

Investor vs Agent

Hello Friends, Family, and Clients!

January has already started off with a big event for Justin and I. We just sold the first two duplexes we bought over 16 years ago, the moment has been bittersweet. We decided to sell them as a package since they were right next door to each other. The stories we could tell on what not to do when owning rental properties, which are several, but many lessons learned.

It was 2002 & 2003 when we purchased the duplexes and liked the idea of investing more into real estate going forward. This is when Julia and I both decided to get our real estate licenses. We thought the process would be easier if we had access to do the research and look at the homes on our schedule. I had no plans on ever selling real estate when I first got my license and was only interested in investing.

I ended up learning more about the real estate business and my experiences with other agents, both good and bad, help me decide to start a full-time career in real estate in 2005. Selling these duplexes made me reflect on why I got into the real estate business and why it's important to think like an investor and not like an agent.

Any agent can list a home. It takes 120 hours of class time and a passing a test. The barrier to entry getting into real estate has always been low. In addition as a 100% commission job we hear way too often an agent saying we need this house to close

we need a payday! How does that thinking or mentality help their client? With an investor approach, the focus is on how much profit can I squeeze out of my investment and be realistic about it.

Over a year ago we had collaborated on a book with one hundred other agents around the country called "The Value-Driven Approach to Sell Real Estate". Just like the lessons we've learned by owning rental properties it's a book collaborated to help avoid fundamental mistakes when selling real estate. The clients who have taken the advice and didn't do the path of least resistance reaped the rewards while others didn't. Sellers have their equity at risk when selling the property "as is" and not taking the time to do the work to stand out above their competition.

However, we just don't give advice without proof of concept. We believe it's important that we also live what our clients go through. So when we made the decision to sell it was time to get to work. We spent a month renovating the properties and doing house hacks that we know would either give us a better value in the market or stand out among the competition. We

updated and painted the exteriors along with some concrete work. We gutted and remodeled a unit with new kitchen, flooring, fixtures and more. We even had a long term tenant move all their items and replaced their carpet.

Continued on page 2.



In total, we spent over \$30,000 renovating both properties and selling them in the end for \$250,000. We estimate we were able to extract another \$15,000 to \$20,000 in profit over the renovations that were completed rather than selling the properties “as is”. This was worth the extra time and money involved.

The challenge is to have a homeowner think like an investor. This is the biggest asset that someone might own and how do you position it so you get the most value while still enjoying the home. It’s funny that depending on the updates that we recommend to a seller and what gets completed they sometimes say they would like to stay now and not sell, half joking I think.

We have spent over 16 years looking at how to add value to our rentals and get a good ROI (Return On Investment).

Our approach in real estate sales has progressed into more of the investor mindset that we have always taken in our real estate investment business. Coupled with technology and systems to always have our eye on Return on Investment.

We are so excited to bring this approach headstrong into 2019 to help clients realize the hidden profits from their house and continue to avoid fundamental mistakes. It’s not the easy road to go but it’s the only way it makes sense for Justin and I to help our clients. We are excited to be able to continue to innovate our process to not just list a property but to help out clients flip their own property.

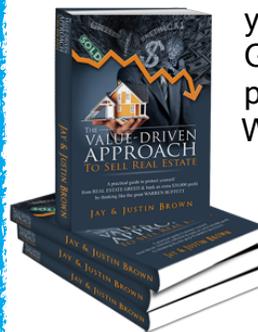
Jay Brown

**“You do not rise to the level of your goals.
You fall to the level of your systems.”**

James Clear - Atomic Habits

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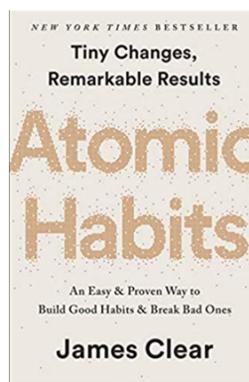
The Value-Driven Approach To Sell Real Estate



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Systems Not Goals



Habits, we all have them, whether they are good or bad. With the new year everyone wants to get rid of their bad habits and you hear people say new year, new you! However, by the end of January most people have abandoned any new habits they wanted or goals they have planned. I’m no exception, it’s tough to implement good habits. How

will this year be different? I recommend Atomic Habits. It’s not a book with a bunch of fluff or a research paper but is intended to be a step by step plan to building better habits and to remove bad ones. It’s an operational guide that can be used for years. The author provides practical strategies he has learned from the fields of biology, neuroscience, philosophy and many more.

The book first dives into the “The Fundamentals”

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and why tiny changes make a big difference. I liked this section of the book because it broke down why it's hard to change because many fail to break through what he calls the Plateau of Latent Potential. As described in the book, it's like an ice cube not melting when you heat it from twenty-five to thirty-one degrees. All the action happens at thirty-two degrees. Your work was not wasted; it is just being stored. You see this a lot when starting a new fitness program or dieting.

When we were part of the 10-week challenge for Farrell's it didn't seem like much change happened the first five weeks but they assured us to keep working out and eating right and we will see results. Sure enough, the work paid off in weeks six through ten and that's when most people saw the biggest changes. However, before that happens you can slip into what he calls the Valley of Disappointment where people feel discouraged after putting in weeks or months of hard work without experiencing any results. Remember, your work isn't wasted it's just being stored and not to quit.

He also talks about focusing on systems and not goals and how to work on identity-based habits and not outcome based habits. Because you might start a habit because of motivation but you will only stick with one if that becomes your identity. For me, this was a very fascinating part of the book.

Once you have an understanding of how habits work, the habit loop and how habits help shape our future the remainder of the book outlines the four laws of behavior change. These are a simple set of rules we can use to build better habits. They are (1)

make it obvious, (2) make it attractive, (3) make it easy, and (4) make it satisfying.

I enjoyed the book and look forward to using the strategies inside to make better habits this year not just goals. Plus, knowing that even a small improvement which can seem meaningless at the moment can over time tip the scale to lots of positive change. Good luck with everything you're looking to accomplish this year and if we can help in any way let us know. As always if you would like to borrow a copy of Atomic Habits just call or email justin@rciomaha.com

Justin Brown

New Year New System

Over the next few weeks we are converting all our paper content to online. Our home buying and selling guides are being put into article format in an easy to use knowledge base platform. Compatible to computers, tablets, or smart phones.

This will allow clients to find the information they need easily when buying or selling with us.



ABOUT THE AUTHORS

Jay & Justin Brown are fortunate to claim they are native to Omaha - born and raised. Today, Jay & Justin are entrepreneurs and relentless innovator of the real estate industry. Jay & Justin are collaborators on the "Value-Drive Approach to Sell Real Estate", and always working to make an impact for their family, clients and community.



They are both Associate Brokers with Berkshire Hathaway HomeServices Ambassador Real Estate.



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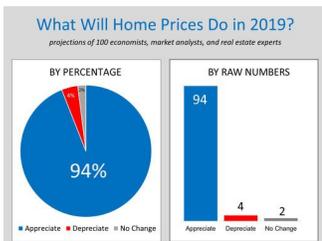
In this Issue: Investor vs Agent, Atomic Habits, and New RCI Client Portal

HOW'S THE REAL ESTATE MARKET?



Coming to your email box soon. We will be pulling your neighborhood sales for 2018 and sending your way. If you've recently changed your email address, let us know.

We are expecting 2019 to be very similar to 2018 but with less appreciation in some areas. If the weather stays above average over January & February we will see sales pick up sooner than they did last year. Active listings are now starting to increase for the month of January since 2011. (See chart to the left) With the current dip in rates it will get some buyers off the fence with the increased inventory. We still may see more of a sellers market for homes under \$275,000 between now and June. It will slow down over the summer months and stay that way for the balance of the year depending on rates. We will have more information in our neighborhood email.



"These higher rates and home prices have reduced buyer affordability. Home sellers are responding by lowering their asking price, which is reflected in the slowing growth of the CoreLogic Home Price Index."

Frank Nothaft
Chief Economist at CoreLogic



"The slowdown in home sales and home prices in 2018 was concentrated on the high end of the market and along the more expensive coastal and formerly hot markets. While interior housing markets exhibited a slowdown, it was milder than the slowdown in coastal markets."

Sam Khater
VP & Chief Economist of Freddie Mac



"Despite the headwinds facing the housing market going into 2019, we expect U.S. house prices to generally achieve a soft landing. While we are likely to see more than a few metros experience negative house price growth in the coming years, we expect national average price appreciation to remain positive."

Goldman Sachs



If you have a friend, family member or neighbor who, like you, is interested in protecting their real estate investment and would appreciate receiving the monthly "Newsletter", please send us an email with their name and mailing address to jay@rciomaha.com. I will add them to my mailing list and be sure they receive a complimentary copy each month.