

WRITTEN BY THE FOUNDER OF THE LARGEST ONLINE REAL ESTATE INVESTING
COMMUNITY, BIGGERPOCKETS.COM, AND CREATORS OF THE #1 REAL ESTATE SHOW,
THE BIGGERPOCKETS PODCAST

JOSHUA DORKIN AND BRANDON TURNER

H O W T O

INVEST IN REAL ESTATE

the ULTIMATE
BEGINNER'S GUIDE *to*
GETTING STARTED



PRAISE FOR How to Invest in Real Estate

“To put it simply: This book is going to change lives; a lot of lives!”

— **Matt Aitchison**, 7-figure real estate investor and host of *The Millionaire Mindcast Podcast*

“I’ve dabbled in real estate before, but I never fully understood what I was doing. What Joshua and Brandon have compiled is essentially the ultimate treasure map in understanding every facet of investing in real estate. From getting your own personal financial house in order to finding and exiting deals, you will find yourself referencing this book over and over again in your journey.”

— **Jim Wang**, Founder of WalletHacks.com

“I think this should be required reading for anyone considering real estate investing, and for that matter, anyone joining BiggerPockets.”

— **Ben Leybovich**, real estate investor and Founder of JustAskBenWhy.com

“This book will give you the context and direction you need to get your investing business off the ground and will allow you to kickstart the process of real estate freedom and profits.”

— **J Scott**, Author of *The Book on Flipping Houses*, *The Book on Estimating Rehab Costs*, and *The Book on Negotiating Real Estate*

“Pulling from the deep wealth of talent and experience that comprise the BiggerPockets community, each chapter and topic is peppered with anecdotal stories from different investors to add color and context to relevant concepts. I only wish this book had been written in 2005 when I was starting my real estate investing journey!”

— **Ken Corsini**, real estate investor and

star of HGTV's *Flip or Flop Atlanta*

“Dorkin and Turner have really laid out a clear, straight-to-the-point guide to achieving success through real estate investing. The real estate industry is huge, and often complicated, but this book clears away the fog and uncertainty in a fun, easy-to-read manner. Highly recommended!”

— **Nat Borchers**, retired pro athlete,
real estate investor, and broadcaster

“Brandon and Josh are rockstars in the real estate industry, and that’s by no accident. They are the real deal with a wealth of knowledge and experience. This book is a perfect first step for any person who’s looking at getting into real estate and wants the best foundation possible.”

— **Nathan Brooks**, CEO and Co-Founder of
Bridge Turn Key Investments

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How to Invest in Real Estate

Joshua Dorkin and Brandon Turner

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INTRODUCTION

The Elephant In The Room

The hot afternoon sun was naked in the blue sky—not a cloud to be seen—when the three travelers stepped out of the jungle and into the clearing.

But among the three, not a bit of light was observed ... because all three travelers were blind from birth.

As they walked through the clearing, they bumped into—quite literally—a large object blocking their path. Unsure of the nature of the obstacle in their way, the three blind travelers attempted to determine just what blocked their path by explaining, in turn, what the object felt like to them.

“It’s long and flexible, like a snake!” said the first traveler.

“Long and flexible? Are you crazy?!” the second traveler declared. “It feels more like a wall—unmoving, but smooth and soft!”

“What are you two babbling about!?” the third traveler exclaimed. “This is like a tree trunk that has fallen over! I can wrap my arms all around it!”

The travelers argued back and forth for several minutes until, finally, the great big *elephant* stood up from its nap and walked away, leaving the three blind travelers to forever wonder what had been in their path.



Like the obstacle in this story, there is an enormous elephant lying directly in the path ahead of you, and this elephant is called “real estate.”

And like the blind travelers, we all walk through life with limited vision, trying to make sense of the world around us. At some point, we bumped into the idea of real estate investing and began to feel around. But that’s when the confusion set in, because the real estate we saw and felt was very different from what others were seeing.

The world of real estate is so large that most only see a small part of the great beast. To one person, it means one thing, and to the next, something entirely different. Real estate “experts” argue with each other about what real estate investing truly is, and what it is not.

Rental properties. House flipping. Vacation rentals. Commercial. Direct

mail marketing. SEO. Door knocking. Wholesaling.

Yes, these terms are all aspects of real estate, yet they differ as much as an elephant's trunk from its body. All are important, but to truly understand the animal at hand, one needs to turn on the light and see the big picture.

And that's the goal of this book! It's time to see the big picture, and help you get to where you are going.

How Do I Get Started with Real Estate?

Over the many years that we've been serving real estate investors at BiggerPockets.com, perhaps the most commonly asked question is simply, how do I get started in real estate investing?

Sorry, we can't tell you that.

We know, that's probably a disappointing answer, but remember: Real estate is a gigantic beast with numerous ways to get started. Instead, we can help you develop your own path.

As the largest, most-trafficked real estate investing website on the planet, BiggerPockets has been helping people develop their own path for more than 12 years. Millions come to BiggerPockets every month to ask questions, get answers, read content, interact with others, analyze real estate deals, and in many other ways improve their business. So we know a thing or two about helping people on their journey.

And the one consistent thing we've seen is that there is no "one right path." While some might lead you to believe that there is a simple real estate path that works for everyone, that simply isn't the case. Just take a listen to some of the interviews we've done on the podcast. No two stories are the same. Every journey is unique—and that's a really good thing because it's a beast that can be ridden differently based on your personality, your location, and your financial state. There is absolutely no reason why you can't build wealth through real estate, because there are so many options that exist.

We've written this book to help simplify the process of figuring out how *you* can get started by seeing the whole picture. Unlike other books we've published at BiggerPockets, this book is not going into the weeds on the specifics of one type of real estate. Instead, this book will give you a broad-stroke overview of the entire industry, that way, you can best decide how to begin your own path to financial freedom through real estate investments.

Why Real Estate Investing?

To get filthy rich!

We're kidding ... sort of.

Yes, people invest in real estate because they want to build wealth. In fact, we believe that real estate investing is the best investment on the planet for helping the average person build wealth and passive income. But it's more than that, isn't it? As discussed earlier, real estate is diverse enough to allow anyone—regardless of personality, financial position, or location—to invest. It can be done with a lot of money or with very little. It can be done on a large scale or a small scale. It can make someone a billionaire or simply provide a few thousand dollars in extra spending money each month. It's plentiful. It's beautiful (or can be). It's relatable. It's outsourceable. And it's fun.

There are many different places you can stick your money other than under your pillow, like stocks, bonds, savings, mutual funds, CDs, currencies, cryptocurrencies, commodities, and more. We're not knocking any of these investments—many people have become rich off of investing in them. But there is something special about real estate, isn't there?

Perhaps more than anything else, real estate is attractive because it leads people closer to financial independence—the ability to live life on one's own terms, rather than simply earning enough to pay bills and survive. Real estate can offer investors an incredible life now, and an incredible life later.

Throughout this book, you'll see this pattern emerge over and over and over. You'll find dozens of real-life stories of investors just like you who are achieving success through various real estate strategies. These stories are meant not only to encourage you on your journey but also to give you a smorgasbord of ideas to choose from as you embark on your own real estate journey. Take what you want and leave what you don't. That's the beauty of real estate! Each of the investor stories was taken from interviews we've conducted on the *BiggerPockets Podcast*. Dig in, learn, grow.



CHAD CARSON

BiggerPockets Podcast ■ Episodes 84, 141, and 293

Like many young adults leaving college today, Chad wasn't sure what he wanted to do for a career. Being a pre-med biology major, his original plan was to go to medical school, but after graduating he wasn't completely sold on the idea. He decided to try his hand at real estate investing first. Chad learned about real estate investing from his father and mentors, including a former college

professor. Chad partnered with a college buddy, and with financial help from the professor, they started flipping houses.

Chad's business slowly began to take off, and he and his partner began to do more and more deals. Chad recalled going to a seminar and hearing someone talk about doing 50 properties a year, so he and his partner set a goal to do just that.

Along the way, though, Chad and his partner came to the realization that the more properties you have, the more work, time, and energy it costs. Chad learned from Tim Ferriss's book *The 4-Hour Workweek* that you have to build in measurement tools for more than just money; you also have to quantify time and mobility. You have to think, *How much time will it cost me to reach my goals? How much mobility do I need?* Every time you make a business decision, buy a property, or hire someone, you have to ask yourself these questions.

After the chaos of closing on 47 properties in one year, Chad decided to slow things down a bit.

"We had an 'aha moment' where we put the brakes on to think about what we were doing here," Chad says. "What kind of business model do we want to have? We wanted to think about, 'What is the objective here? What are we measuring our success by?' When we looked at our goals in the short run and long run, we realized we could do it without being huge. It was fortunate that we realized it at that point because we saw that we could slow things down, and we've been adjusting our strategy ever since."

Chad and his partner switched gears and focused on "being a big fish in a small pond." "We focus solely on real estate investing," Chad says. "We've been able to make enough money, keeping it nice and simple, working out of our house, just doing it ourselves. ... I can keep a manageable number. Keep it small. And that's been really important for us lifestyle-wise. I want to grow and make more money, but I am not really interested in being the 'take over the whole territory' business and 'have the most sales in the whole area' or 'the biggest flips' or 'manage the most properties.' I just want to do enough to meet my goals, and it's moving me forward toward where I want to get to personally. As long as I'm doing that, I can avoid getting so big that it takes all my energy and time. And I'm able to travel more and be with my kids more."

Chad currently focuses on three or four flips and three or four rentals a year. He says this strategy pays the bills, increases his long-term wealth, and, more importantly, gives him more freedom to play pickup basketball with his business partner for a couple of hours in the middle of the workday, walk

through the neighborhood with his kids in the evenings, and go on extended vacations with his wife. Chad and his family even lived in Ecuador, South America, for a year, experiencing a new culture, learning a new language, and finding a new way of life.



ARIANNE LEMIRE

BiggerPockets Podcast ■ Episode 233

Arianne was born in the Philippines, moved with her family to New Zealand at age 14, and made her way to the United States at age 23 after marrying her husband. Early into her career as a speech language pathologist, a major realization came to her: She could not easily get more than a week or two of vacation time each year. This was a major problem for her because she wanted to be able to visit her family in New Zealand every year and, for such a long and expensive trip, a mere week each year would not suffice. So she did what most people do when confronted with a problem—she decided to search out an answer on Google. What she found on that search was BiggerPockets and the world of real estate investing and financial independence. She found example after example of others who were living in financial freedom through real estate—people able to leave their careers, invest full-time, and enjoy the life that comes along with that independence.

Arianne obtained her real estate license, and in 2015 through an auction website, she and her husband purchased a house in their area for \$50,000. They paid for the house using cash they had saved for many years, and after a small rehab, they refinanced the property. In 2016 they repeated the process with a similar home, this one for \$72,000. While their original plan was to buy and hold enough houses to live off of the cash flow, Arianne soon realized that this process would take too long for her to achieve her goal of having the freedom to visit her family regularly in New Zealand. She switched tactics and began to focus on flipping and wholesaling houses to generate cash faster.

Their first flip was primarily just a quick cosmetic upgrade—a tactic Arianne recommends for first-time investors because there is less risk, less work, and fewer things that can go wrong. After the success with their first flip, the couple decided to take on a more difficult project that required a lot more rehab. To help with this job, they hired a general contractor who was recommended by a peer, but it soon became apparent that they had hired the

wrong man for the job. His work was sloppy and, in the end, he caused more harm than good. This experience ended up costing Arianne an extra \$10,000 in repairs and two additional months of construction. Due to these setbacks, Arianne ended up breaking even on the deal, but she learned a lot from the experience, and the couple kept going. “It comes down to how strong is your ‘why’? There’s always going to be something in your way,” she wisely reasons.

Since they started investing, Arianne and her husband have completed more than 15 flips and 35 wholesale deals. Their current goals include building a team and completing 20 flips and 40–60 wholesale deals, and acquiring 100-plus rental units. Thanks to their success through real estate investing, Arianne is able to visit her family in New Zealand anytime she wants, and her “why” continues to push her forward, through the ups and downs.

Who Are “We”?

Okay, so far in this book you’ve seen the word *we* quite often.

So ... who are we?

We would be Josh Dorkin and Brandon Turner.

This book is not about us, so we’re not going to spend a lot of time talking about us. If you want to hear more about our stories, you can find them on episodes 100 and 92 of the *BiggerPockets Podcast*. But to give you a brief background:

Josh Dorkin began investing in real estate while living in Los Angeles in the early 2000s. After buying some multifamily properties in the Midwest, Josh soon realized that real estate investing was a lot harder than the “Get Rich Quick” gurus on TV made it out be. When he began looking for help online, he quickly found those same gurus charging tens of thousands of dollars for their help. Instead, Josh decided to buck the system and build a simple website where he could ask questions and get encouragement from other investors, and BiggerPockets was born. Soon it became apparent that this little community wasn’t going to stay little for long. The site grew, helping millions in the process. Since the inception of BiggerPockets, more than 67 million individuals from nearly every corner of the globe have visited the website to learn, grow, and network.

Brandon Turner began investing in real estate because of John Grisham. Yes, the author of bestselling legal thrillers like *The Firm*, *The Rainmaker*, and *A Time to Kill*. Brandon had been set on going to law school when he realized

the lawyer life of 9-to-5 drudgery (or more likely “9-to-9 hell”) he’d have to put up with for 50 years in order to find financial freedom was not what he wanted. In his quest for answers, he stumbled across BiggerPockets in its infancy, and quickly became part of the community, using the site and its resources to purchase nearly 100 units and find true financial freedom.

In 2012, the two of us got together and started the *BiggerPockets Podcast*, a weekly interview-style audio (and eventually video) show that rapidly became the No. 1 real estate podcast in the world and, to date, has more than 300 episodes and a total of 50 million-plus downloads.

From here on out in this book, we’ll just say “we,” unless we decide to tell a story that only applies to one of us, in which case we’ll say “I” and make it clear who “I” is.

What to Expect in This Book

This book has nine chapters, each focusing on a specific part of your investing journey. If you can master these, you increase your chance of building wealth through real estate and minimize the risk of failure or loss. Therefore, our goal is to get you from “brand-new to real estate” to “I know what I’m doing!” by the time you get through this book.

Specifically, this book will walk you through the following:

Chapter One: Nine Questions Every Real Estate Beginner Wants Answered

Before you go investing all this time into reading a book on real estate investing, let’s get some of the “big questions” out of the way. For example: Do you need money to invest? If so, how much? What if you live in an expensive market? What if you have a full-time job? Do you need an LLC? These questions, and more, are addressed in Chapter One.

Chapter Two: Boring Financial Stuff ... That Just Might Save Your Life!

Just as a home is built upon a solid foundation, your real estate investments *must* be built upon a solid foundation: your personal finances. In this chapter, you are going to learn how to quickly get a snapshot of your personal finances, how to create a Financial Spending Plan, more than a dozen ways to save extra money, starting *right now*, and even 18 powerful and unique ways to make more income, from either a job or side hustles.

Chapter Three: Getting Your Ducks in a Row

Before you buy a single property, there are a few key decisions you need to make. Will you bring in a partner or go it alone? Do you have all the members of your team figured out? Do you need some kind of corporation? What about paying for mentors? These, and many other decisions and important topics, will be covered in Chapter Three to make sure you are fully prepared to start on your path.

Chapter Four: Real Estate Investment Niches

What's the best kind of real estate to invest in? Large, small, residential, commercial, land? In Chapter Four, we break down all the different property types to help you make sense of where you should place your focus.

Chapter Five: Real Estate Investment Strategies

There are a number of different strategies and angles from which to approach the business of real estate investing. The more you focus on one specific strategy, and the better and more knowledgeable you become at that strategy, the more money you'll make. This will be the focus of Chapter Five, as we dive deeper into looking at the various strategies you can profit from in your real estate journey.

Chapter Six: 27 Ways to Find Incredible Real Estate Deals

Regardless of which aspect of real estate investing you choose to focus on, great deals can be tough to find. That's why Chapter Six will dive deep into 27 different methods you can use to find deals in any real estate market.

Chapter Seven: 12 Ways to Finance Your Real Estate Deals

Paying for your investment is much different than paying for a loaf of bread—and the method used can often mean the difference between success and failure in a real estate investment. Chapter Seven will dive into the various financing tools you can use throughout your investing career, no matter how much money you currently have to put into a deal.

Chapter Eight: Real Estate Exit Strategies

How you plan on exiting your real estate investments is just as important as the way you enter them. Whether you sell, rent, or exchange your property, it is vital to have a clear understanding of your exit strategy options for any investment deal from the beginning in order to minimize your risk. This chapter will discuss these exit options in detail to help you plot your investing course.

Chapter Nine: How to Work (FAR) Less and Get (WAY) More Done

Real estate investing takes time, so in this final chapter, we explore several key strategies that you can use to fit your new journey into your existing life. You'll learn the power of killing "dead space" in accomplishing your goals, and how giving your money away can, scientifically, make you more successful.

Are You Ready to Begin?

As you work your way through this book, remember that it is not designed to go into the weeds on the various aspects. This book's goal is simple: to give you the big and broad view of how real estate investing works and to give you the basic tools to get past the all-important question of how to get started. As you read along, make note of any questions or highlights, and then come back to BiggerPockets.com and search the site or ask questions on our forums to learn more.

Finally, if you are not a member already, please take a moment right now to sign up for a free account on BiggerPockets.com. Seriously. Like ... right now. We'll wait.

And with that, we invite you to start this journey toward real estate investing success. We'll be with you every step of the way. It is perfectly natural to be intimidated, but our goal at BiggerPockets is to help you overcome your fears and your countless questions by providing as much information as possible to help you make the best decisions for your own needs.

If you are ready to begin your journey, turn to Chapter One now.



CHAPTER ONE

Nine Questions Every Real Estate Beginner Wants Answered

“Ask better questions.”

That was the answer given by Tim Ferriss on episode 254 of the *BiggerPockets Podcast* when asked, “What makes someone successful in any of life’s ventures?” As the author of four *New York Times* bestselling books, including *The 4-Hour Workweek* and *Tools of Titans*, Tim knows a thing or two about success. As Tim says, “Great questions lead to great answers.”

If the most complex question you ask in life is “How do I pay my rent this month?” you’ll likely get an answer and solve the question. But when you increase the depth or intensity of your questions, you’ll find the depths of your answers, and your life, increase as well.

Additionally, questions have a powerful way of opening doors, allowing one to continue moving through their journey rather than giving up. As taught in, perhaps, the most popular finance book of all time, *Rich Dad, Poor Dad* by Robert Kiyosaki, the right questions put your mind to work, rather than simply shutting it down with a statement like “it can’t be done.”

For example, many people simply argue, “I can’t invest in real estate because I have no money.” But asking the right question—like “How can I invest in real estate even though I have no money?”—opens doors, expands one’s world, and ultimately leads to an answer that can change a life forever.

It’s for this reason that we decided to begin this book addressing the most common questions new real estate investors have. Rather than forcing you to read through the entire book while wondering about these issues, let’s just clear them from your mind once and for all and address them.

The following pages include answers to the nine questions below, which have come up again and again on the BiggerPockets Forums and on the live weekly BiggerPockets webinar.

- Can I invest in real estate if I have a full-time job?

- Do I need to pay some guru in order to be successful?
- Can I invest in real estate if I have no money?
- Can I invest in real estate with bad credit?
- Is real estate investing a way to get rich quick?
- What if my market is too expensive?
- Do I need some kind of LLC to invest?
- Should I wait to invest until the market changes?
- Do I need to have a real estate license?

Let's jump in.

1. Can I Invest in Real Estate if I Have a Full-Time Job?

Yes.

There are hundreds of ways to make money in real estate, as you'll see throughout this book. Some of these techniques or strategies might require 40 hours a week, while others might only require 40 hours per decade. The amount of time it takes to grow your real estate business largely depends on your investing strategy, your personality, your skills, your knowledge, and your timeline.

Furthermore, remember the story of the tortoise and the hare? The hare continually sprinted through the race, while the tortoise took the slow-and-steady approach. While many investors have "sprinted" toward their investment goals, success is most often found by consistent action, not "big action."

Consider two types of people who try to lose weight. The first person sets a goal and heads to the gym for a three-hour run on the treadmill. A few weeks later they go back to the gym and use the free weights for a few hours. Then a month later they go back and try the elliptical machine. The second person, however, sets the goal and goes to the gym five days a week, but just works out for 30 minutes every single day, while also watching calorie intake. After three months, which person would you assume lost more weight? As any personal trainer will tell you: The second person will win almost every time. Why? Because consistency in action is far more important than sporadic big action.

So what does this have to do with investing in real estate while working full time? Simple: Even if you can only spare a few minutes each day, but you are consistent with it, you can invest in real estate. Most real estate tasks don't require hours and hours of work. For example, analyzing a real estate deal might take ten minutes (especially if you are using the BiggerPockets Property Analysis Tools at www.BiggerPockets.com/analysis). If you simply analyzed