Choosing Your Niche As an Investor

By: Alan Brymer

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"Claim your territory"

Niche: A place or position suitable or appropriate for a person or thing, such as "finding one's *niche* in the business world."

Every business needs a niche in order to thrive—doctors become specialists, restaurants each serve their chosen types of food, and internet marketers do keyword research to see what topics are popular but not being addressed well online.

I have a niche in the speaking and information marketing world: productivity for real estate investors. I also promote other speakers who have settled on their niches or topics of expertise, too.

I'd like to propose the idea of settling upon a niche for yourself as a real estate investor.

But…most investors don't have a specialty.

Why is that? Possible answers are:

Reason #1: Misguided Greed

We want to be able to do "any deal, anywhere, any price, any condition" under the belief that this shotgun approach will make us more money. I don't.

Frankly, I want "only the easiest deals, 2 feet from my house, so cheap it's impossible to lose, in excellent condition already so I don't have to do any work." Although this is my ideal property, in reality I use this as a guideline and just try to stick as close to it as possible.

Reason #2: Fear

We don't want to miss out on profiting from any deal, ever, and so we feel like we have to take advantage of anything and everything. This is like a restaurant owner saying, "I don't want to lose a single customer, so we're going to serve Italian food, Fried Chicken, Sushi, Hot Pockets, Snow Cones, and Waffles."

Although this would be a dream come true for a small number of folks (like me) the restaurant would probably flounder.

Reason #3: Lack of Business Understanding

Picking a niche is not just something you might get around to someday. It's a fundamental part of any business's strategy and success. The downside is that if you're new, you may have to try different types of investing in order to see what you like before settling on a favorite.

That's fine, as long as what you do try is narrowed down from among all the possible methods to include only the methods that can help you to reach your goals.

Having a clearly-defined niche is crucial for two main reasons:

1) A Niche is an Important Part of Reaching Your Goals

Your investing strategy is a general plan for obtaining what you want in life. Do you want a super retirement? If so, you'll want to choose a strategy that accomplishes maximum long-term profits and cash flow over short-term income, like buying and holding houses or doing commercial property deals.

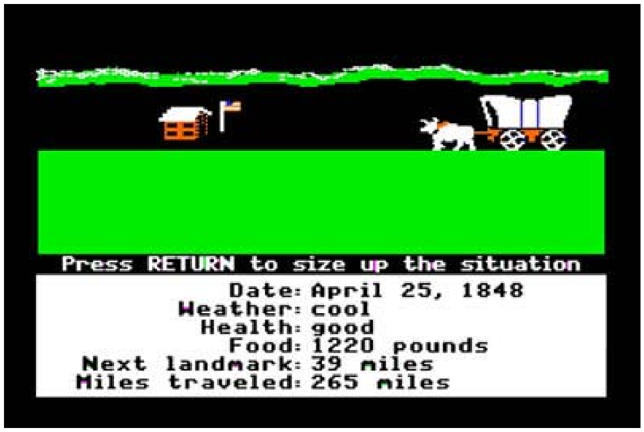
Or do you want to supplement your income now? If that's the case, choose a strategy (i.e., niche) that will allow you to do that, such as wholesaling or flipping houses.

2) A Niche Will Help You Find More of the Deals Your Want

Once you've chosen a niche, the next step is to broadcast it to the world through your marketing. Then, you're letting homeowners, other investors, or others in a position to refer you leads (like realtors, attorneys, mortgage brokers, mailmen, etc) know exactly what you're looking for. And in life, you tend to get what you ask for.

So tell everyone what you specialize in, because I guarantee you that most people know more than one investor. They need *something* to help them know to call you first. And, you can always do a deal that's not exactly what you're looking for. The main thing is to at least know exactly *what* you're looking for in the first place, and I promise you'll find more of it this way.

Step One: Choose Your Geographical Area



"Maybe we should look for deals closer to home"

One way to define your niche, or one of the criteria to consider at least, is your preferred geographical area to invest in.

You will have to decide where you will and won't buy, if for no other reason than deciding just how far out in the Styx you're willing to drive to see a house. You've got to draw the line *somewhere*, you know.

Most investors I know (such as myself) who bought a house 2 hours away because it was such a great deal ended up regretting it later.

In the hours you spend schlepping to and from the property on several occasions, you could have been at home on the phone, in the comfort of your underwear, prospecting for deals in closer locations that you know better anyway.

It also makes sense to use market conditions and property values as a guide when circling your "target area" on a map.

Why not focus on the *locations* that have more of the properties you want? Finding out where the best deals are to reach your goals is worth the research.

I mean, if you're going to spend the same amount of time fishing, wouldn't you want to know where the fish are? Any fellow angler who's wasted a day in their bass boat knows exactly what I mean.

5 Ways to Choose a Geographical Area:

1) Farming a neighborhood

Some Realtors swear by “farming” an area, or getting to know every single house in a neighborhood, making rounds in it regularly, introducing themselves to every homeowner there, and claiming it as your own turf in order to get more listings.

As an investor, I’ve never focused my marketing on a specific neighborhood or two. Instead, I’ve run ads and then bought in certain zip codes or counties I prefer.

However, I know a few investors who somehow managed to buy 10-20 properties, all in one neighborhood. Wow. That takes the guesswork out of comping houses and paying attention to values, rents, and other conditions all over creation.

This might take more work than running a classified ad and taking what comes, but it might be the route for you.

2) Buying close to your home

Who likes driving, anyway? I hate it, and the fact that I can listen to books on tape is just a consolation prize. So one more method is to farm a neighborhood that’s close to where you live or that you drive by every day anyway. Lou Brown refers to 2 students of his who have done this with great success in “This Market Stinks.” (Get your free copy at www.StinkyMarket.com)

Or, just create a maximum distance, such as only considering houses 30 minutes away or less. Or a few zip codes nearby. Or move.

3) Where your preferred deals are

You can use house prices, days on the market, or homeowner/renter demographics to pick what part of your city or county you want to buy in. This assumes, of course, that you have a choice. Some of you are from Podunk, USA, in a town of 5,000 people with no neighboring civilization for 45 minutes. In that case, you’ll have to decide between your town and the next one over.

But if you have a choice, it would make sense to see where home are most easily rented, if that’s your thing, and make it your area to buy and hold. Or the place with the most appreciation, or where there’s more junkers, or whatever helps you to reach your goals.

4) Become "The Guy Who Buys in XYZ County/City"

You could let everyone know that you'll buy houses in some area where few others are located or interested.

Yes, even *you* can become "that guy" at your REIA who is willing to buy in "that county" that's too far away for everyone else to drive, because you live there, or are willing to drive. For investors in the Salt Lake area, that would be Ogden, the Official Armpit of the State of Utah.

5) The Country is Your Oyster

You could even pick a *really* hot or up 'n' coming market outside of your state and focus there, because that's where you can make the most money. Plenty of investors have bought out of state and it can be done. I did it for years.

You might have a friend or relative there who can help you. Or you might go there for a week, make all the realtor, investor, contractor contacts that you need to, and market from afar using the efforts of others.

Or get really good at "virtual wholesaling," or something like that. Ken Wade, by the way, has an excellent software on tracking market cycles and trends in different cities around the U.S.

Whichever of the above you choose, make the location you invest in a major factor in choosing your niche. Also, let me know in your comments below what you think of these methods and if you've found any other ways to choose your places to buy.

Step Two: Choose What Property Types You Will Buy

Your target property, according to Monopoly

Another way to create a unique niche for yourself as an investor is to specialize in a certain property type. You may have noticed that the vast majority of real estate investors are looking to buy single-family houses.

Although houses have their own pros and cons, like all kinds of property, you will find that there are some great advantages to going against the grain and trying new things.

In this article, I'll cover 9 types of properties you have to choose among, and how you could build a business around each by being the go-to guy in your area.

Property Type #1: Single-Family Houses

Everybody and their grandmother seems to begin investing in single-family houses. This is understandable because it's within the comfort zone of most people. You're familiar with them. You have probably lived in one for years or have bought your own residence.

Houses are also among the least expensive property types, so they are affordable to more people and the numbers don't scare away too many of us.

But because so many people buy single-family houses, the only way to build a real property-type niche for yourself is to buy a peculiar type of residence. I have listed three below that you might consider:

Property Type #2: Townhouses and Condos

I've heard a variety of things about townhomes before, ranging from "they lose their value twice as much as houses in a slow market" to "townhouses are safer because they tend to be more affordable for everyone."

The answer to this and to all price-related quandaries is to simply ask a realtor in your area that has been around for a while and knows their stuff. The ones I've bought have not seemed to sppreciate or depreciate any more or less than houses.

But some people are scared off by townhouses and won't consider them. Where there's less competition, there's an opportunity for you. So do the research, and if they seem as safe or reasonable as houses are where you invest, why not take advantage of other people's reluctance?

Of course, I've never met a "townhouse specialist" before, but just adding them to your list of property types you'd consider will mean not ruling them out and doing fewer deals.

Property Type #3: Doublewides / Manufactured Homes

First of all, anyone who turns up their nose at manufactured houses or calls them trailers can kiss my southern white hiney. They are not trailers, people. They are on permanent foundations. There is no trailer hitch. They are not going anywhere. People get FHA loans and regular mortgages on them all the time.

I will admit there are fewer lenders who will loan on them nowadays. Apparently someone at some point had the gumption to split his house in half, lift it off its foundation, and haul it away in pieces to spite their lender. But come on, couldn't any of us destroy our house, if provoked?

My suggestion is this…you might have been born in a ritzy, upper-crust manor with a silver spoon full of clam chowder in your mouth, and consider it unthinkable that anyone would ever live in a house that was built somewhere other than where it now sits.

But the reality is that there is a perfectly good portion of society that could care less, and these people have steady jobs and the ability to pay rent or buy a home. A property doesn't have to be "good enough" for you to live in to profit from it. Snob.

I should also add that manufactured homes, built in factories to exact specifications with steel framing and quality materials are much, much better buildings than some cheapo builders and their Skoal-spitting crews slap up with low-grade 2 x 4's and let sit in the rain with no roof for weeks or months.

Property Type #4: Luxury Homes

I know about 400 investors in the two closest counties to where I live. Guess how many of them actually have the guts to buy luxury homes? The answer is…three. That's less than one percent.

I've stumbled across luxury homes a few times when looking for deals, and I felt like the dog who chased down a car, finally caught it, and didn't know what to do with it. But my mind instantly thought of those three people, and I called each of them up.

Would you rather be one of the four hundred that any one investor could call, or one of the three that the four hundred investors can call? These guys would make $200,000 or more per house.

I'll admit, though, that the idea of being stuck with a $7,000 payment on a house I can't get rid of isn't a barrel of fun, but there is without a doubt a method to investing in them safely that you can seek out and learn if you decide to go this route.

Property Type #5: Land, or vacant lots

I remember every time I talk with a seller who has a vacant lot next to them, they always hype up how valuable their house is because there's land next to it, as though going through the arduous process of building a home is as simple as assembling an IKEA bookshelf.

Land and lots never meant anything to me, because the only exit strategies I could think of involved either 1) having to build a house, or 2) tying up my money for years with nothing coming in, waiting for the land value to appreciate.

The latter somehow combines the disadvantages of both real estate *and* the stock market, for a double whammy of un-coolness.

However, if you can build houses, can hold the land without a negative cash flow, or if there's some other way to profit from it, which there undoubtedly is, as evidenced by the excitement about Jack Bosch's Land Profit Formula, then learning how to invest in land would give you a unique advantage over the rest of us who don't know what to do with it.

Property Type #6: Vacation Property

I have no experience with this, nor do I know anyone who does. I'm sure it works well for some people. I think the idea of buying a second home far away just so you can vacation in it for a month and renting it out the rest of the year is dumb.

Of course, my opinion is skewed because of my personal experiences at beach week after graduating from high school. Suffice it to say, we did not get our security deposits back, and some poor sap had to clean up a 6-foot-high "beeramid" we constructed out of empty Natural Light cans.

Those landlords didn't exactly have the glamorous lifestyle you see touted in a Carleton Sheets infomercial. Maybe a management company handled everything for them, but who cares? Why not just get a travel agent to find you a smoking deal on a vacation getaway that doesn't involve cleaning up or having to ask someone to clean up vomit.

(NOTE: I've been informed by readers that I am woefully ignorant regarding how to make money with vacation/resort property, and I willingly admit it, so rest assured there are smarter ways to do it than renting to rowdy, drunken teenagers)

Property Type #7: Multi-Unit Property

Many enterprising investors take their first leap into the big time by advancing from single-family houses to 2, 3, or 4-unit residences. Wow. This is like graduating from Strawberry Shortcake to Malibu Barbie.

I don't mean to knock anybody here, and some of you probably have net worth many times mine from buying and holding 4-plexes, but to me it seems like trying to move up in the world, but setting your sights way too low.

Dave Lindahl says that it's no harder to manage 50 units than it it 10 units. I kind of like that idea. If I'm going to commit to managing 50 units, why not buy one building with one roof to replace and one manager to manage, rather than 10 smaller, multi-unit buildings all over town?

Many places in the country don't even have duplexes and triplexes. I had never even heard of them until I moved to Utah, where even the governor lives in one;) Nevertheless, they are easier to buy because you can get residential loans on them with lower down payments if they are 4 units or fewer.

Oh, and some people buy them, live in one of the units, and fill the rest with tenants, creating a living situation second only to a house shared with multiple in-laws in awkwardness.

Property Type #8: Apartments

I say if you're going to go big, then go big. Learn the ropes with single-family houses or small multi-units, and then multiply what you're doing with a sizeable apartment building. I mean 10 units or more. Why not hold out for the big one that will single-handedly become your retirement fund?

One of my mentors in Washington DC made his fortune from buying and holding over 1,000 apartment units. Think about how much less each unit costs than an entire house, each with its own roof, yard, heating, and plumbing systems.

The economies of scale are substantial. Robert Kiyosaki teaches to roll your profits from smaller buildings into larger ones, and for many people, apartments are the way to grow.

Property Type #9: Commercial & Self-Storage

However, have you ever thought about why so many investors, when they decide to go big, try their hand at apartments but don't consider commercial property? What is it about residential property that we just can't let go of?

I feel the same way about residential tenants as I do acne…even if there are ways to keep them under control, it's better not to have them in the first place. Am I right here?

Listening to [Terry Hale say "one and you're done"] when referring to big million-dollar profits from commercial deals (such as office buildings, industrial, retail shopping centers, warehouses, mobile-home parks, and much more) is pretty exciting.

Talk about strategic investing! In our rush to make quick profits we scramble to wholesale deals and buy houses, but why not be patient and take the time to find a big deal that could set you up for life?

I feel a lot more interested now in [self-storage facilities], too. When I interviewed Scott Meyers in my book, he kept naming benefit after benefit of self-storage. The demand is high, collecting rent is a lot more automated, and they truly are cash cows. Take the time to look into these or hear what Scott has to say, because it's simple, straightforward, and truly eye-opening.

The downside to these, commercial deals, and apartments are that you have to come up with a lot more money to buy them. But hey, if you're trying to have hundreds of thousands of dollars in private funds available to buy several houses, why not keep doing what you're doing to raise them but buy one larger property instead?

Dare to Be Different

So these are the main categories of properties that you can specialize in. They might be unfamiliar to you. They might require you to come out of your comfort zone, to change your way of thinking, or to invest in a course or find a partner who can show you the ropes.

But, I guarantee that if you do choose one of these less-traveled roads, you can walk into your local investors association, announce "I buy [insert property type other than houses or small multi-units here]!!!" and you'll have more people swarming around you than MC Hammer in his prime.

Step Three: Choose Your Preferred Exit Strategies

Don't be this guy.

One of the ways you can create a niche for yourself is by specializing in one or more of the following *exit strategies*. Your exit strategy is what you plan on doing with a property once you have bought it, and how you will eventually sell it and make a profit.

This could take 3 days or 30 years, depending on which you choose. But choose you must, because how you plan to get out of a deal determines how you get into a deal in the first place. It affects how you find houses, the offers you make, and how you finance them.

It would benefit you to choose your preferred exit strategies right away, as it will help you get clear on how to go about your other investing activities. If each house is a vehicle to creating wealth, think of your exit strategy for each house as the road it drives on. You wouldn't want to buy a new car and make a cross-country trip in the wrong direction, would you?

Therefore, keep your goals and preferences in mind as we discuss the pros and cons to each of the exit strategies below:

Exit Strategy #1: Wholesaling

If you're getting a contract on a house and then selling the contract (or doing a double closing) to an investor, you probably don't care too much where the house is or how much work it needs. As long as there's someone to buy it from you, just give them what they want and let them deal with it.

If you plan on wholesaling a lot (or don't have many other options), it would pay for you to buid a buyer's list of a large variety of investors. Then, no matter what kind of deal you come across (big, small, pretty, ugly, near, far, or whatever) you'll be able t profit from it.

You can use advertising methods that find any kind of seller, anywhere. An example of this would be running a "We Buy Houses" ad in a newspaper that is read by 4 different counties or one big city.

Just get good at finding deals in general, and you'll always be able to profit without having to be too picky about the houses you make offers on.

You can be picky later on when it's your butt signing on the dotted line to buy.

Exit Strategy #2: Selling Retail

Putting a house on the market for full market value is the most difficult way to sell a house. I used to hear that a lot in the early 2000's and thought, "Why is that?"

But if you've lived through a slow market, or even a normal one, then you know that finding qualified buyers can be challenging.

I'm a fan of Kris Kirschner's practice of only buying houses that you could rent to tenants if you had to. Then, you can offer the house for sale in a variety of ways and the worst that can happen is that you put a tenant/buyer in and sell it later rather than now.

While you might prefer getting paid sooner rather than later, trust me—getting paid later is better than not at all.

A large number of investors have painted themselves into a corner by buying a house that is too high-priced or with short-term financing. If you do that with the intention of selling it right away, what happens if you can't? You're stuck, and there's nothing fun about shelling out payments on an empty house for 12 months.

So if you're going to offer your house for sale retail in a slow market, you'll either need to lower the price to move it faster, or go all out and market it heavily. Nathan Big teaches how to put on an auction to fill your house full of potential buyers and get it sold in one weekend.

You'll also have to be pretty selective about the locations where you buy, and make sure there's nothing funky about the house's layout, because retail buyers are PICK-Y.

Exit Strategies #3: Selling Retail With Partial Seller Finance

One other way you can sell retail is to advertise the house as "Seller Financing Available" or "No Banks Needed." Guess who's going to respond? People without a lot of money down or without great credit who can't (or THINK they can't) get a loan.

A certain percentage of them, though, will actually be able to qualify but don't know it. Maybe they went to a loan officer who didn't know what he was doing and they got turned down unneccesarily.

The usual situation, though, is that they WOULD qualify for a loan if only they had some certain amount of money to put down. Perhaps they could get a loan for 90% of the purchase price, but they only have 5% to put down. They don't qualkify, right?

With most sellers, no. But what if you agreed to let them pay you 5% of the purchase price several years from now, and the lender was fine with that? Your loan has taken the place of their missing down payments funds, so:

The buyer's 5% down + Note payable to you for 5% + Loan from their mortgage company for 90% = 100% of the funds needed to buy the house NOW.

So even though you advertised "No Banks Needed" you were able to get them a loan after all. And what happens if you can't find someone who qualifies, even if you help them by financing part of the sale? Then you can lease/option the house or finance the majority of it yourself, just like your ads said.

Exit Strategies #4: Lease Option to a Tenant/Buyer

If you intend to sell houses to tenants who rent for a while until they can buy it, you'll need to buy in a neighborhood where people can afford to pay more than the mortgage payment. This rules out a lot of places. You're most likely going to be buying in blue-collar neighborhoods like this house of mine here.

Notice the condition of the house is acceptable, but not perfect? The landscaping needs to be improved, and it's on a weird hill. But that's okay, because tenant/buyers are not nearly as picky as people who can buy any house they want.

To target houses you can rent, you need to target your marketing to find sellers in those same places. You don't want to run an ad that gets you calls from all over a 50-mile radius if you're only interested in 10 neighborhoods.

Instead, use marketing methods that you can point like a laser beam—like direct mail, flyers, signs, and so on.

Exit Strategies #5: Selling With Seller Financing

The same goes for seller financing. Typically, the process for finding sellers and buyers for houses you will finance (through a land contract or contract for deed) is the same as with houses you will lease/option.

You run the same ads to find houses with affordable long-term financing, and then you run the same "No Banks Needed" and "Bad Credit Okay" ads to find buyers.

One notable difference is that when you finance a house to someone, they should pay you 10% of the purchase price. Otherwise, make them pay you a nonrefundable deposit and lease/option from you. If you get 10% and seller finance it to the buyer, great! More money paid to you now. But think of this as a bonus because buyers with this much money are harder to find.

One other difference is that if you receive a down payment from a buyer, and he signs a note to pay you monthly payments for X years, you can sell that note to a notebuyer and get the rest of your money sooner anyway (although at a discount).

Exit Strategies #6: Using Options to Buy, Sell to Investor or Retail Buyer

If you're going to get the "option" to buy a house from a seller, it's the same as wholesaling. You have no risk and can afford to deal with less-than-perfect houses, locations, and conditions.

However, if you are going to try and sell the houses you option to a retail buyer, the same rules apply as if you were going to buy it first before trying to sell it. It must look good and be in a good neighborhood.

You can also get an option to buy a house for a really low price and then find an investor buyer. This is the same as wholesaling, only it's easier to convince the seller to go along because they're not bound to selling only to you like they would if they signed a sales contract.

Exit Strategies #7: Rent It For a Few Years and Sell It

If you plan on renting houses in a neighborhood where you expect values to go up in a few years, then obviously you'll need to get good at finding deals in those same areas. But it had better appreciate—otherwise, what's the point?

I know a lot of investors do this reluctantly in a slow market, though, after seeing all the equity disappear from their rental properties.

You will also need to make sure to buy the houses in such a way that there is no deadline on your funding, and that the payment is low enough that a tenant can cover it. If this is an exit strategy you really want to use, I strongly recommend that you get good at marketing and finding the right houses that allow you to do this.

If you use any old method to find houses, and make offers in ways that keep you from being able to rent the house for years (which is the path of least resistance), then more often than not, you will be forced to take some other exit strategy than renting.

Sometimes a seller will finance the sale of their house to you themselves, but only for a certain number of years. Then they want their loan paid off and out of their name. So again, how you negotiate this will determine whether you can use this strategy or not.

Exit Strategies #8: Keep It as a Rental Forever

This, in my opinion, is the hardest strategy of all, for a few reasons:

- If you buy houses subject-to, it is more challenging to get sellers to let you keep making payments on their loans forever. Most will make you promise to pay it off in 3-5 years–at least in my experience. Maybe I could get better at this.

- It is harder to get long-term financing yourself. It's easy to get short-term money from a private lender or hard money lender. But getting a 30-year loan requires good credit and a down payment, which not all of us have or desire to use.

- You don't get paid for years and years. This is okay if your ultimate strategy is to retire in 20-30 years, but as for me, I'd rather have $30,000 in my savings account today than a cash flow of $200/mo.

- Maintenance and property management. When the tenant moves out and the house needs paint and carpet, where is that money going to come from? Your pocket.

- Some investors, though, have perfected the art of landlording, so I don't want to turn you off from it completely. It has created an amazing retirement income for many a person. Just know going in that it would be very wise to learn the ropes or find some kind of software to track it all.

So these are your options. I'm sure there are more strategies than this, but these are the most common ones.

Make sure that you think long and hard about which of these you want to specialize in, or pick some combination. You might choose to lease/option most of your houses, but gladly accept an offer from a retail buyer, IF it happens to come along.

Or, you might wholesale every house you come across, except for the 1 out of 10 that is a perfect "keeper," with an old loan you can take over payments on and rent without any problems.

None of these is right or wrong, though some are easier than others, depending on your local market conditions and your skills.

I will say this, though. For every exit strategy, there is someone who has gotten really good at it and is teaching others their secrets. So if you're like me and hate landlording, get Mike Butler's course and software and turn that weakness into a strength.

Remember that your investing is a means of reaching YOUR goals, so do what you have to do to use the exit strategies that can take you there.

Step Four: Choose What Property Conditions to Take On

SAD FACT: There are sellers in existence that can't understand why you'll have to do repairs on this house

It is certainly true that if you're willing and able to do things that other investors are not willing to do, like big rehabs, then you won't have trouble getting deals your way. After all, within every challenge lies opportunity.

Then again, if you knew you would get more deals done by eating a live cockroach every day, would you? I wouldn't. Some where we all have to draw the line at what's worth doing or not.

You do NOT have to specialize in doing big rehabs if you don't want to. There are other ways to find your niche. But this is one, so I'm going to mention the different levels of rehab. The most important thing is that you draw the line SOMEWHERE of what you will and won't do.

Property Condition #1: Perfect or Near Perfect

Obviously, every investor would love to find a house with a ton of equity that needs absolutely no work. And from time to time, it happens! Just don't count on it.

There's almost always something that needs fixing, even if it's just a broken tile, or new lighting fixtures, or painting a room. But if you find a house that only needs a few hundred dollars in work, savor the flavor because it's the exception.

Property Condition #2: Paint, Carpet, & Trim

This is the more likely scenario. Most of the houses I've bought have needed new pint and carpet, without exception, often for no other reason than to totally wow buyers with a house that feels new.

(By the way, if you ever have to choose whether to carpet/paint a house or if it's good enough to get by, just DO IT and you'll thank me later).

Anyone reading this is capable of getting a house painted and carpeted. First, you put on your mask, then you stir the paint….wait, I'm just kidding. That would suck.

The process is more like this: Send email to 10 investors you know, asking who they use for paint and carpet. Call painter. Call carpet company. Tell them you want an estimate. Pay them an advance. Show up when they say it's done. Pay the rest. Reward yourself with a latte for all your hard work.

Really. If you can make phone calls and use a pen, then you can do this.

Property Condition #3: "Cosmetic Repairs" Only

"Cosmetic repairs" usually mean paint, carpet, landscaping, and wood trim. But sometimes this gets tricky, or more involved than you'd think.

For example, if the house is 3500 square feet, the costs might be $15,000 or more. You might have to find someone to do specialized work, like finishing the wiring that some amateur craftsman started years ago, or scraping that nasty "popcorn" from the Disco era off the ceilings and making them look normal again.

This kind of thing isn't rocket science, but it can be a pain in the butt if you hire the wrong person, like the handyman who has to figure out how to do what you hired him to do as he goes.

Also, don't underestimate the cost of these by forgetting to add up how much all the "miscellaneous" repairs will cost. The little stuff adds up.

Property Conditions #4: Big Rehab

A "big rehab" can either be a renovation that costs more than your threshold dollar amount ($20,000 in my case) or involves certain kinds of work that you don't even want to be responsible for watching someone do, like foundations, "gutting" a house, all-new electrical or plumbing systems.

These are not for the faint of heart, and often the repairs end up costing a lot more than you originally planned. Sometimes you don't know what else needs to be repaired until you've started pulling up floorboards and tearing down walls–and then you're stuck.

One investor told me that on his first big rehab, everyone got paid but him–the title company, the seller, the contractor, his subcontractors, and his realtor–but not him, because he spent so much on repair costs.

If you have a dollar amount for rehabs that you won't cross, draw that line and stop reading here. If you're a little more daring, then go ahead and do it once or twice, then see if you'd want to do it again.

Don't get me wrong–it can be done. And if you do it particularly well, go for it. As for me, I'd rather figure out better ways to find sellers with houses in near perfect condition.

Property Condition #5: Building Additions

I am NOT the one to ask about adding on to or building houses. The only thing I know how to "add on" to a house is a For Sale sign.

When you get into adding on to houses, you're in playing a different ball game, and it's a game I never bothered to learn.

Nevertheless, there are investors who buy houses they know they could finish building or add on to and increase the value and then sell. Just make sure it's a good deal without having to add onto it to increase value. It's better to buy for less than it's worth than to force it to be worth more.

Property Condition #6: Dilapidated Houses

I've come across a few of these and I would give ANYTHING to find the pictures. I'm talking about houses with no foundations, just sitting on the grass. I can recall a house with a 100-ft tree lying in the middle of it. You know the kind I'm talking about. And people still live in them.

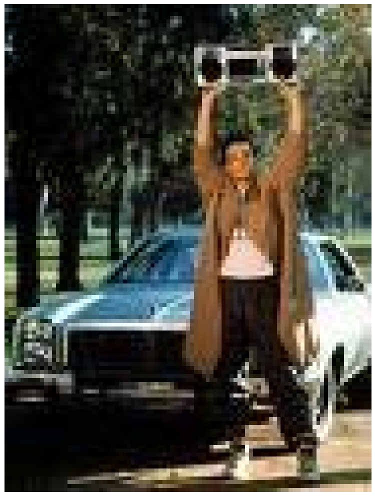
The best one was an "earth house." It was pretty much a bomb shelter buried under a hill. If you've seen Bilbo Baggins's house in The Hobbit, then you've seen it, too:

I brought my contractor to see that house. He immediately renounced his status as a nonbeliever and began fervently petitioning a higher power that I wouldn't buy it and hire him to renovate it.

I wouldn't touch deals like these with a 100-foot pole, but some of you would. And if you do, you'll be the first one I call when I find another one.

So there you are–a wide range of the different property types out there. Where do YOU draw the line?

Step Five: Choose Your Marketing Specialty



One particularly ineffective way to reach motivated sellers

This is the last way that you can choose your niche as a real estate investor. How are you going to find houses to buy? Before you choose a method, review what we've already covered.

In what areas do you want to buy houses? Knowing this will determine whether you advertise with a "shotgun" or a "laser beam" approach.

What do you plan on doing with the houses you buy?

How will you profit from them?

How much renovation are you willing to do? [NOTE: by "do" I mean "pay someone to do"]

When you have answered these questions, you are ready to move on. The next step is to find a method of getting the right sellers of the right houses to call you. Here is an overview of the main ways:\

Marketing Method #1: Direct Mail

- This includes letters and postcards, mostly, to a list of homeowners that you target. You can get really specific in who you mail to, sorting the list by property location, loan type, default status, age of loan, bedrooms and bathrooms, etc. (See http://alanbrymer.com/salesteamlive for details on how to do this and have all the mailings automated for you)

- You can also target homeowners in situations that would make them more inclined to sell, like recent divorces, out of state owners, probates, etc.

- Direct mail is affordable and is one of my favorites, because it helps you target only the kinds of houses you want to buy.

Marketing Method #2: Networking

- Networking is essentially free, though you'll probably end up buying a tasty lunch or two along the way (boo hoo).

- It takes time to do, but that's the trade-off. You will either spend money or time finding deals.

- You can strategically target who you network with, like other investors, attorneys, bird dogs, realtors, etc.

Marketing Method #3: Signs

- You can have signs put up in the locations where you want to find sellers. These get attention.

- You can put up inexpensive bandit signs to start with, if you're ready to stand up to the sign nazis' regime.

- You can also arrange for signs to be placed in stratgic locations by getting permission from property owners.

Marketing Method #4: Print Ads

- Print ads blanket the geographical location where the newspaper or magazine is published. This is good if you're looking for deals all over.

- The cost to run these can be high, but have a very low cost per person reached.

- Or, the cost to run these can be low (like in your local penny saver or the Thrift Nickel).

Marketing Method #5: Broadcast Media

- I haven't done this in a while, because it got too expensive, but this includes TV ads, radio ads, and billboards.

- You reach a TON of people, but they are from all over the place, including areas you could care less about.

- Unless you have a way to profit quickly from deals, you may find that you are tying up more money in ads than you can get back from sales anytime soon.

Marketing Method #6: Telemarketing

- You can hire an assistant to call any list of sellers or potential sellers you can think of. Or, if your typical breakfast includes rusty nails, broken glass, and splinters, you can do it yourself.

- Calling sellers gets you in touch with them right away, and a high percentage of them. The downside is that you then have to talk with them (and most of them are not motivated, depending on the list you're using). But if someone else is doing it, who cares?

- I would run all the numbers you call by the Do Not Call list. Google "do not call list" and you'll find a site where you can type in phone numbers and see if they're on it or not. You're not selling anything, I know, you're trying to buy. But, in my opinion, it's a solicitation nonetheless. I just don't feel like getting flack from people who consider the chiming of an electronic tone in their kitchen to be the equivalent of breaking and entering.

Marketing Method #7: Funky Stuff

You would not believe some of the ways investors have found to locate deals. And trust me, for every kooky way to find sellers, there is a guru selling their system with all the details on how to do it. And I'm glad! That means you can quickly become a master at using a particular technique in your area that no one else is doing, but would take you years otherwise.
Examples are:

- Finding deals through mailmen. Tom Nardone, "The Millionaire Mailman," sells a course with a DVD you can give mailmen that tells them exactly what kinds of deals to look for and how to contact you with deals to refer for a bird dog fee.

- Finding houses on Ebay. Lydia Trotter teaches how to find houses at ridiculously low prices (like $1000) on Ebay, of all places.

- The list goes on. I love the unique stuff like this and will investigate more of these methods as I meet the people who teach them.

NOTE: There is obviously a lot more to covering the many, many ways to find deals to buy—it would take 6 hours to do the topic justice. How do I know this? Because that's how long my one-day seminar, **How to Find Motivated Sellers**, lasted.

In it, I cover what I have found to be the most cost-effective ways to find properties you can buy far below market value. I won't spend any more time plugging it here, so take a minute to look into it at: http://alanbrymer.com/motivatedsellers

So What is Your Niche Going to Be?

Whew! I can't believe we got through it all. And I'm not even trying to imply that these are all the ways you can advertise to find motivated sellers.

But what I want to emphasize is that there are a LOT of ways to skin a cat. So try a few of them that seem likely to help you get what you want and keep doing the ones that work well.

As you have seen, there is a variety of factors to consider, and it's not something you decide on haphazardly. But I promise you that if you just decide on something, you'll be light years agead of the investors that have no objectives whatsoever.

Remember, if you don't know what you want, you'll never get it.

So let me know what your niche is going to be in a comment below. What will you buy? Where will you buy? How will you find houses, and what will you do with them once you've got them? Until next time, happy investing!

About Alan

Alan Brymer is the creator of *The Assistant Who Pays Their Own Salary*, the author of "This Market Stinks!" and runs the world's greatest blog for real estate investors, www.TheInvestorLibrary.com. He has been a full-time investor since his first property at the age of 22.

By creating a structured, organized approach to his business, Alan has raised millions of dollars in private funding and has become an expert in doing more deals in just a few hours per week. Alan's investment company was recently named by the Utah Valley Entrepreneurial Forum as one of the "Top 25 Companies Under Five Years Old."

Links and Recommended Resources:

www.TheInvestorLibrary.com

Alan Brymer's blog. Subscribe here today to receive new articles as they are written on real estate investing, productivity & time management, and outsourcing to run a virtual business. Subscribers also receive exclusive free reports and surprise discounts.

www.StinkyMarket.com

Get your FREE copy of Alan's book, "This Market Stinks: 12 Experts' Strategies for Surviving & Thriving in a Slow Real Estate Market." Avoid losing your shirt by only using the most effective techniques in today's market. This book contains even more strategies you can learn and choose from when picking your niche as an investor.

http://alanbrymer.com/motivatedsellers

Alan's 6-hour seminar on the most cost-effective ways to get motivated sellers to contact YOU. Based on 7 years of testing and tweaking a variety of marketing methods to skip your learning curve and start making more money in real estate today.

http://alanbrymer.com/landprofits

A special video showing how to find more hyper-motivated sellers of quality land than you can handle and buy these properties FREE and Clear for as little as $100.00 each. Also, how to even get some properties FOR FREE, put your land business on Auto-Pilot so you have tens of thousands of dollars coming in through the mail, and sell properties in less than 10 days for top dollar.

http://alanbrymer.com/salesteamlive

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