# Buy what is “On Sale”

*The following was written by Eric M. Wohlwend, president of Clear Sky Properties, Inc. Eric has been a full-time Real Estate Investor since 2003.  He received both the OPHP & NaPHP in 2006.  He has been a Real Estate Agent since 2010.  He has completed the IREM CPM training.  He has a Bachelors of Science from Kent State University.  He has written multiple articles in various Real Estate Investment newsletters.  In November 2015 he was published in Business Innovators Magazine.  In January 2016 Eric became a #1 Best Selling Author. He has also spoken all over the US and in Canada. He is the past president of the Alliance Property Owner’s group and has been on the board of multiple Real Estate Investment Associations (REIA’s). He currently controls hundreds of real estate units including single-family homes, apartments, mobile home parks, storage units and commercial stores.*

A few years ago I encouraged my partners, and about everyone else I talked to, to buy apartment complexes. After the 2007 real estate crash there were great deals on these properties. Many of these needed repositioning. They had very high vacancy rates and/or a lot of deferred maintenance. If you had, or could find, a management and maintenance team that could dramatically increase the occupancy there were millions of dollars to be made. Today these properties are selling for much higher prices. Some of my partners still want to buy apartments, but to me it does not make sense.

In the past 6 months I have purchased a number of single-family homes. The major challenge of these properties is management. It is much harder to manage 100 houses than it is to manage a 100-unit complex. Not all management companies can handle this. This provides an opportunity to those who can. By buying what is “On Sale” today I have doubled my returns over what I could have gotten if I only bought apartments. If you buy correctly, when you finish a rehab you instantly have equity. With more equity and more cashflow in months rather than years, it is hard to justify paying the high prices that apartments are selling for today.

A major benefit of single-family homes is that just a bout anyone can get started. There are so many available, that there is almost always a good deal. Another benefit is that it is easier to sell a house. Try selling 5% of a 100 unit building. It is much easier to finance a small property. There are many owners that will hold the note for a few years. There are also many investors with IRA’s that are tired of the ups and downs of the stock market. With the near zero interest banks are paying today many more people are looking for alternative investments.

Buying houses is a numbers game. When I started investing in real estate I was taught (by some very smart & successful investors) to “Drive for Dollars.” Look for overgrown yards. Send mailings to the delinquent tax list. Do short sales… We did all of these & more. Now I get much better results by sitting in front of a fire with my iPad. There are better websites for finding properties now than even Realtors had just 10 years ago. You would have to drive many miles to see a fraction of the properties that are for sale on just one real estate sales site.

Another benefit is buying in your IRA. I have used my Equity Trust Company Roth IRA to buy a house. If I bought a 20 unit building it would have to be owned by either my IRA or me personally. If I buy 10 houses that make the same amount of cashflow, I can buy 2 in my IRA & 8 more personally. This gives me the cashflow I want to live on today & also increases my retirement account.

There are both benefits and drawbacks to single family homes. The same can be said about apartments, mobile home parks and every other investment I have looked at. Today I am finding many houses “On Sale.” I will keep buying these as long as they are available. If apartments go on sale tomorrow, I will buy more of those.

The bottom line is do not get attached to one type of asset. I have many types of real estate in many cities. In one city we have a waiting list for our apartments but we have a couple vacant houses. In another area we have a waiting list for our houses, but we have a few empty apartments. All real estate moves in cycles. By always buying what is on sale, I not only get the best prices. I also get a nice mix of assets. When one is vacant, another is easy to rent. With stocks they call this diversity. I call it common sense.

By: Eric M. Wohlwend, Investor