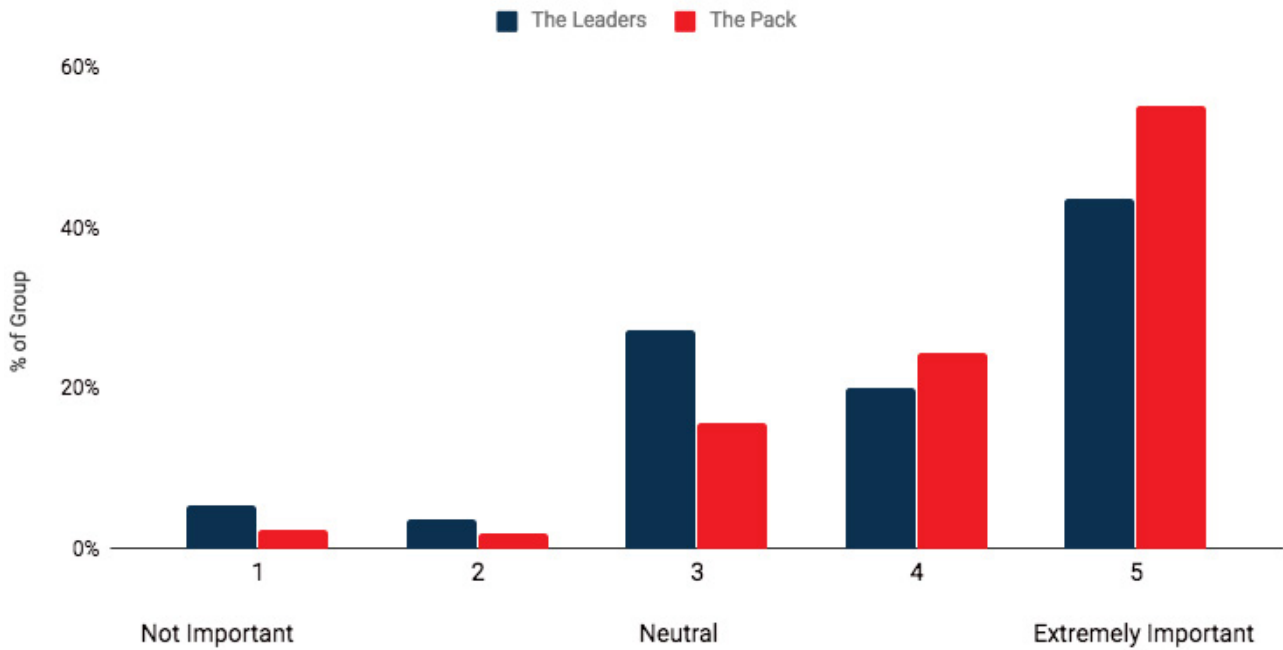
Interesting to note, both **The Leaders** (47%) and **The Pack** (59%) ranked having a **CRM as Extremely Important**. This is the third most important tool for The Leaders and fourth for The Pack behind having an Accurate Online Comping Tool.

Customer relationship management tools or **CRM's**, are not only important tools for staying organized and on top of follow up, but they can be a key part in keeping investors safe from potentially business ending litigation. An effective CRM keeps notes, documents, and interactions in one centralized, secure location. In the event that a problem arises, the investor is able to quickly reference what they did and didn't do with a property.



HOW IMPORTANT IS HAVING ACCESS TO AN EMAIL MARKETING TOOL?

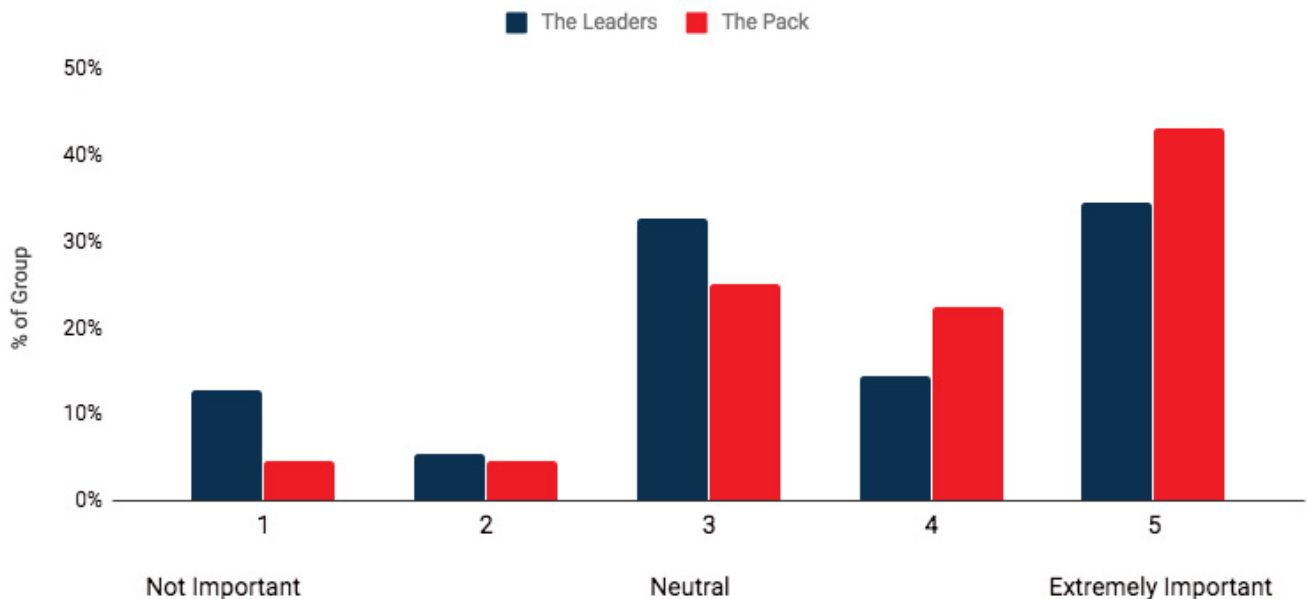
EMAIL ENGINE IMPORTANCE



HOW IMPORTANT IS HAVING ACCESS TO A MOBILE MARKETING TOOL FOR SENDING SMS/VOICE BROADCAST MESSAGES?

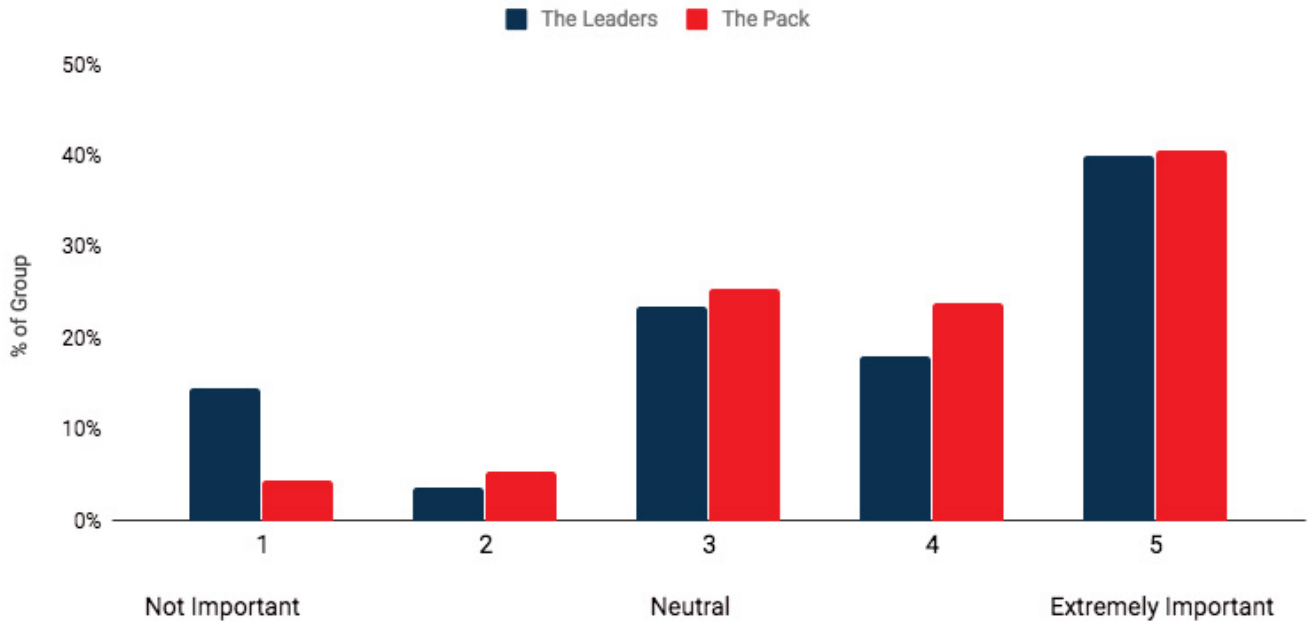
MOBILE MARKETING TOOL IMPORTANCE

For sending SMS/Voice Broadcast Messages



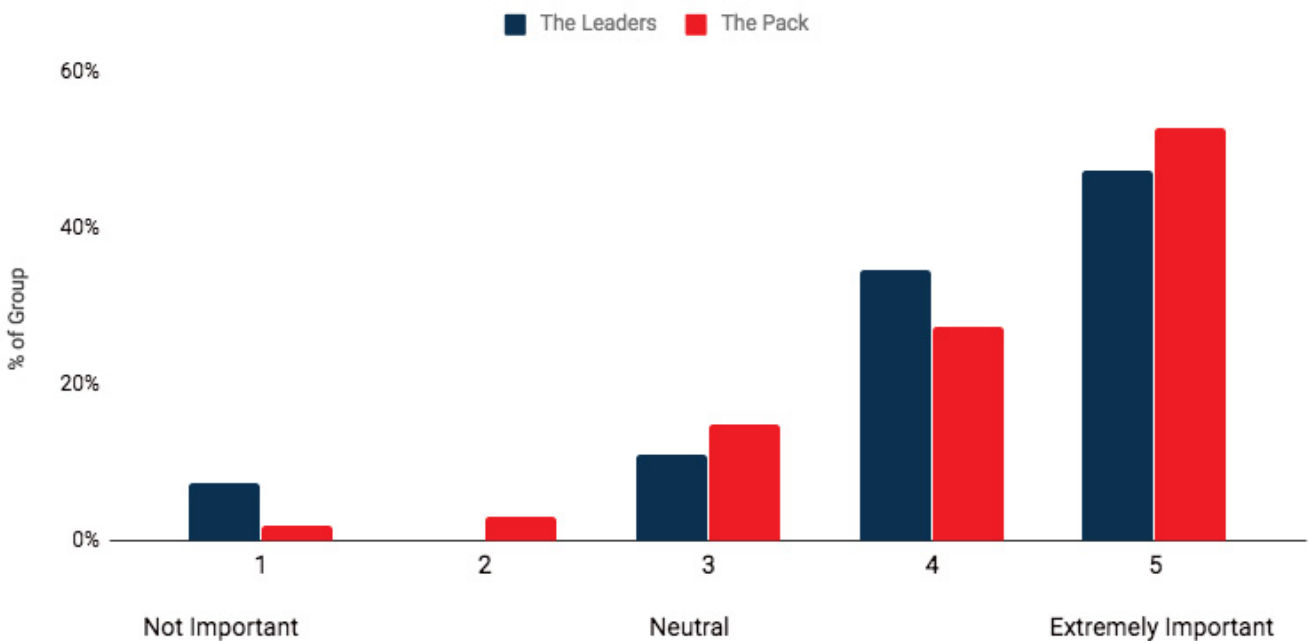
HOW IMPORTANT IS HAVING ACCESS TO A DIRECT MAIL/YELLOW LETTER MARKETING ENGINE?

DIRECT MAIL/YELLOW LETTER MARKETING ENGINE IMPORTANCE



HOW IMPORTANT IS HAVING ACCESS TO PAPERWORK AUTOMATION?

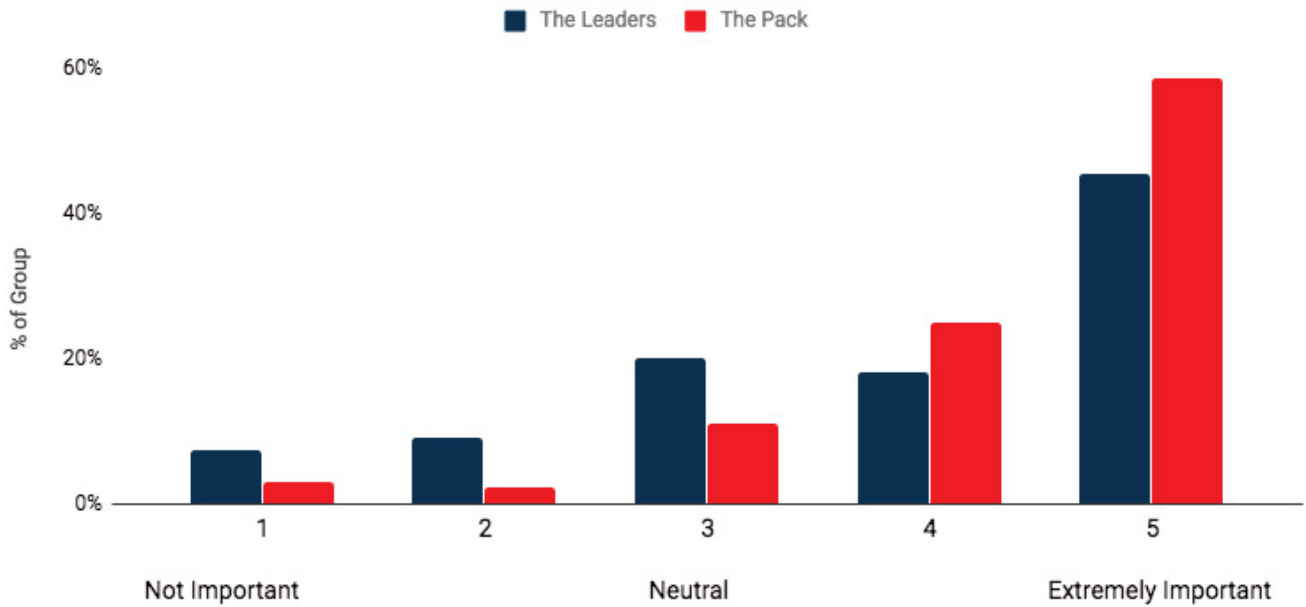
PAPERWORK AUTOMATION IMPORTANCE



HOW IMPORTANT IS HAVING ACCESS TO A REHAB PLANNING SOFTWARE WITH SKU TO ACTUAL PRODUCTS (HOME DEPOT, LOWE'S, ETC)?

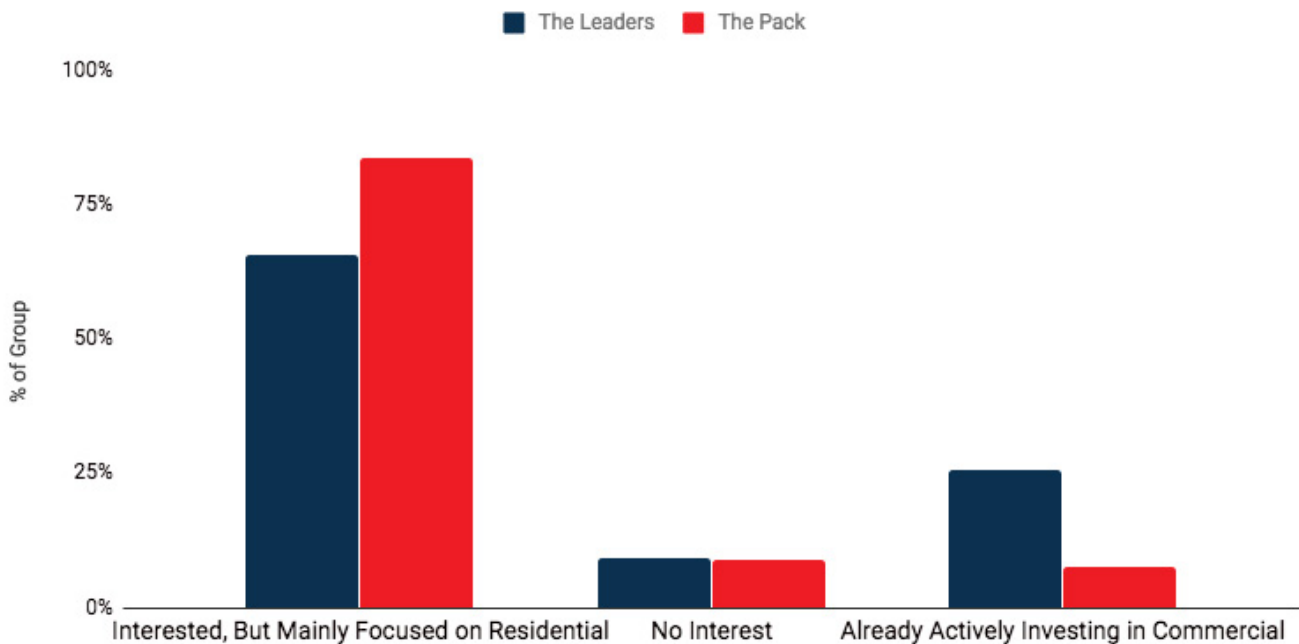
REHAB PLANNING SOFTWARE IMPORTANCE

With SKU's to Actual Products (Home Depot, Lowes, Etc.)



WHAT IS YOUR PRIMARY FOCUS IN COMMERCIAL REAL ESTATE INVESTING?

COMMERCIAL REAL ESTATE INVESTING INTEREST



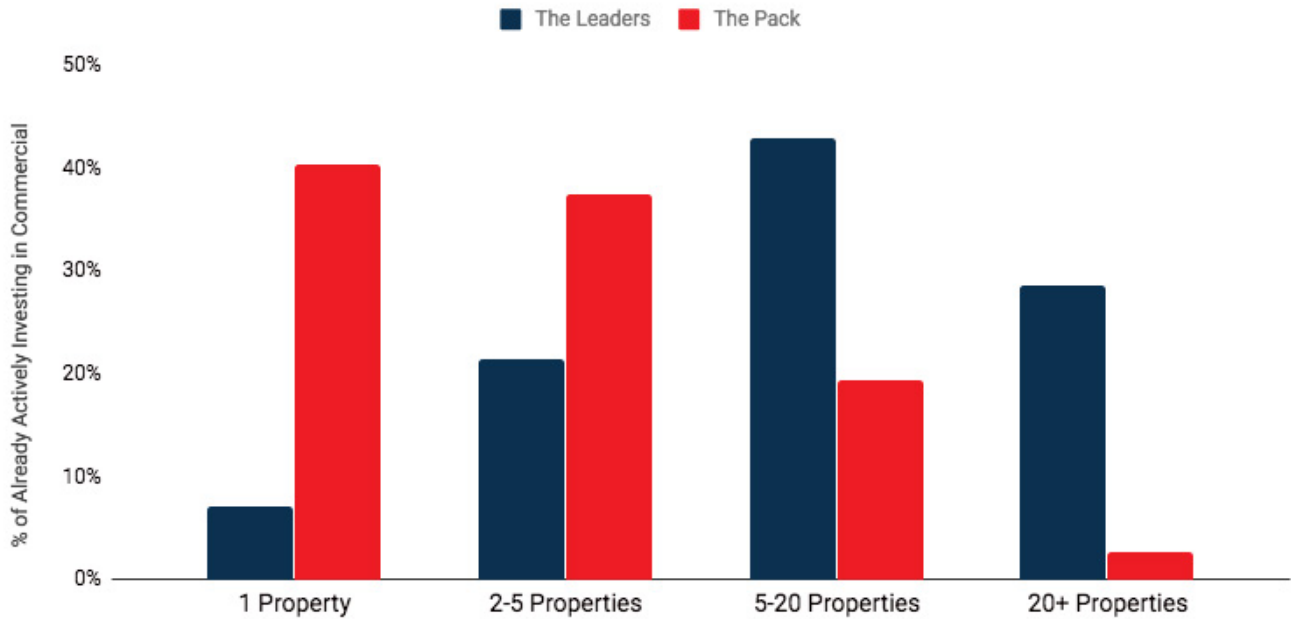
Not surprisingly, **The Leaders (25%)** are more interested in **Commercial Real Estate** than **The Pack (7%)**. The commercial real estate investing lifecycle is a lot like the residential real estate investing lifecycle, but carries with it **increased costs, complexity, and time**.

Oftentimes **The Leaders have the advantage** when it comes to commercial real estate because of their **existing access to funding and their pursuit of higher return on investments of their time and money**. Whereas **The Pack, with their limited resources and time, tend to focus their activities on residential**, even though they have a high interest in commercial as a future endeavor.



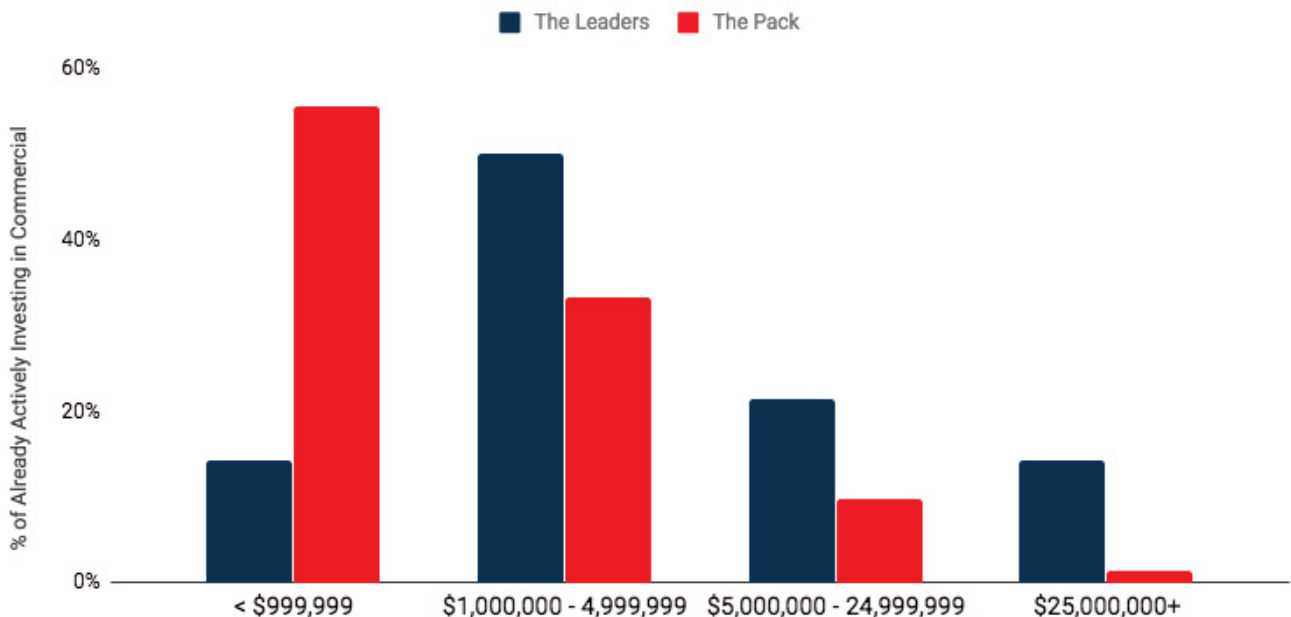
HOW MANY TOTAL PROPERTIES ARE YOU CURRENTLY HOLDING?

COMMERCIAL REAL ESTATE INVESTING TOTAL PROPERTY HOLDINGS



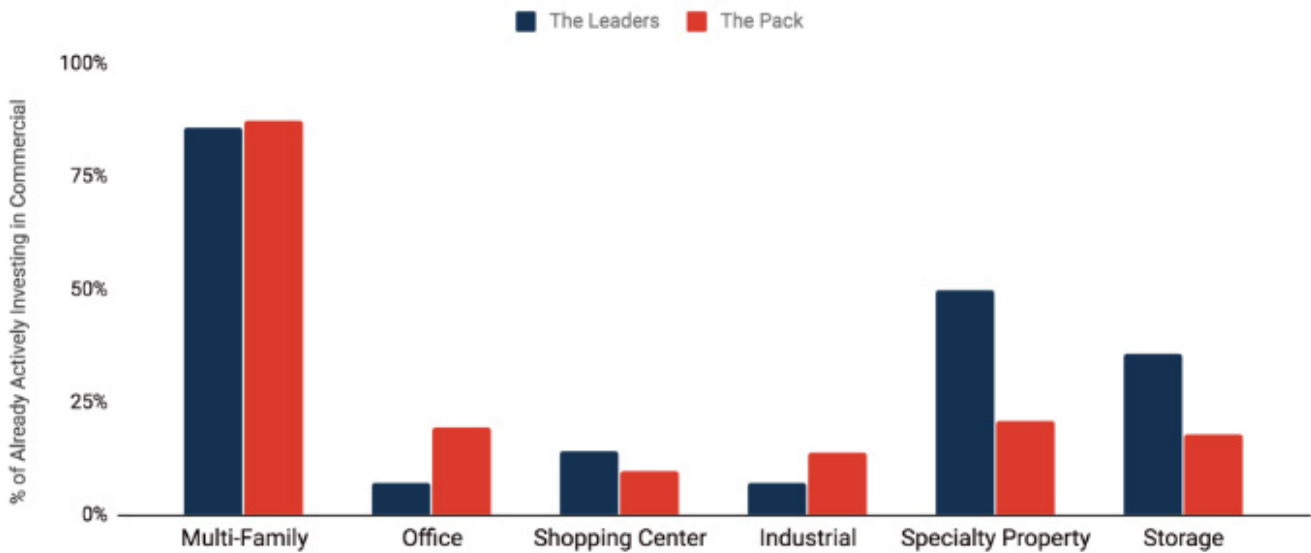
WHAT IS THE VALUE OF THE PROPERTIES YOU CURRENTLY HOLD?

COMMERCIAL REAL ESTATE INVESTING PROPERTY HOLDINGS VALUE



WHAT AREA(S) DO YOU FOCUS ON?

COMMERCIAL REAL ESTATE INVESTING FOCUS



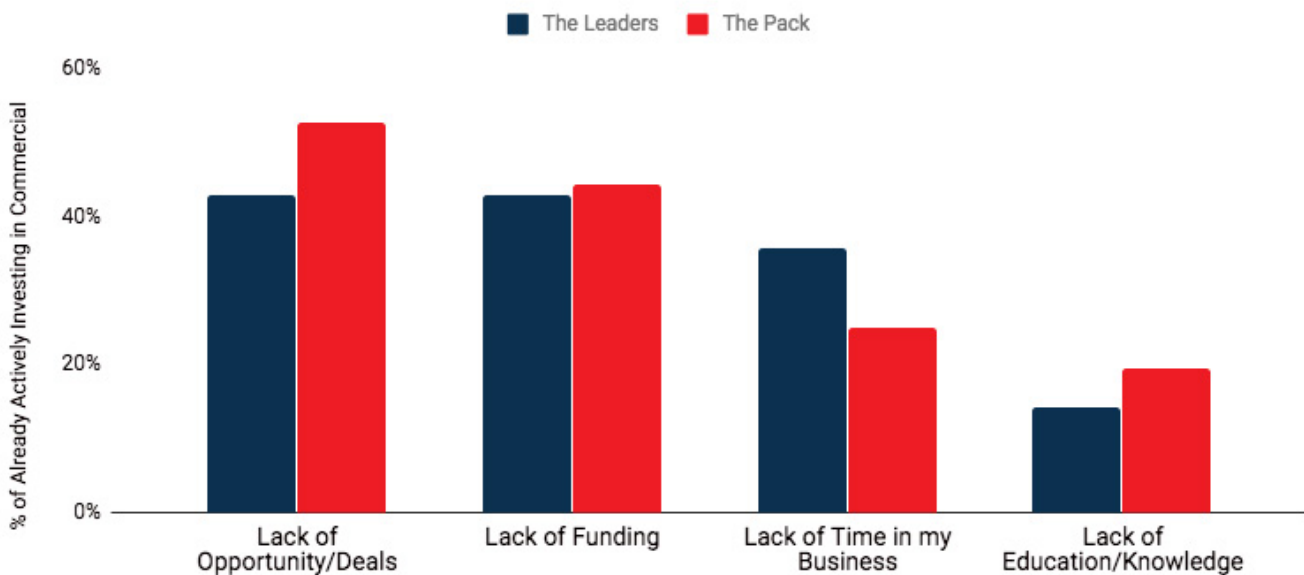
Although the types of commercial properties varies significantly, The Leaders (86%) and The Pack (88%) indicated that **one of their primary focuses is Multi-Family properties**. This fits in line with the goal that many investors have to own property that produces passive income, and is generally an easier jump from residential real estate investing.

Interesting to note that **The Leaders also prefer investing in Specialty Properties (50%) and Storage (30%)**. Specialty Properties could be anything from churches to sports complexes to nursing homes and car washes.



WHAT ARE THE BIGGEST CHALLENGES YOU FACE IN COMMERCIAL INVESTING?

COMMERCIAL REAL ESTATE INVESTING BIGGEST CHALLENGE

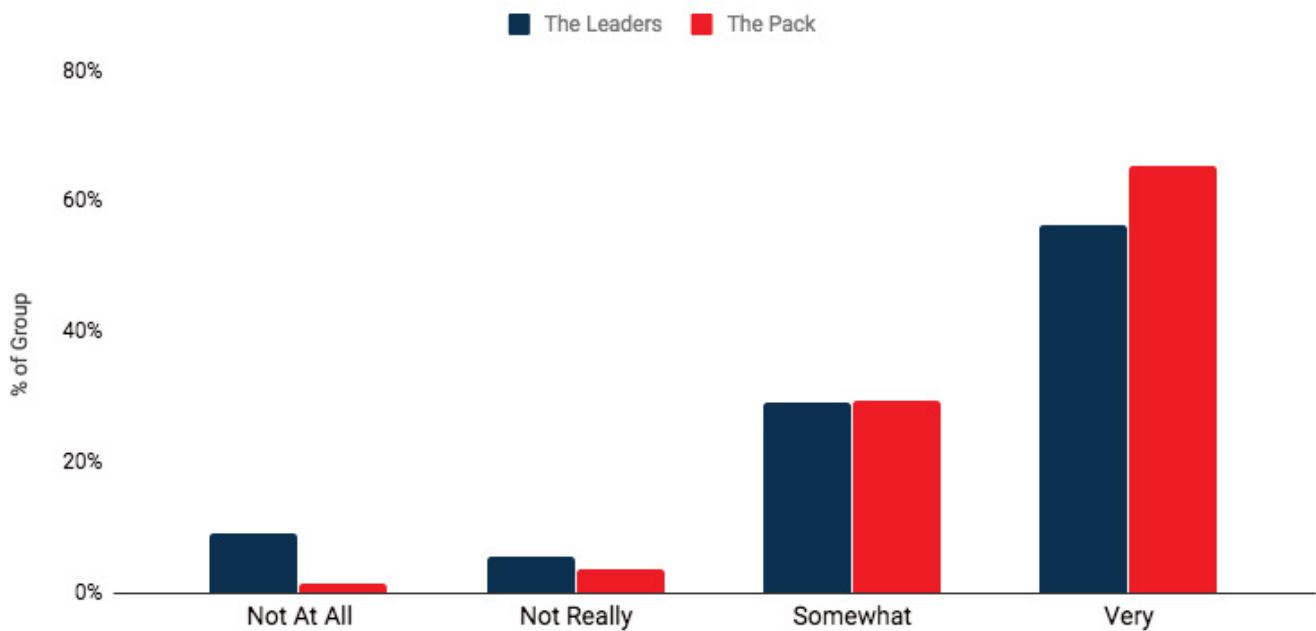


A lack of opportunities/deals and lack of funding were the most common roadblocks that those who are investing in commercial real estate face. As noted before, this is a common problem with residential real estate investors as well.

Also interesting to note is that **The Leaders (36%) and The Pack (58%) alike indicated that they face a Lack of Time in their business.** While The Pack are more than likely focused on residential real estate investing and setting up and mastering the systems while holding day jobs, The Leaders are more than likely suffering from too little time due to their high time investment in operations and the length and complexity of commercial real estate transactions.

HOW IMPORTANT DO YOU THINK MASTERMIND GROUPS ARE FOR LONG TERM SUCCESS?

MASTERMIND GROUP IMPORTANCE



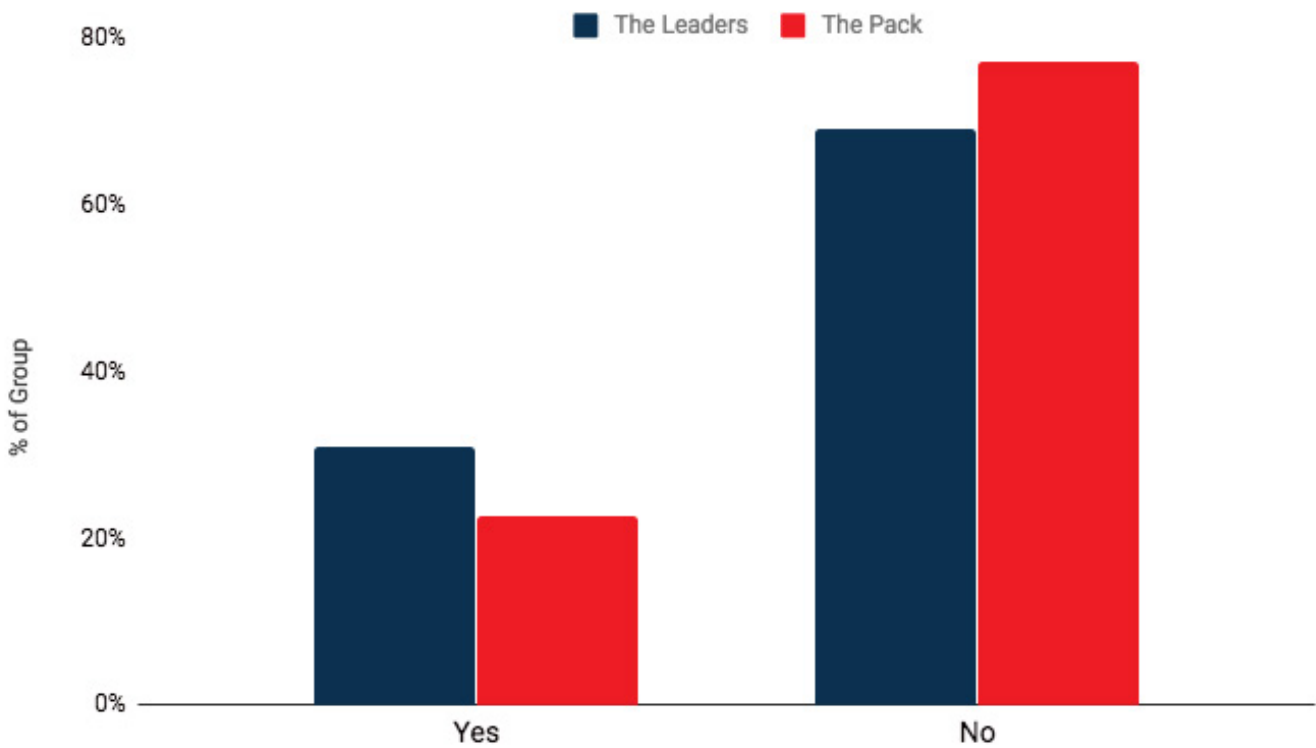
Mastermind groups are generally small groups of individuals that get together to share ideas and help each other trouble shoot problems from their combined experience. They could be focused around entrepreneurship, mindset or they could be very real estate specific.

Well over 50% of investors in both groups agreed that **Mastermind Groups are Very Important when it comes to long term success in real estate**. In fact, over (31%) of The Leaders are currently in a Mastermind Group.



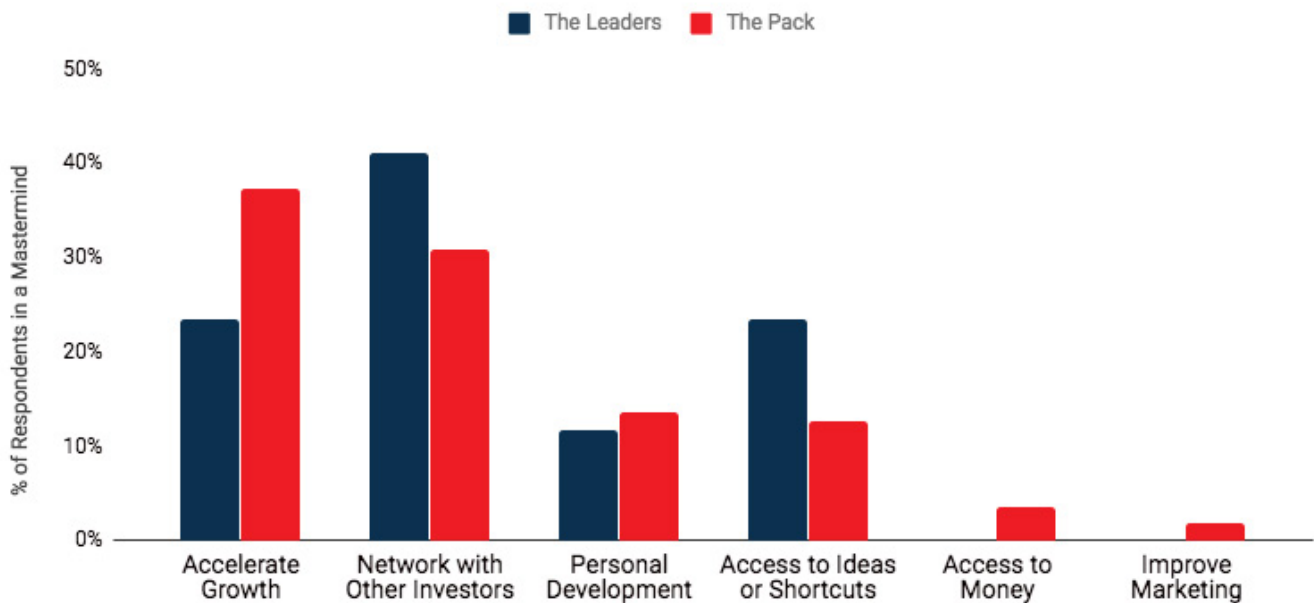
ARE YOU A PART OF A MASTERMIND GROUP?

PART OF MASTERMIND GROUP



WHY DID YOU JOIN A MASTERMIND?

WHY DID YOU JOIN?



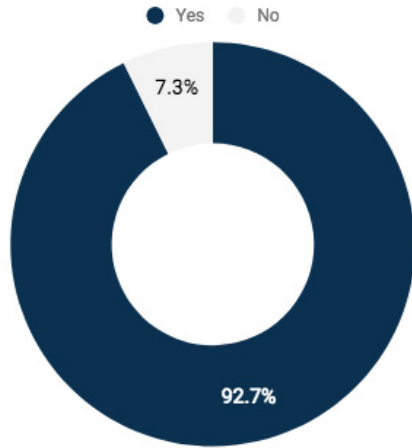
Those Leaders who are already in a Mastermind Group said that **'Networking with Other Investors'** (41%) was their **primary reason** for joining a Mastermind. The Pack (37%) indicated that **'Accelerating Growth'** was their **primary reason for joining a Mastermind**.

As seen in the data, The Leaders are more comfortable with Networking. The old saying is, "your network is your net worth." Those in The Pack oftentimes are looking for shortcuts to grow their business and optimize their time by learning from other's successes and failures.

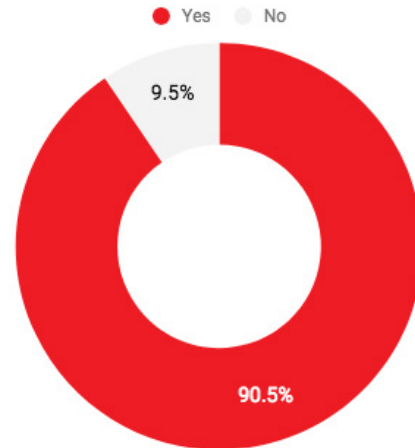


DO YOU FEEL THAT 2018 WILL BE A RECORD YEAR FOR YOUR BUSINESS?

LEADERS



PACK



A healthy dose of optimism is an essential part of any endeavor and both groups of investors seem to have just that in 2018! Equipped with the right systems, their businesses are primed to have a great 2018.

WHAT'S YOUR SINGLE BEST MARKETING IDEA FOR 2018?

This year, we asked real estate investors, **"What's your single best marketing idea for 2018?"**

The responses varied greatly, but showed an immense amount of creativity. The most successful investors know that they can never stop marketing their business. They also know that they have to get creative to be able to find the best deals before their competition.

We went through all the responses to this question and pulled out the top 14 most unique marketing strategies that investors across the country are using in their business for 2018.

15 Most Unique Marketing Ideas for 2018:

- Voice marketing. I became the first agent to list homes on Amazon through the Alexa echo. The skill provides daily listings, as well as open houses on the weekends, and is updated daily.
- Hyper Mobile w/ Geo Conquesting for competing homes
- Pitch to foreign students' parents.
- Direct personal letters to personal representatives of estates. Started doing this towards the end of 2017 and this has provided us with the greatest lead generation of good houses for the number of letters that we send out.
- In addition to a day/night job, I also drive for Lyft. I use this opportunity to better my people skills by learning how to talk to literally anyone. When I drive during the day and have no one in the car, I drive for dollars. I'm still technically Lyfting so I write off the miles. I also talk to people about what houses are available in their neighborhood. They know it better than I do. Because people are always coming or going from their homes, I see every part of town. The best part is I'm also getting paid to drive these different neighborhoods.
- Direct mail sent in a "wedding" envelope with a "wedding" themed message... Spring & Summer are the best times for weddings & almost everybody opens a wedding invite.
- Business cards in gas card application box at gas stations.
- Partner with pawnshop owners to put "I buy houses" signs in their windows and pay them a referral fee on leads.
- Themed Educational sessions where investors and developers are invited to a high-end presentation environment, hosted by us. "Our mission is to Educate, Empower & Enrich the lives of our clients."

It is a 3 part event:

(1) mingling amongst guests +heavy hors d'oeuvres/wine/beer/drinks, (2) general presentation about the opportunity,(3) Informal Q&A - Host (us), Guest Speaker(s) (developer) like a Jimmy Fallon type environment so investors can listen and learn about the opportunity and be up close to developer/source. At the end of the evening, dessert, coffee, tea served and invited guests have the opportunity to speak with the developer and other investors.

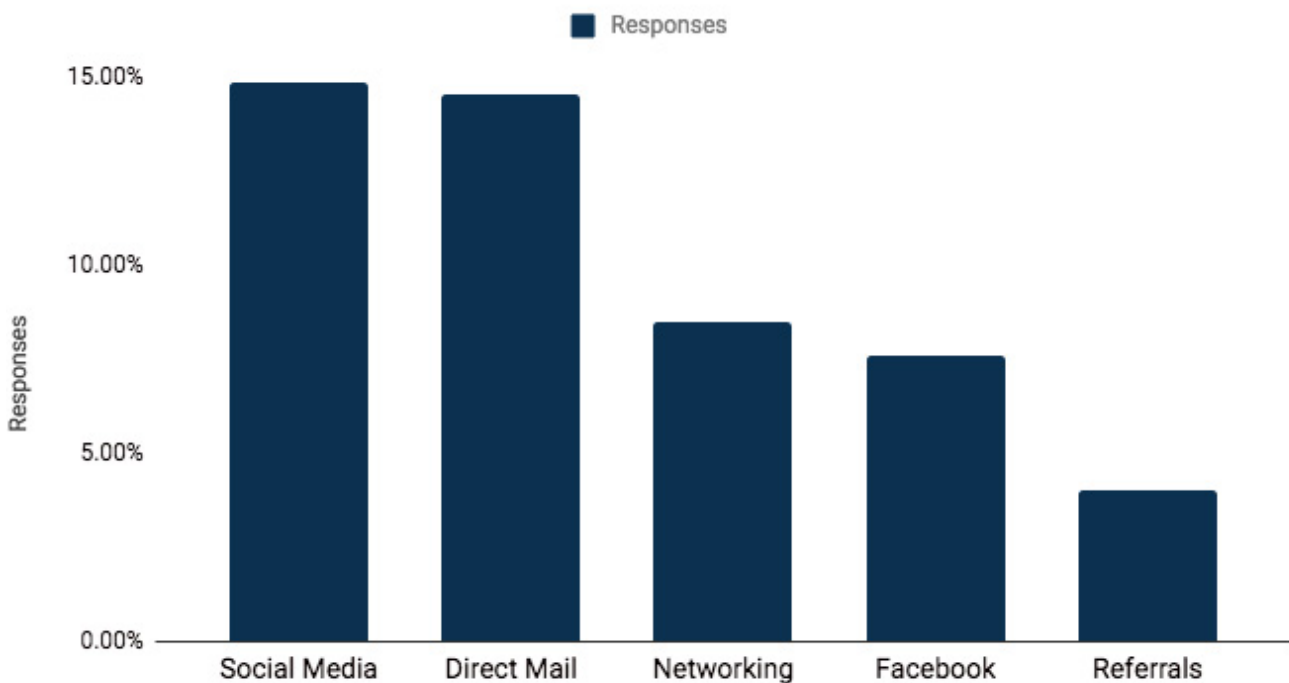


- Host a homebuyer education workshop.
- Advertising in our local church's weekly bulletins.
- FHA Financed Quads: We've stopped competing with buying over-priced small apartments (5-20 units) and are perfecting being small time developers of metro lots. We are buying in-fill metro lots and showing both 1st time home buyers & down-sizing seniors how to use their FHA loan to become owner-occupants of Quads that pay their mortgage, instead of doing what our parents did and paying 30 year mortgages. The developer profits are comparable to what our 3-5% syndication fees are when buying overpriced small apartments. But what's generating most of our

revenue right now is converting over sized houses in upper middle class communities with lots to expand building, into RAL/Residential Assisted Living, essentially turning SFH into MFH or multi-bed facilities. For both items above, we're using greatly improved Modular construction to cut costs and time on new construction of quads, and expansion of existing SFH into MFH RAL.

- I'm going live on FB more often and boosting posts with really cool 3D virtual tours.
- Ringless voicemail.
- LinkedIn has been a great resource for cash buyers and investors alike. Very easy to pull leads using their searches.

BEST MARKETING IDEA FOR 2018



After categorizing the open format answers, we noticed some interesting patterns arise. The two front runners that investors are looking to implement in 2018 are **some form of a Social Media (15%) and Direct Mail (15%) lead generation strategy.**

There were also a lot of great ideas around networking and building out referral networks with probate attorneys, retirement facility directors, and more that are in a unique place to encounter motivated sellers.



CONCLUSION

The responses that we gathered for this report demonstrate that there are many people who are achieving a great deal of success in real estate investing. **The top 5%, 20%, and even 50% of investors have made a significant amount of money actually doing deals.**

Those who are the most successful in this industry have become so through continued education, persistence, and a willingness to evolve.

Many problems facing the least successful investors are also facing the most successful ones.

But as you climb the “success ladder” some new constraints arise. If you are able to solve these issues then you can systematize most aspects of the investing business. This proves that real estate investing has maybe a dozen or less “levers” that can be optimized to get far better results with less effort.

Investors embarking on this evolutionary process will go through three distinct phases; **No system, adopting a system, and optimizing the system.**

I NO SYSTEM:

Life would be so much easier if:

- I had a better idea of what I was doing
- I could just get paid
- I had a magic 8-ball, an abundance of cash reserves, and a day or two to be lazy
- I could work smarter, not harder
- I had a well documented system for each part of the business
- I would focus on one thing instead of the next shiny thing

Working without a system is where most investors start. Success is governed by effort, luck, and support. Investors can make a series of smart decisions and still find themselves impacted by variables that are entirely outside of their control. Working without a system is inefficient and risky and creates a business without a model, which becomes impossible to scale.

The failure rate in this phase is high and few new investors have the financial capacity to withstand mistakes. Many of these investors succumb to the fear of failing, which frequently prevents them from moving from planning mode to execution mode. Rather than crashing and burning, a large percentage of these investors simply never get started.





ADOPTING A SYSTEM:

“Develop systems for everything, then manage those systems.”

Investors need to adopt a system, whether that means building their own or using a system developed by another party. The system should create a logical sequence of steps and a set of rules that govern the investor’s activities.

The challenge for the investor is to not only understand the steps, but to be capable of differentiating between high and low value steps. Investors often fall into the trap of focusing too much time on low value (albeit necessary) tasks at the expense of high value, revenue producing activities. Left unchecked, investors find themselves focusing on new business OR existing projects when they should be focused on new business AND existing projects.

“Automate and delegate to compensate profit thresholds.”

OPTIMIZING THE SYSTEM

Optimizing the system is an important step to achieving long term wealth. This requires the investor to refine and improve each individual step.

The most successful ones will focus more on steps with **higher revenue producing impact and often delegate or outsource steps with lower financial impact**. Once optimized, investors understand how rapidly they can move through each step as well as how many deals they can move through the system simultaneously.

In addition to creating and optimizing the system, many survey respondents recognize the need to focus the system on the right opportunities.

In closing, real estate investing has been, and will continue to be, an incredible way to build both short term cash flow and long term wealth. The most successful real estate investors have done one thing well - **they’ve worked at it**.

They’ve dedicated themselves to becoming better and they have focused on activities that they both enjoy and are good at, while delegating the rest. They realize that they can’t possibly, “do everything” at a high level and, therefore, surround themselves with the right people and the right resources to grow their business. Real estate investing takes commitment; **you can’t “try” it, you have to jump in with both feet and DO IT!**



REALEFLOW

WHO IS REALEFLOW?

Realeflow is a software as a service company that provides different products and training materials for real estate investors across the country. Our flagship product, Realeflow, is an industry leading CRM that was built for real estate investors, by real estate investors. The Realeflow software not only gives its 45,000 users a CRM and tools to manage all the moving parts of a deal, but also seller, buyer, and private lender lead lists with robust filters to find exactly the type of leads investors are looking for.

To learn more about Realeflow, visit [Realeflow.com](https://realeflow.com).

Realeflow's other software product is FlipComp. **FlipComp** gives real estate investors and agents access to MLS listing data with filtering functionality that allows them to find on-market leads and then comp and analyze them all from one software.

To learn more about FlipComp, visit [Flipcomp.com](https://flipcomp.com).



2018 REAL ESTATE INVESTING REPORT



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