CEO SECRETS PODCAST

Advertising Secrets to Find Distressed Real Estate Deals... with Jeremy Brandt, CEO of We Buy Houses

Chris Watters & Jeremy Brandt

Chris Watters
Hey guys, it's your host Chris Watters. Welcome to CEO Secrets I've got a really special guest on today Jeremy Brandt from FastHomeOffers.com he actually has a network way beyond just fast home offers calm he is also in the space of providing a business in a box for people that want to start a business buying distressed homes across the United States. And he's also has a referral platform for real estate agents. Jeremy, welcome to CEO Secrets.

Jeremy Brandt
Great to be here. Thanks for having me.

Chris Watters
So how long ago did you get into the distressed asset as a selling people, you know, distressed I assume is primarily

Jeremy Brandt
Single-family homes, primarily single-family homes, a little bit of commercial and a little bit of multifamily but primarily single-family. I've been involved in this for almost 20 years now. I started my career in kind of the high tech space working with dot coms and doing a lot of technology things when I got into house flipping. I really just took some of that

background and applied it to the house. Flipping world and that evolved into the businesses that we have now that provide leads and resources to real estate investors and agents, brokers

Chris Watters
20 years ago, let's see Google AdWords really just was it they came up with the algorithm No, three, it was six, somewhere in that timeframe.

Jeremy Brandt
So we were Google AdWords was actually running strong. We were doing a lot of ads on the Google network. A lot of SEO, you know, SEO is really easy to do back then. And then a lot of advertising the company called Overture, which is what became the Microsoft, Bing and Yahoo advertising network. So pay per click advertising was definitely in its infancy at the time. I remember back in 2001 2002, it was like three or four cents a click for real estate related clicks at the time, which was, wow, it was the heyday of advertising for us for sure.

Chris Watters
For people watching this, What's the general range on our cost per click basis for essentially generating distressed seller leads, what kind of company Per Click is it now? And then could you break down your cost per lead? Just I know it's why it's there's a wide range depending on where in the US you are, what's the low end? Oh, sure.

Jeremy Brandt
Yeah. So we, you know, we advertise nationally all over the US and the price per click, which ultimately is price per lead varies drastically by geography, as you might imagine, right. more rural areas that have a lower cost of houses and less competition are much less expensive. But I'd say on the low end, cost per clicks are 10 $12. And the cost per lead might be 5060 $70. On the really low-end rural markets. You get into some areas like Los Angeles, New York City, high-end expensive markets with a tech-savvy population, a lot of competition, you could be looking at $100 cost per click, which is amazing for a single click, which gets you to 1000 1500 dollar cost per lead, generate leads around motivated home sellers. So it's really a massive range all across the country.

Chris Watters
So you have a business We buy houses which is a franchise system that you kind of like we buy ugly homes. Is that is that accurate?

Jeremy Brandt
Yeah, so we're not a franchise We Buy Houses calm. We looked at the kind of environment and looked at the ugly house guys and some other things in the market decided we want to do things a little bit differently. So what we did is we created a brand license where people that are already really experienced successful residential real estate investors want to scale up their business. And we license out the We Buy Houses calm brand, we give them marketing tools, TV commercials, billboard designs, we have an in house ad agency that runs all online marketing, and we really put the We Buy houses.com brand on top of their existing business to help them scale it up faster and better. We felt like the franchising model just wasn't a good fit for the residential real estate investing community for us, because we didn't want to train people that you know how to McDonald's and now want to be a real estate investor on the soup to nuts how to be a real estate agent Esther, we really wanted to take experienced people and help them level up their business, which we've been very successful in doing. We've got, I think about 70 or 80 offices all over the country buying three 4000 houses a year. And it's been really, really great. We started that business about seven, eight years ago now. And we've got some just incredible investors in the system. Now.

Chris Watters
In terms of conversions, when you think about how many leads it takes to get a deal under contract, I'm sure that it's obviously a function of skill for the salesperson but any general range of how many distressed seller leads you have to generate to close the deal?

Jeremy Brandt
Yeah, so that's a that is a, there's a lot of factors that go into that. And we talk about that all the time in our lead gen business and in our brand license business. A lot of it has to do with what tools are in your belt. So you know, if you're just a fixin flip real estate investor and you're going to try to make offers that are 75 cents on the dollar minus repairs, you're gonna get a very small percentage of home sellers that you talk to that are the right fit for With that solution, so you might be looking at, you know, one in 21 in 25, one and 30 people that you talk to that are a fit for that very specific type of situation. Now, when you kind of expand a little bit and you make offers that are more in that 80 85% range of market value, you end up closing a lot more deals, when people start getting into some of the creative ways of real estate investing subject twos lease options, other ways of critically working with home sellers to help them out of the situation, the number goes up even more. And then what a lot of our clients do is that they own real estate brokerages as well. And so once you then also have the option to list the home, you might be looking at one in five or one in seven home sellers that you

work with, that if you've got all the tools in your belt, you can provide a solution to them whether it's I'm going to buy your house for cash, I'm going to help you sell it through a listing. I'm going to do something else kind of creative in the middle.

Chris Watters
When you think about lead quality with all the different mediums of advertising How would you rank them in terms of, you know, best to worst irrespective of cost? Yeah. Like when you think about lead sources, what would be from top to bottom best or worse? Yeah.

Jeremy Brandt
Well, I think this applies in almost all forms of marketing, you know, real estate, especially that you think for, you know, any of your viewers that are just business owners in other industries. The highest quality lead or the highest quality prospect in your system is somebody who is looking for the solution that you provide. So they're out there searching for that solution, and they find you in the process. So for us, that looks like SEO and pay per click are some of the highest call, they're also the most expensive, but the highest quality sources of leads because all of those home sellers went out searching for a solution to their problem found us and now we're going to provide that solution for them. So they're very motivated and, and ready to take action today. Versus you know, things like display advertising, Facebook, advertising, Instagram, advertising. In all good forms of advertising, but you're either interruption based or you're interrupting the consumers kind of feed with information that might be interesting to them. So you end up getting a lot more tire kickers type of people that are just curious, what is this about, I want more information isn't bad, but you have to kind of run them through a longer funnel or kind of warm them up over a long period of time before they're going to turn into an actual client. And then there's, you know, the other broadcast forms of advertising, TV, radio, billboard, again, all of those are advertising to the masses. And somebody says, Well, I could maybe use that solution. Let me give them a call. It's great. But again, you're going to you're going to wade through a lot of looky-loo tire kicker kind of people to get to the people that are really motivated and ready to take action right now.

Chris Watters
So we buy ugly, is that we buy homes or we buy ugly houses anyways. They're, yeah, they're there. Their network. It seems like they're really big into doing billboards. Is that word Play for them for people to just, you know, to build a brand equity in the modern consumer in the name they Google the company, or is billboards is that an actual effective, you know, medium to get to attract distressed sellers.

Jeremy Brandt
I've found that billboards are a fairly low return on investment advertising method. I think they really, you know, in my opinion, they do it for the brand building to get the brand out there. And because they're a franchise, and they might put 10 2030 franchisees in a market that billboard advertising brings them more franchisees which is really their primary source of revenue. And so I think that drives that type of advertising, we've done lots of billboard advertising in the real estate space. It really makes sense on the distressed home seller side only if you're getting remainder inventory rack rate for billboards is really expensive, you know, and they charge that to the movie studios and the big brands, but there's a lot of times that billboards go unsold and you can get a billboard for half a third a quarter of the cost of what they quote you upfront, if you're willing to take a billboard that's open and nobody else is on right now.

Chris Watters
On the marketing front, also another popular medium is direct mail and you go through all these coaching programs and, you know, you know, they talked about how the biggest buyers across the country you're sitting on 100,000 pieces of mail a week or something crazy. What's your take on you know, these I mean, I've seen them they're like blue and yellow first notice second notice third notice. Now you'll notice, what's your take on on the, you know, the direct mail strategy that a lot of these people push?

Jeremy Brandt
Yeah, I think direct mail is good. It's like a lot of things. You know, TV can be good and it can be horrible. It's all about the strategy that you've implemented around TV advertising. If you advertise on one show, you might get no calls. If you advertise on another show, you might get a lot of calls. Direct Mail is really the same way. If you do you know mass broadcast direct mail eddm they call it everything Direct Mail, I've found that to be a really low return on investment because you're hitting 98% of the people with a piece of direct mail that don't care about your message. Where I think direct mail is really effective is when you tightly targeted to the exact type of consumer that is most relevant to the service that you provide. So in the case of a real estate agent or real estate broker, there's a lot of demographics around, you know, how often do people move? When are they likely to move, expired listings, all those different types of things that have a really high indicator that somebody is ready to do something. That's a great list to direct mail to. And the real estate investing world. You know, our demographics are more like non-owner occupied homes. So somebody has rental house or Airbnb that's turning into a headache and a lot of work. People that have lived in their house for over a certain number of years, which likely means that it's in a state of disrepair.

People that are older that lived in the houses that might be retiring soon and also haven't kept their houses up. There's a lot of demographics. We can narrow in and only send direct mail two out of 1000 people, the 25 or 30 people that are likely to sell their house and need to sell it using our services versus everybody in the neighborhood or everybody in the zip code.

Chris Watters
Is there any kind of you know, technology or marketing medium you're excited about in the future to help with delivering high quality leads for your you know, your clients and your you know, people you're licensing the branding to what was your handout on that? What's the future of marketing and technology looks like from a lead generation perspective?

Jeremy Brandt
Yeah, I think everybody's always looking to reinvent the wheel and whatever the latest kind of exciting marketing platform or venue is, I really like sticking with the basics, direct mail, TV that's targeted. pay per click advertising, SEO. So I think all of that stuff, the foundation of marketing, especially in lead gen or you know, is really the equivalent of direct response, where you were trying to not really build a brand, just trying to directly get somebody to respond to your, your offer or to the thing that you have. So I think all of those things, the basics are really, really strong. What I'm most excited about really is the kind of artificial intelligence, automated advertising platforms and technologies, where you can take a lot of inputs from your CRM system, or from your back office or from whatever you use to track all of your leads and track your return on investment for those leads. That then also plugs into Google AdWords or Bing Ads or all the different advertising sources and can at a very rapid rate give you automated bidding strategies to maximize your advertising dollar and then also maximize the exact type of consumer that you want to put your ad in front of, without, you know, spending hours and hours and hours trying to manage and advertising accounts. I think those are getting really really good. Google's pushing a lot of their automated bidding. platform within Google ads. And I think over the next couple of years, we'll really see that take off in a way that that will provide a better return on investment for advertisers, which is ultimately what we all care about.

Chris Watters
So on the AI side, are you referencing a third-party vendor that works with Google? Or is it like, for example, if you've heard of albert.ai? Okay. Okay, so are you referencing something that's a tool within Google?

Jeremy Brandt
Yes, Google is building a lot of internal tools that you can use to run some these automations. And then out of that, you know, a lot of companies are self-included, are building automated bidding strategies and technologies that are relatively rudimentary, but really getting in that first level of not having a human manage all of your advertising having a long set of rules. That is ultimately what artificial intelligence is, when we talk about AI in this context, that led us automatically change bids and change keyword keywords and move bids around In an automated fashion rather than in a manual fashion. And so we're building a lot of those tools not for sale, but just for ourselves in house because of the kind of size of our marketing and, and then using a lot of Google's internal tools and looking at third parties as well. But I haven't found any of the third-party ones that were better than what you could really do in-house and in conjunction with what Google provides.

Chris Watters
You looked at any of these AI powered SMS texting bots to improve lead conversion and engagement with fleets. Are there any tools you're using on that front?

Jeremy Brandt
Yeah, so we, uh, you know, I have a tech background. So we develop most everything that we do in-house. So there's a lot of great tools out there. We do automated SMS within our platform, both with home sellers and with a real estate investor and real estate agent clients. So we've built a lot of that in-house. There's a you know, for a non-tech savvy person, the SMS chatbot kind of things can be really good. Where I've found that they fall down is when the consumer whoever you're engaging with, starts to feel like they're hitting a wall with that thing, or it doesn't feel genuine. And as soon as that happens, I think you do more harm than good in a lot of ways. And so when you're designing those flows, I think it's just really interest. It's just really important to take a step back and say if I was the person that was in this interaction, would I get annoyed or frustrated with it? And if so, how do you back it up and make it really valuable to the consumer? Because I think ultimately, the key in the lead gen world is how do you provide as much value to that consumer as you can, and as long as you keep providing value, they're going to keep engaging with you and kind of going down your sales funnel process, for lack of a better word. But as soon as you throw up a roadblock that frustrates somebody, even if it makes your life easier, because it's automation, if it makes their life frustrating, they're just going to go on to the next person. So call centers are a good example of this when you have to go through 10 levels of phone tree to get to the person that you're trying to get to. Most of the time people just hang up and As a business owner, you might say, well, that reduces my call center cost and it helps me

qualify leads in an automated way. But you really have to measure how many people just fell out of the system because they were annoyed by all the roadblocks you threw up. And ultimately, it's about return on investment. So if you have a high call center cost or you know, a high human capital cost of having people talk to your prospects early in the process, that might be a good thing because your version rates might be significantly higher, and your attrition rates significantly lower. By having that real human interaction with the consumer. One of the things that we coach, real estate agents, brokers and investors in our system all the time is with leads for us everything is real time. So somebody fills out a form on a website to sell their house for cash to an investor. One second after they fill out that form, we text message and email it out to the real estate investor. And we really work with those investors that you have to pick up the phone that second and call Consumer if you wait five minutes even that consumer sitting in front of a computer looking at all of your competitors, and you're just giving them time to go contact other people, you want to interrupt their search process, get them on the phone, engage with them, and stop them from contacting five or 10 of your competitors in the market. So now you're in a, you know, competitive situation. We actually built some technology around that where, when a when a consumer contacts us online via a web form. When that consumer contacts us, we fire off a call through a call system to the real estate investor broker. If answer their phone, they hear a recorded message from us that says you've got a new lead their names you know, Bob Smith, their addresses 123 Main Street, press one to connect to Bob. And if they press one, our system then dials the lead the phone number that was on the lead, and if that person answers the phone at live connects the investor the broker with that consumer and it's amazing when it works out great because you know how many times if you've been on a website where somebody fills out a form, or you fill out a form to get information from a company, and then your cell phone rings five seconds later, they're really from a customer service standpoint, it blows people away. And so we love that technology. It's something we built in house, but was was pretty easy to build. And I think it really increases the conversion rates of all the leads coming through our system.

Chris Watters
I want to touch on something of the traditional media front. You mentioned TV a couple times. When you think about TV, I'm going to assume you're referencing cable TV versus like the major network stations due to the cost. Is that accurate?

Jeremy Brandt Brandt
Well, yes and no, I mean, it's all based on your scale. So if you run you know, real estate brokerage that has the scale to handle the number of leads that might be generated from a six o'clock news primetime television commercial, then that might be a

good use of funds. Most people start on targeted cable TV ads, and that works really well because you can buy targeted cable TV ads for 1520 $25 per TV commercial every time they run so you can build a pretty good kind of run of TV spots fairly inexpensively.

Chris Watters
What would be an example of like a TV show that you would want to advertise on a cable network that would pull

Jeremy Brandt
in a dish. I'll give away all the real estate investor secrets right now on of TV advertising, and the best returning TV shows for people that need to sell their house in distress situation, our afternoon judge shows and kind of afternoon trash TV. And, you know, we've talked a lot about why that is. And the theory is just that people are sitting around at home doing nothing. And, you know, why is that? Why are they sitting around in the afternoon watching television and not at work or not doing something And oftentimes, it's because they're in some type of distress situation, they've lost their job or, you know, whatever. And, and so we get a pretty good return from those. The six o'clock news works great, but it's pretty cost prohibitive. to advertise on that these days.

Chris Watters
So trash TV in the afternoons. So like just everybody watching Judge Judy sit at home with a distressed, rich,

Jeremy Brandt
Jerry Springer was a goldmine for house flippers.

Chris Watters
Wow, that's great. That's cool. You know, that's good to hear. Because you know you that's a very unique it's much different than what a lot of people are preaching, right that are, you know, preaching the direct mail stuff. So I think that's super, super smart. And you're right, cable TV is super cheap, don't you and again, that you can even target specific geographic locations. You know, with cable TV, you know, based off the city. Are you finding you know, for some investors in areas where it's highly competitive, like, you know, like, for example, Austin, Texas, or you know, Charlotte or, you know, these markets where there's 10s of thousands of agents and you know, a lot of money or you wouldn't be Better for somebody in one of those really competitive markets to try to buy in like a submarket, like maybe a town an hour away to have a better, you know, you know better. You know, when you look at your client acquisition costs, and I mean cost per leads and just overall like returns and stuff, would it be better for them to go to a

submarket versus trying to compete in their respective markets where it's highly competitive?

Jeremy Brandt
Yeah, It depends, right? So it kind of depends on where you're at, in your kind of real estate journey from a capital standpoint, how much money do you have to spend on marketing from an expertise standpoint? How much can you be better than your competition in a particular area? I love segmentation, whether it's geographic, like you just talked about or in other ways, whether it's, you know, your community, your passions around a particular sport or a particular hobby. I think trying to be all things to all people is really tough when you're in a really competitive market. But if you are, you know the king of your little neighborhood of your zip code, you can really make a lot of impact if there's not other people in that direct zip code that are targeting just people in the zip code. Likewise, if you've got some particular hobby that you're really involved in, maybe you love to, you know, I don't know race cars, or, you know, go to particular sporting events. If you're involved in that community, you can have influence in that community. Even though your city might be really competitive, your competition within that community might be much less because you've built a lot of trust with that small community of people. So we've found a lot of success in those areas. I do think going to secondary markets if you don't have kind of the influences over particular communities already and you're just looking at where do I want to go and kind of do regular advertising into an area and start a business. smaller markets are awesome for that kind of thing. Most of the really large companies just kind of stay out of them because there's not enough business there for them to really focus on they don't want to drive an hour to list a house. And so you can market there less expensively, have more influence, build more of a brand in that market and then move into the larger city. You know, we see in the real estate investing world, I think some of the most successful markets or the most successful investors are not the ones in the major markets, right? It's not the LA the Phoenix, the, you know, Miami markets that you hear about when it comes to house flipping all the time. It's a lot of these secondary markets like Boise and Nashville and Memphis and a bunch of these cities that don't get a lot of, you know, house flipping attention on TV, but they're a low-cost advertising market. They're relatively less competitive when it comes to advertising. And we can just build a really big brand and be the biggest homebuyer in that city because it's a smaller city and it's not a highly competitive market. So I think for people starting out that's a great strategy of going to submarket or a smaller area that you can kind of own.

Chris Watters
Let's say you let's say you're not starting out Let's say you're a very experienced investor that has a large pool of assets. Let's say you've got $50 million available to deploy, what would be your advice to somebody in that position that's really experienced, has a lot of cash at their disposal. Where would you How would you What would be your strategy from a deployment perspective? Yeah, for someone that has that much.

Jeremy Brandt
Yeah. So we work with a lot of those kinds of guys and even kind of another level up the hedge funds. A lot of these hedge funds are out buying huge amounts of single-family homes all over the country. And so you can look at the formulas that they're using, and really apply similar formulas, you know, for yourself. So if you are looking to build cash flow streams, so if you're looking to build a rental portfolio and you've got 1050 hundred million dollars to do that, I think there are some things to think about. You can definitely run the numbers on any market and see the ratio of average rents to home prices. Property taxes, which, you know, we're both in Texas property taxes are a really big factor in Texas, not so much in other areas. So you can run those ratios and make sure that when you add in all of your expenses and other things, the market that you're in is a good market for buying rental houses, if that's kind of what you're trying to do is build a rental portfolio. There are lots of really great cities that are awesome for rental portfolios, and there are some cities that are just really tough for that type of business because the cost of the houses are lower, comparing the cost of the houses are higher compared to rents and it's just tough to cover your expenses with rents. I also think that you don't want to take a shotgun approach, building a strategy and trying to keep a rental portfolio within a relatively smaller market is much more I mean, a smaller area is much more manageable. So you know, a lot of these people buy a house in one city and a house in another city and a house in another city and they have property management companies all over the place. And that becomes very cumbersome to manage. You know if you can buy 50 houses around Austin in the, you know, five or 10 cities in and around Austin, it's much easier to manage that it's also much easier to package it up and sell it when you want to sell that portfolio because you're likely going to sell it to an investor and all of your assets are in a centralized location. So I think that's a, that's a really good strategy to think about on the flipping side. You know, when you've got that amount of capital, you could really flip properties in any of the cities in the country. And so I think you again, look at demographics, whereas an area where people are moving to because you want to read the source of homebuyers, and then think about what's an area that has a high number of homes that need repair, because that's where a real estate investor really adds their value is in buying something that

needs work and fixing it up and selling it and running those numbers for cities around the country and identifying a couple of pockets where that works really well. I mentioned Memphis Memphis is one of the top markets in the country for rentals. There's a lot of companies, a few that are clients in Memphis that really run out Whole real estate businesses, buying houses fixing them up and then giving them to pet or selling them to passive investors that just want the cash flow so they properly manage the cup the property all the way through. But they use the investors money to buy the house, fix it up and then cashflow it and they get a property management fee on top of that over time, because the ratio of rents to home prices in places like Memphis are really good.

Chris Watters
What's your opinion on iBuyers? What kind of impact is that having on?

Jeremy Brandt
I've got lots of iBuyers.

Chris Watters
Yeah.

Jeremy Brandt
So we work with a lot of them. You know, the iBuyers are really interesting in one way, because I like I said, I came from a.com startup kind of world. And it's always a struggle to compete with a company that has unlimited or almost unlimited funds. That doesn't have to show a profit by using those funds, right? You and me and everybody else in the real world. That's building a business You can't run at a deficit for very long before you go out of business, or you have to go raise capital or do something else. A lot of these I buyers are so well funded, they can operate at a loss because they're just trying to gain market share and prove their model. And, and I think it remains to be seen if their model in the future is going to be the same as the model that it started out with. But the net of that is that it makes it really difficult to compete. Right. So our company, we spend huge amounts of money on advertising. And we now have to compete against the I buyers for the same consumers with our advertising. And they're spending millions and millions of dollars on advertising which drives the cost up for me and for you and for everybody else. I think the other thing that is a bit of a struggle is they have because they do so much advertising, I think they have changed the perception of the consumer quite a bit on what a cash offer looks like. So 510 years ago, if you talk to a homeowner and said, you know, get you a cash offer on your house, people really understood that was a discounted offer right now. You're getting, if you want to maximize value in your house and get the most you should clean it up and fix it up yourself or hire somebody to do

that and then put it on the market with an agent and sell it that was the maximum value that you could get out of your property. If you wanted a cash offer, it was really around, you've got a bunch of work, you can't afford to do the work on your house, you just don't want to hassle with it. So you'll take a discounted offer to be done with it and move on and pay it for that convenience. Now I think that I buyers have changed a lot of people's perception of what that cash offer looks like and they think that it means a market rate offer. Well, and you and I both know that a lot of these I buyers come in with a market offer. And then below that market offer, there are a ton of things that reduce the actual price the consumer gets down to the level that investor would have paid him in the first place, but they kind of play this game where the top-line number looks like it's the same number on Zillow. And so that sounds like a good price. Meanwhile, everything comes out of fees below that offer. So I think To kind of sum up, I think that AI buyers will be here for a long time, I think their business model is going to change. I don't think they make money as it is right now. They operate on super thin margins. And I think often they lose money on real estate transactions when you account for all of their expenses. But there, you know, they're just trying to build as fast as they can, and establish market dominance so that people will use them. And ultimately, they're gonna have to raise their prices, not their offer prices, because they got to raise their fees that somebody has to pay to use them to sustain it. And I think that's when we'll find out if, if that model is supported by the real estate market or not, but you kind of just have to let them spend their billions of dollars before we can find out if it's a model that's sustainable or not.

Chris Watters
Yeah, I mean, I guess, you know, one point I disagree on is I think they have some of them have the ability to offer a substantially reduced service fee and use the acquisition as a loss leader to control market share and have leads And essentially develop, you know, a marketplace where they can have ancillary services that benefit when you, you know, buy when you sell your home to him. So, you know, it's, it's, it's going to be the next couple years are going to be really interesting because, you know, between ancillary services, convenience, you know, and I think something you might be surprised by is how low the service fees are. It's been pretty shot and it's been pretty fortunate or unfortunate. I mean, it's good for consumers, kind of sucks for brokers and realtors is, you know, the service fees are getting pretty close to what agents charge. They do back out repairs, you know, but it's all you know, the same kind of stuff any normal buyer would be doing so, anyways, it's interesting. You know what will be ahead of us in the years to come?

Jeremy Brandt

Yeah, I was at a conference not too long ago. Well, a little bit longer than millikelvin Right now but last year I was at a conference and one of the executives from Zillow was talking about their Zillow offers program. And, you know, saying our real goal is, in many ways is to break even on the purchase, transaction and make it all up on all the ancillary services. So the title work, the mortgage, all these other things that are not as price competitive as somebody looking at the sales price of their house, that they can kind of add on and own that transaction soup to nuts where everything is a company that the buyer owns, and they're getting fees all along the way. So I think that's where that model is going. And I think we just saw recently open door is now a real estate brokerage and will directly list properties. So I think in the long run there, they are. Definitely looking to disintermediate real estate agents and brokers and investors on the higher end of the market. I don't think they want to get into the really distressed property part of the market. It doesn't make sense for them to do that, but Definitely on the minor repair side of things, we compete against them for offers on houses.

Chris Watters
On a separate note, it seems like a place where barrier to entry is high, and maybe there's an opportunity in competitive markets, you know, what's your perspective pinion position on, you know, investors going after like million dollar plus homes in areas where the median prices are 300 grand, and, you know buying and flipping or like, how many of those opportunities are going to pop up in like PPC campaigns and things of that nature? You know, is that a lucrative opportunity? What have you seen in your 20 years of flipping? People flip?

Jeremy Brandt
Sure, I think the bread and the bread and butter of their market is always kind of the median value of whatever that market is right in parts California, the median value is one and a half million dollars or $2 million. In Texas, it's more like you know, 250 or something 220. So that's the median value and slightly below is kind of the bread and butter of the house flipper market. Because there's a lot of inventory to, it's usually a group of people that can't always afford to fix up their property. And when it's in disrepair. In three, you've got the most potential buyers for that property. So I think that's as a business model kind of to scale. That's where all the meat is on the bone. Now, we have lots of clients that exclusively focus on a really high-end market or a really low-end market, they might be doing mobile home parks, and that works great for them. And they make lots and lots of money doing mobile home parks, or they're doing really high-end luxury properties that you have to be to do that you've got to be very well-capitalized. And you've got to be a lot more careful. Because in the luxury market, it takes a lot longer to sell a house because there's fewer buyers typically, especially if it's

in a market where most of the houses aren't luxury houses. So if you're an outlier house, it takes even longer to sell that property. But yeah, so anyway, I think there's a lot of opportunity in the high-end side of the market, but I would not do it as a novice real estate investor I think you really have to understand the market really well. The market dynamics because it's really easy to get caught holding a couple of million dollar property and paying taxes on it and holding costs and that can eat up. You can dig a hole really, really fast if you're not real familiar with it.

Chris Watters
So last question. You got hurt step 11. Yeah, cheer. What is what are you doing personally? Because you see so much national level. What are you doing personally from an investment perspective? What are you buying, investing in? What's your personal strategy from a wealth-building perspective?

Jeremy Brandt
Well, so I do a couple of different things. Certainly invest in real estate, although it's not my primary mode of investment. We just have a commercial office building that we bought and moving into our, our offices into doing a little bit in the stock market. My passion is about growing businesses. I'm a kind of hardcore entrepreneur, I love building things and finding new ideas. So I really take most of my available capital, and either pour it into growing the businesses that we have, or look at acquiring other businesses. So I've over the years, I've bought and sold a number of businesses. And I think for an entrepreneur type, that's a great way to really grow wealth is buying businesses, kind of helping turn them around, and then selling them or keeping them for cash flow. So I do a fair amount of that. But you know, real estate, I think, is an amazing cash flow investment that just can't go wrong with and if you do it consistently over time, and also do a fair amount of hard money lending as well. So because we have so many real estate investor clients, we can loan them money at a very nice interest rate and get a just a return on that. And it's great for them and it's great for us and it's a lot less management overhead involved in those type of transactions and actually flipping a house.

Chris Watters
Real quick things arose in my mind. This we may have scheduled another interview because I would love to talk about the private equity and VC side of things. What are you personally offering people? What's the loan origination interest rate? What do you, you know, do you require the investor to put up any cash in the deal? What's that one of those parameters? Well, thank you.

Jeremy Brandt
So I, we don't have a hard money lending company, this is really just me doing this for a select group of people that I know really well and have known for a long time and have a high level of trust with. So, you know, depending on the situation, it's generally something like two points and 14 or 15% interest rate, you know, varies based on the deal, no cash in from the investor. But again, it's not something we're offering to, you know, the market. This is just, you know, when you have some cash, where do you put it, you put it in the stock market, you put it in real estate, where the areas that you can deploy that capital and for us, that's been some hard money loans to only people That we know for a long time in the local area, and we're not trying to build a big business around it, but I do a fair amount of that.

Chris Watters
What are your promises? The last question? I gotta ask this on the private equity side. So in the private equity side, what kind of businesses are you? Do you like buying more stuff? Or are you interested in like service businesses that you know, great cash-flowing businesses, what do you like on the private equity side?

Jeremy Brandt
So I love businesses that have recurring revenue. So subscription-based businesses, all of the businesses that we operate right now are all kind of subscription-based where you sell one time and then you have recurring revenue streams off that one sale. And I have a preference for things in the real estate industry because it's just an industry that I know really well and understand and have a lot of influence and connections in. I think, especially if you're buying multiple businesses, it really helps to buy businesses that have a common kind of a common theme. So you know, we've got four or five real estate related businesses right now that all compete each other. And so it makes it a lot easier to take a company and then start to scale it up faster because you've got all these other resources and the other companies that you can use to enable that. So I really try to stick with real estate related and then subscription type recurring revenue, technology businesses online type of businesses,

Chris Watters
are you intentional when you go to sell them? Or is it you just, you know, you get solicited offer? Or do you have like a strategy you once after you acquire it? What's like the exit plan?

Jeremy Brandt

Well, what I love about recurring revenue subscription businesses is they cash flow really well. And so you know, my goal with these businesses is to get them into a really stable position with good management and then keep them for a long time. So most of the acquisitions that have gone on have been other people approaching us, not us. Trying to shop it out to the market. Because once you've got a business is generating really good cash flow with good management in place, unless somebody makes you a really sweet hard offer, in the long run, you're better just holding on to that, that cash flow and and use it to deploy and buy other businesses or do other things with it.

Chris Watters
What do you like more starting stuff or starting something from the ground up or buying somebody else's business and modifying improving?

Jeremy Brandt
That's a good question. At the beginning of my career, I always love starting things from the ground up. Just you know, I love starting things. It's a lot of fun. I think the longer that time has gone on, I much prefer buying something that's existing, tweaking the dials, and making it better the startup process. You had the very beginning the startup process is just really difficult. So if you start something from scratch, there are so many things that you've just kind of got to do to get the machine rolling. And if you can step into somebody else's machine that's already running and optimize it. I think you can turn things around a lot quicker, it just shortens the period of time that you've got to do the really basic business building stuff and you can focus on the optimization.

Chris Watters
Cool. Jeremy, thanks for being on man

Jeremy Brandt
It's a fun conversation. I enjoyed it.

Chris Watters
Yeah, I was hammering you with a lot of questions that appreciate your transparency is great. Guys, thanks for tuning in to CEO Secrets Be sure to check out fasthomeoffers.com if you're looking for distressed seller leads or if you're looking for a licensing package to help you level up your marketing check out we buy, we buy houses, and today the CEO Secrets next time and if you're watching this on YouTube, don't forget you can always plug in via iTunes. Thanks, everybody. Thank you Jeremy.

Jeremy Brandt

Take care.