



WEST FLORIDA REIA NEWS

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Ten Rental Houses

By Jay Turner

The concept of retiring on the rental income generated by your rental houses has been the subject of many a debate for the past half century. Put bluntly: Should it be five houses or ten? That depends on you and your choice of geography.

If you have ten free and clear rental houses in decent neighborhoods, with long-term tenants, that manage themselves for the most part, you should be able to count on a net cash flow of around \$800 per month per house, or \$8,000 per month or \$96,000 per year (pre-tax.) I am writing this in 2016, so the numbers have changed a bit since 1965 when rents for a 3-2-2 s/f/h were around \$250 per month.

The argument for five houses comes in a bit tighter on your monthly net income. But, five houses are easier to oversee than ten. But, with ten houses you might be able to afford professional management, which really frees up your time. But, if you have ten under professional management, then twenty houses might be readily doable.

Please see *Ten Houses* on page 2

INSIDE THIS ISSUE

- 1 Ten Rental Houses
- 1 Start With Your Lead Pipeline
- 4 Let Us Know
- 4 West Florida REIA Information

Start With Your Lead Pipeline

By Barbara Grassey

“I can’t find a deal.”

“There are no deals out there. The market is so tight.”

Maybe the problem is you don’t have enough leads. You need leads to get deals. Tons of them. Last month I mentioned the leads to sales ratio common to most businesses:
100 dials -> 30 people reached -> 10 people with some interest -> 2 appointments -> 1 sale

Now, most of us aren’t making random cold calls. But we aren’t actively marketing, either.

If you’re a buy and hold investor, adding one or two properties to your portfolio a year, you don’t need a marketing engine. You can wait for a deal to pop on your radar, either from your agent, scouring the on- and off-line classifieds, or word-of-

Please see *Pipeline* on page 3

*Maybe the problem is
you don’t have enough
leads.*

Ten Houses from page 1

Understatement: "Real estate investing can get a bit exciting once in a while."

But... and so goes the debate. Ten is the number I keep coming up with for people who want a life other than real estate. And people who enjoy their jobs that have nothing to do with real estate and whose company might have a decent retirement plan. Here you might do well to plan building a portfolio of at least five rental houses, JUST IN CASE the company's retirement plan does not make it.

And Social Security is not a lifeboat either.

If you are employed in another field, make real estate acquisition a hobby you can have fun with and still build your retirement plan of one house every year or two until you have five. Then start to pay off as much of the debt obligations you have acquired by controlling your growing package of houses. You can do this by taking any excess rents (after you have set aside an emergency fund) and paying down your oldest loans first. Then take the monthly payments you were paying on that old dead loan and pay down the next oldest loan and so on. This works well for those who are younger and have more time.

If you want to dedicate your life to the pursuit of chasing houses, go for it and plan to live cheaply, as you try to take control of five houses in your first year of doing deals. Good Luck, as this can get a bit exciting once in a while.

Whichever your path to your ten free and clear rentals, promise you will lay out a suitable game plan for yourself. Then start tomorrow by finding a target area within a twenty minute drive of your home that suits your goals.

And the debate goes on... Five, Ten...Twenty... I like ten...



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Pipeline from page 1

mouth.

But if you're a wholesaler, fix and flipper, or even a lease-option investor, you need more than one or two deals per year. You need a steady stream of leads coming to you. The best way to do this is still(!) direct mail. You need to budget for and send out a minimum of 500 pieces per month and probably 1,000 to get a substantial flow of leads. You need to mail to the same people at least seven times. If you're targeting a neighborhood or zip code, you can do this using postcards and Every Door Direct service. You can send 1,000 pieces for under \$400. If you're targeting a specific type of lead - expired listings, tired landlords, out of state owners - or if you're mailing personalized letters, you'll spend closer to \$1,000 a month.

If you don't have money for a sustained direct mail campaign, your next best option is to deploy a team of bird dogs who will submit deals to you. This takes more effort than asking a few friends to be on the lookout for vacant houses and FSBOs. You need to train them to your buying parameters and have an automated system for them to submit deals. You also need to keep reminding them to look for deals - enthusiasm wanes quickly when you're not in contact with them.

There are dozens of ways to find deals but investors need to leverage their time and resources as best they can to get the most leads coming in quickly.

If you're not finding deals, look at your lead pipeline. The problem may be there.



*Direct mail is still your
top choice in lead
generation.*



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Let Us Know

What real estate and business topics would you like to hear about? Let us know and we'll do our best to contact and bring in knowledgeable speakers.

Send us an email: info@WestFloridaREIA.com and tell us what you want to learn.

Our Next Meeting:

THURSDAY, April 14th, 2016

Meeting Place and Time:

Sarasota Association of Realtors
2320 Cattlemen Road
Sarasota, FL
Doors Open: 6:30 pm

West Florida REIA Members: FREE

Guests: \$20.00

In the Port Charlotte/North Port/

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Members Only

We have a shared contact list for members only. If you want to be in touch with other members, to let them know about deals you may have or are looking for, or just to get together to talk deals, sign up at

<http://westfloridareia.com/member-emails/>

Charlotte County Area

Our Port Charlotte Sub-Group meets every Thursday night at 6:30. Bring your deals, your questions, your experience. Pick up a new trick and talk shop with fellow investors.

Luigi's Restaurant

3883 Tamiami Trail

Port Charlotte, FL

\$5 per meeting

FREE to West Florida REIA members.

VOLUNTEERS NEEDED

We can always use a helping hand!

We're looking for people who can help check in members, assist with coffee set up and break down and putting together our newsletter.

If you'd like to help, please email us at info@WestFloridaREIA.com