

Ep #140 - Mark (MJ) Jackson - Turning a Fragmented Market into Net Worth Multiplication



Full Episode Transcript

With Your Hosts

Dr. David Phelps and Evan Harris

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Mark Jackson: We're doing what we want to do in a lot of ways, where we want to do it, with the people we want to do it with, and so on and so forth. That's what makes it fun. It may be some things that you juggle, but it's a beautiful part of having team members and support members to guide us through different dynamics and phases that we go through in our business, which is some of what we'll talk about today, especially when we all look at markets and stuff like that.

You are listening to the *Dentist Freedom Blueprint* podcast, with David Phelps and Evan Harris. Navigating you through the uncharted waters of a turbulent economy with straight-forward advice to, transform your practice into a self-sufficient cash machine, compound your net worth assets, and multiply, multiply, multiply your passive cash flow streams.

David Phelps: Good day, everyone. This is Dr. David Phelps with the Freedom Founders Mastermind Community and The Dentist Freedom Blueprint Podcast, back to you for what's going to be, I think, a very interesting and very timely interview with one of my really good friends and colleagues in the real estate industry, a longtime investor with quite a resume of experience. Let me just bring you right to the forefront. This is my good friend Mark MJ Jackson. MJ, how are you doing today, sir?

Mark Jackson: Absolutely outstanding, Dave. It's a pleasure to have the opportunity to care and share, without a doubt.

David Phelps: Now, our audience does not necessarily know that we're actually looking at each other over the conference line

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today virtually while we're talking. They don't have that same vantage point, so I just got to reveal a little bit.

Mark Jackson: [crosstalk 00:01:29].

David Phelps: MJ is in his element. He's got the headset on, so he's like in pilot gear, and he's got monitors behind, multiple monitors, and he's got piles of paperwork, and I know he's Deal Flow going. You know what? I thought I'd just spill the beans a little bit because I want people to understand that you are a guy sitting in the pilot seat today, and you took time out of your busy day just to jump on a call with me. Thank you for doing that, sir. How's that for a start, huh? (laughs)

Mark Jackson: Thanks, Dave. (laughs)

David Phelps: I could take a picture. We could put it up on the link to-

Mark Jackson: Wait, whoa whoa. (laughs)

David Phelps: No? okay. We won't do that. We don't do it. No, it's a compliment.

Number one let's just set the stage. You know, you and I and everybody else listening to this call, we've gone through life career education, and some dream with some vision of what we wanted to be when we grew up, right?

Mark Jackson: Right.

David Phelps: And, we always know we have to get up and get out of school and just start working hard, working hard, working hard, you know. That's where we all start. But there's a point in time in life and hopefully most people get there sooner than later, where you actually kind of start living your real dream. What really inspires you. We're gonna

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talk about your background in a minute because you came again, through the ranks of professionalism, but how you took opportunities that you started to see as you gained momentum, as you got into the space, you started to say, "Well, yeah. I can do this professionally. I'm licensed to greed, and giving the right to do certain things here, but, you know I'm not gonna use that but how can I take that into something that I really love to do."

I mean, that's what, I did the same thing. I came through dentistry, and I loved doing dentistry, your lovely daughter Dr. Amira Jackson, is you know, in her residency now. So she's getting ready to take the same path. But what's cool is we're opening her eyes to see that there's points in time during one's life when you can evolve. Right? You can go from this step, this step. You don't have to stay in one spot, unless you choose to that's okay, but you can move on. So, my point in laying out to what, where you are today MJ, is that you're in your element, you work for yourself. You do what you want to do on your own time, you plug and you travel when you want to travel, cause we're on trips together. But when it's time to work, I'm just saying, you're right there in the middle of it. With harness on, and geared up, and making it happen.

So that was my corporate, creating, an image. What we are so blessed to get to do today. Would that be a fair statement?

Mark Jackson: I mean, again, we're doing what we want to do. In a lot of ways, where we want to do it, with the people we want to do it with, and so forth. And that's what makes it fun. It may, you know, be some things that you juggle, but it's the beautiful part having team members and support members to guide us through different dynamics and

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phases that we go through in our business, which is some of what we'll talk about today. Especially if you're all looking at markets and stuff like that.

David Phelps: Perfect. Well, who is this Mark MJ Jackson? So, let me give them a little bit of background here, cause I know you well but I know I'm not doing, I like painted a picture of where you're sitting today. I didn't really tell them about you.

Mark Jackson: (Laughs)

David Phelps: Let's dive a little bit deeper here. So, Mark Jackson. As I call him and his friends call him, "MJ". He's become the go-to evaluations specialist for people who want to achieve more in their real estate investing business. In 1999, MJ founded an appraisal company and soon after found his true gift was analyzing property value for real estate investors. Once MJ began investing in himself, the floodgates opened. Since 2000, MJ has been able to close real estate transactions totalling in the millions, and maintains ans substantial net worth. InvestorComps Online was created to help investors like you do exactly the same.

Sine 2006, real estate investors both domestically and internationally, used InvestorComps Online to competently profit every time they buy a property, having known at that point, the right price before they buy. That's the key. MJ has spoken on the topic of real estate evaluation across the US, Caribbean, Monte Carlo, Italy, Switzerland, Scotland, played a little golf there I believe. I saw you at one point.

Mark Jackson: Uh ... (laughs)

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David Phelps: Just a little. (Laughs)

Mark Jackson: (Laughs)

David Phelps: Australia, Japan, and Africa. Most recently, MJ has begun teaching students to successfully bid on, and wholesale, government HUD houses. When not traveling in the US and abroad, sharing his Evaluation Comes First Message, MJ is usually at home working on his many domestic and international business ventures. MJ is married to his lovely bride, Lynn. Also, also ... there's a called, Tony. So, I got that straightened out today.

Mark Jackson: (Laughs)

David Phelps: MJ is also a proud father of five children. His main passions are faith, family, playing golf, and real estate. And I'm not sure if it's real estate and then golf, or golf, real estate.

Mark Jackson: Oh it's definitely golf first! (laughs)

David Phelps: Okay! (laughs)

Alright. You said it, you said it, you said it. Alright, so let's go and we'll back up a little bit.

Mark Jackson: [crosstalk 00:05:59] In the real estate, in just doesn't happen. (laughs)

David Phelps: Let's put it this way, golf requires some real estate to play on, does it not? So, don't think-

Mark Jackson: There you go. There you go. There you go.

David Phelps: We make that happen? Okay. So, so appraising property. We just stated here your bio, we both know that's very

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important. Whether someone's investing short-term, fix and flip, or even long-term, having some idea as to whether or not you're getting, buying at the right price, because that's where you make your profit. Whether it's on cash flow or it's on a profit gain, or a fix and flip, you still gotta know the price. Right, MJ? So, so-

Mark Jackson: Absolutely.

David Phelps: You became an appraiser, how does one become an appraiser? I mean, is it, how that happen?

Mark Jackson: You know, it's interesting cause there's, in my career, especially having had a large appraisal firm, and appraisal school as well, you find that a lot of people come at it from different walks of life. In the early 2000s, there were a number of firms like, gosh, there was M.C. What was that phone company? Used to do long distance.

David Phelps: M.C.I.

Mark Jackson: M.C.I. They were being right sized, the pilots were being right sized. There were people in the medical industry, any number of different things that folks would come and say, "Well, I wanna go to appraisal school and become an appraiser."

At that time, it was a lot less regulated, and didn't require at least a four year degree, that has since changed. So, people came to appraising for any number of different reasons and that, in that time, it really was okay, look, I've either gotten this severance package and I've got nothing to do, so, I hear real estate's good, I don't want to be an agent, so why don't I be an appraiser?

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For myself, if I can just kind of go on the personal side, for me it was pure divine intervention. I was actually purchasing my first home, it was at the closing table, show you how bright I was, I had this legal document. 20 some aught pages long, and I was flipping through it. Just finished my accounting degree, and what turned out to be, I was doing the value, the ... I was doing ratios in my head for the square footage adjustments on the properties. The one I was buying versus the comparables. There were pictures of the property I was buying as well as the comparables on the page, I don't mean they were taped to the page, they were on the page. So that told me they were taken with a digital camera, and I'm gadget guy. I needed an excuse to buy a digital camera, and I was looking at it (laughs) so. That was intriguing.

And then I mentioned it was 20 pages long and all the data about the property I was acquiring as well as the comparables, were moved around these different 20 pages. I know that was database software because my minor was in Computer Information Systems. So, I turned to my wife and I said, "Listen. I have no idea what this is. But I could do it."

So I got back to the concept where it was divine intervention. I talked to the realtor, who helped us put the contract on the house we were buying. He said, "This is the appraisal. It's what the bank used to value the property. Justify the lending."

So, I took immediate action and waited three years.
(laughs)

David Phelps: (laughs)

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Yeah, you stalled for a minute, and I'm going, yeah next. I go, oh yeah. Wait. Got it. Okay. Yeah, that never happens to anybody else I'm sure.

Mark Jackson: No, no. (laughs)

David Phelps: Part of the story.

Mark Jackson: So, because the appraisal thing was in the back of my mind, I was like, you know what is this thing that I was just drawn to? You know, my dad was a chef, I can cook. So I figured if anything I might wind up being in the food industry, which I was, I worked for Church's Chicken for seven years.

David Phelps: Nice. It's hard pay.

Mark Jackson: That's another story. (laughs)

I was at a point in my corporate profession at the time that I was ready to make a transition. So Christmas of '98, started researching and finding out about the schools you'd go to, the different dynamics in terms of your apprenticeship, 2,000 hours in apprenticeship. So, I say that, that people come to it from different ways, but what I've also seen is there's really two types of appraisers. There's, a really good appraiser, that does a phenomenal job, looking at the data for refis and for purchases, and puts together a very substantial report, but they really don't have much of a book of business because they lack the marketing.

And then there's the average to, and then again this isn't just two categories, but it's close. Appraisers that can really crank out some work, but just basically can do a lot of marketing. So, they get all the business but it's not

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really the quality of work that you or I would rely on, or anyone that we would share information with, so they could really be successful in investing because the data is just graph three comps, graph three listings, put together a report, make 400 bucks.

It's not the market area analysis that's so key to how we engage and drive folks towards lending opportunities or equity opportunities or whatever the case may be, for their maximum success. That's why, you know we teach an evaluation first approach. It's not just appraising, but also being in a position where we're talking about an evaluation first approach. A lot of people can pull together, pardon me, appraisers, pull together three comps, three listings and produce a report and that will suffice for a refinance. It'll suffice for the purchase of a home. But we're talking about doing things from an investing point of view, where we, definitively want to provide sound lending opportunities.

Or being in a position where we're talking about, "Hey there's an equity spread, and we want to be equity partners on these deals." Having an evaluation first approach to ensure that we're as very close to knowing that we're gonna make a profit when we're buying that transaction, is absolutely key to what we do together and engage with the folks that we would represent or that we would encourage to get involved in a transaction.

David Phelps: So what you're already getting to very quickly is how you took your appraiser background and knowledge and now turn that into you know, the investing model where you use it for yourself and for all the clients and coaching members that you have. So, when did that switch come on? So you got in, you're very much into computer

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information systems, you like running the numbers, you got in, you got your appraisers license, and then when did you say, "Hey. I could actually use this for something even bigger than just appraising." Tell me about that.

Mark Jackson: Well, you know, it's ... gosh that was probably more of a pull than a push. It was having the spirit of just you know, always about giving and caring and sharing, and someone tapped me on the shoulder and said, "Hey MJ. I do some coaching stuff like that, and this data feed that you have, really would help me guide these folks because we're trying to make sure they buy right. And you should, you know, put together something."

I was like, well, I just wanna be a blessing! (laughs) But, that turned out to be the impetus that eventually created InvestorComps Online because, individuals need to be able to look at transactions the way I was able to. One of the things I did with investors was tell them the deals that they shouldn't do. There were things dealing with functional obsolescence, there were things dealing with how many permits for new construction had been ordered, and a marketer that clearly indicated that yeah, you may look like you're gonna make a profit on these numbers right now, but these circumstances are gonna impact you.

So, it was more about saving, or putting people in a situation where the profit they thought they made, they didn't wind up just giving it back, because they weren't looking at the broader aspects that involved the transaction, or doing it rather than, three comps, three listings, give them a report.

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David Phelps: Right. Right. Yeah, makes a little sense. So, InvestorComps Online today, is surveying a domestic and international client base. You do love coaching, give us a little bit more of the framework of what all on InvestorComps Online is about, and again, I'm not ... you know our audience is probably primarily gonna be, you know, our doctors, and full disclosure, MJ is one of our elite trusted advisors in Freedom Founders. I love having MJ, and people like him who bring their expertise to our group, because that's what we're about. Bringing the value so that they can connect the dots.

Most of our doctors are probably not going to want to become, have the knowledge you have. But using what you bring to the table is what everybody should learn how to do. So how does InvestorComps Online work? And again, this can be for anybody. Just lay it out there.

Mark Jackson: Sure. Yeah, I mean, regardless, if you're even looking at your own home. You know, for the folks that we're associated with. And we've done that. I've had folks reach out and touch base and say, "Listen. I've got my property in Detroit, I've got my property in Florida, I've got my property in California. How can I actually look at what it might sell for if wanted to actually pull some equity out and maybe do some deals. What would that look like?"

So, InvestorComps is very resourceful in that arena. It's also, tremendously resourceful when it comes to just that idea of being an investor. Where you want to look at the transactions, not just on a Zillow or just where you can get an idea, but you want to see who the buyers and sellers are around that property. What type of transactions are actually taking place, that establish what should be your best acquisition point, and then the buyers that are

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actually substantiating, make the difference in terms of what is the true actual repair value.

Or is it more of a wholesale property? Is it more of a long-term hold property, depending on the buyers that are in that market area. Or, even the cycle of buyer or seller that that particular property may be in, depending on where it is around the country. Or, we know that we're coming up on another cycle now when it comes to real estate investing and we want to be constantly aware of where that cycle is, not that it's a good thing or a bad thing, but with knowledge and information we can prepare ourselves and adjust accordingly so that we can make sure that we're always in a profitable position, whether it's we're looking for cash flow, or whether we're looking for some quick transactions.

David Phelps: So, MJ, when you're talking about tracking the buyers and sellers in any particular market area, in other words, we're talking about, you know, any area in any MSA or outlying area, where someone, that's where they're investing. Or maybe they're already investing there, it's their farm area, right? And so, tracking the buyers and sellers, so let's put a definition on this. You just kind of alluded to it, talking about what types of transactions are happening.

So, again, a lot of our listeners may be not be aware, that there's not just one broad-based this is the price, because every transaction has a buyer and seller, they're motivated by different reasons, and the property condition also brings into play who's buying and who's selling, for what purpose. And so you're gonna have different levels of price points, that are you know, made available. So how do you, through InvestorComps Online, get access to

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this kind of information? How do you ferret this out to know was this a wholesale deal? Was this true after repair value? Was this a retail deal? How do you figure that stuff out?

Mark Jackson: It's really not that challenging with the data sources we have available. So we're going after, and we're getting abstracters that are pulling all the transactions in a market area. Whether it's a non-disclosure area, right? So, non-disclosure would be in Missouri, and Idaho, a Texas, New Mexico, where they're just not providing the sales price of the house, but overwhelming most of the marketers tell you what date it sold, and how much it sold for.

Now, the beauty of what we do data-wise, is that we also will have the principle balance of the mortgage when that property closed, who the lender was, and by having the lender information we can tell is it a conventional loan, is it an FHA loan, is it a VA loan, because those sets of information also give us impact as to the marketability of that home up and beyond just days on market and stuff like that.

So as we're going through transactions, it really isn't just about this idea of days on market, we look at, was it 30 days or was it 120 days? We want to get in to what type of transactions that buyers are driving in the market area. When we're looking at the data up and beyond sales date, sales price, again we're talking about the mortgage, who the lender is, so and so forth, the dynamic is: who is actually buying that property and who's selling?

We'll look at transactions, the garden-variety one is: Jane Doe to Bob Smith. Okay? That's that arms-length transaction right up here in the market. But from an

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investing perspective, we're digging into we can see through InvestorComps Online and not so much we want folks going out there and doing it, but we want to have access to it, but in the back of house we're gonna actually analyze.

Hey, here's a family that just had someone pass away, and it's just a trust sale. They're trying to move the property out from six different family members, we can see what that entity was when it went in to probate that's trying to sell. That tells us it's a certain type of motivated transaction. But even more than that, we're looking at the market area the property it is, and the condition that it's in. Because in some cases we know there may be some family members that may have transitioned that, really were just kind of on their own, house is in really good shape, and it's being re-marketed, and it's as is condition.

By the same token, some of the circles that we operate in the properties will actually be well maintained, and be fully market ready. So, those same circumstances basically probate, but two different transactions as far as what they're willing to sell at and we want to be able to see that information. And that transitions right on over to, the entities. You may, a lot of times now you'll see where a, what, self-directed IRA is on title or has done the lending so and so forth, or some type of trust, and you want to look and see how many deals are they actually doing and what market areas you're doing. How savvy is this particular buyer or seller, or lender, that's doing these transactions?

That data has a significant impact up and beyond just the market cycles that we're in. So that's how we use that information internally to make sure that we know what's

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taking place with a certain property whether it's a single family residential, a duplex, any type of, we can tell if properties are manufacturer or modular homes, those have different types of transaction based on ... they're all good deals, you just have to analyze them to make sure how you're gonna go forward and know that you're making a profit when you buy.

David Phelps: So this is really good, MJ. And I think the point I want to make right now, is that some people may be listening to this and going, saying, "That's really cool, but that takes a lot of work." For an investor to say wow, I've got, somehow I either have to access what MJ's doing or I've gotta figure this stuff out, and they go, that's a lot of work. Sounds like a problem. I think I'll just go back to my broker and see what he can buy me in some mutual funds today, or put me in ... and that's, that's a realistic thought. But here's what I would, how I'd turn that around and go, "We know that there's certain inefficiencies, inefficiencies in the real estate market."

Now what you're doing is you're taking some of those inefficiencies and you're aggregating data, cause you're good at that, but there's no, other than what you do, there's people like you that do different kinds of data-mining and I get that, but it's still all fragmented. It's still all fragmented in real estate. Which some people say well that's a lot of work, I don't wanna do that. Or, okay, well that's fine to think that way, but what we love is that there are inefficiencies, there is fragmentation in real estate, I will say it's very local, the indications you just brought up about the different reasons why buyers and sellers and who's lending on the property, all this data, if someone wants to take the time to connect with someone like you

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who can get that data, where are you in your ability to make profit and good buys.

Can you do that in the stock market today, MJ?

Mark Jackson: (laughs)

David Phelps: Can you ride and hedge, hedge against the information that's out there right now on Wall Street? Can we do it?

Mark Jackson: Absolutely not.

David Phelps: Not a chance. Not a chance.

Mark Jackson: Here's the thing, especially, you know, we're having a dental conversation, or we're having a conversation where there's doctors in this arena. And that's what I love about just being in the environment and being engaged, you know, with ... as a trusted advisor. Here's the thing. I've gotten to the point where I've started using dental analogies.

David Phelps: (laughs)

Mark Jackson: (laughs)

And, if you've got, number 16, that actually has shifted forward because 15 was pulled when the child was in their youth, how you look at the composite filling that was done, oh ten years ago, and it might have some gaps or leaking around it, how you might replace that composite is a little bit different than how you might treat number 31, which is on top ... so there's, those dynamics they come very easily.

You look at the X-rays, you look at a mouth and you see what's there. The same thing applies when we're talking

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about the data-mining. That information, it's very fluid to share, it's very easy to convey it, but when I'm looking at it, it's like a snapshot. I can look at 20 comps, 10 comps, in a matter of moments and really get a dynamic feel for the cycle that that particular market area is in. Literally, if I want to do it, I mean literally if I want to do a deal there or if I don't want to do a deal, or okay, this indicator says I need to look a little bit deeper.

It's just that fast, no differently than that seasoned dentist that's looking at the, looking into X-rays and doing a treatment.

David Phelps: You've been spending way too much time around dentists.

Mark Jackson: (laughs)

David Phelps: (laughs)

We're gonna have to give you an honorary degree at some point because you're, you're-

Mark Jackson: [crosstalk 00:23:02] I'll take it. (laughs)

David Phelps: You're calling out tooth numbers and surfaces and all kinds of vernacular that we thought was pretty special to just us and now it's getting out there, so, I don't know. Secret's out about, about, we can't code anything in front of our patients anymore, you guys are for all too savvy.

Mark Jackson: (laughs)

David Phelps: Well done. But you're so correct and that's a skillset again, by taking the data that you have been looking at for years now and analyzing it, and even like I said in your head, you can, just like someone looking in a mouth who

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has experience can very quickly come to some highly accurate conclusions about symptomatology and even have a good idea of what the diagnosis and treatment plan will be, well same thing for you.

Very quickly, in a snapshot, without going crazy, you can come to a pretty quick conclusion, and like I said either dig deeper, or go, I got this or not doing this at all, and move on. Now, that's a special skillset and I wouldn't recommend that any of our doctors even though they're smart enough to do it, and I could be smart enough to do this, I'm not gonna go dig down that route, or rabbit trail, because you've already figured it out and we always talk about our network is our net worth. Knowing the right people in an inefficient market like real estate that's the key to the castle.

Too many people, MJ, and you know this, try to go out and do it on their own. Cause they go, "Well, I'm smart enough, I can learn this stuff, I can go find some people," and they just get their head handed to them because what they don't know. And it's like, no, connect with the right people. The inefficiency in the real estate market is where all of the opportunity comes from, and just connecting with the right people who have experience. So, that was really, really good.

Okay, so. So, how does, now, having this data, these insights into a specific market, what properties are beings sold, who's buying and so, what's going on in this market, how does that impact our ability to be investors, like we teach in Freedom Founders, you can lend money, out of your self-funded IRAs, or otherwise, or you can buy equity properties and hold those long term for the cash flow and appreciation. You can be involved in fix and flips if that's

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your deal, but how does this information impact us? How do you look at it from that standpoint?

Mark Jackson: I basically break it down into, what I learned is a for-seller market phase. We talk about a buyer's one, a buyer's two, a seller's one, a seller's two, and literally, the thing that's really good is that pretty much in all of the phases you can acquire property that's gonna be in your long-term hold portfolio. Something that's gonna be ideal for a self-directed IRA, that's just gonna continue to put interest in there, month after month after month after month, get to the point where you can redeploy the interest after as it's been accumulated and then certainly be able look at, you know, 6 months, 60 months down the road, or maybe 10 years down the road how you want to transition out of that unit and go do something else.

But overwhelmingly, we look at the, what I call the buyer one phase, it's really, pretty much an emerging market. That's where prices are low, and literally you want to be building up your buy and hold portfolio. From there we kind of go into a seller one, which is still somewhat of an emerging market, but the thing we want to be watching for is any type of job slow down.

Okay. Seller two, again we did buyer one, seller one, seller two, seller two that's the area where you have to be very, very careful. And frankly, we're moving towards that. Okay. That's a much broader conversation kind of like the details we're talking about those teeth and the amalgam a couple of minutes ago but (laughs) that we could delve real deep in there but then for second token, by the same token, we move into buyer two, which I literally kind of look at is the Warren Buffett area, that's where it's time to

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go ahead, you're a full-on money-maker, the only real key there is now you're watching for the job market to pick up.

That's gonna be your key indicator to get ready to rock and roll, but that's gonna, the buyer two, that's again, that's that Warren Buffett space you want to be in. I really haven't read anything or gotten anything from that guy that's been bad advice so, if we're willing to label it that way, I guess, more like the EF Hutton, if I'm not dating myself. (laughs)

David Phelps: Oh you are, but that's okay.

Mark Jackson: That's okay. (laughs)

David Phelps: I'm right there with you. I'm right there with you. Yeah, EF Hutton for those of you who don't know EF Hutton just Google it.

Mark Jackson: Google it. (laughs) YouTube it or something.

David Phelps: Okay. So, we both agree, and I think the people that run in our circles understand the inefficiency of the real estate market provides opportunities. The cycles that we're talking about right now, buyer one and two, seller one and two, that you've laid out, provide different opportunities in those cycles, and of course none of us can identify exactly, but we know about where we are in these cycles. We know the cycles move this way, we would agree that we're in that seller two where you wanna be careful.

So, knowing that, and we've got a lot of people listening to this podcast and some are already in real estate, some are thinking about getting involved and maybe being a little hesitant because maybe they also have the feeling that we're at some kind of a top of the market cycle. Many

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people have already forgotten that when there was a 2008 major correction in finance and real estate markets, so, MJ, I'm tossing you a big one here, you know. So how does the prudent investor whether you're lending money or you're buying equity say, how should we take data that you have, and how should we bet to our advantage? Do we stay out of the market right now or do we still, is there a way to invest prudently, even if, towards the top of a seller two market?

Mark Jackson: So, I'm gonna and, I'm gonna add one more information set.

David Phelps: Okay.

Mark Jackson: While, we know that the buyer markets and the phases and the cycles exist, there's also the dynamic that they exist at different times in different market areas.

David Phelps: Correct.

Mark Jackson: One of the things that, and we've kind of shared this before, my international clients, once a year they'll ask me what's happening in the US market area. And every time I go back to them and say, well there isn't (laughs) a US market area.

David Phelps: Right.

Mark Jackson: Even in Dallas, there's Fort Worth, there's Frisco, there's Plano, there's-

David Phelps: Sodo, Duncanville.

Mark Jackson: Yeah. Yeah, it's-

David Phelps: Garland!

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Mark Jackson: It's amazing, and each one of those are doing different things. I even reference there's a marketer right in metro Atlanta called Vinings. And this particular market area literally from 2006 through 2013 had a double digit increase in market value consistently straight through what was, you know the Great Recession. That market area based on the demographics of that market area, education, access to employment and the, just even the interstate system right where it's located, really had a different phase of transaction activity.

Only thing that really shifted on them was days on market, but values really continued to go up at no less than 10% over that time frame. So when we look at the marketers and phases and we're talking about easing our way into that seller two, and how we treat it, we have to realize that, that seller two's taking place in specific areas.

David Phelps: Yeah.

Mark Jackson: It's not something that is happening across the US. So, when we're looking at that data, we have to realize we still have to segment it because that's the extra fragmentation that takes place that we want to be constantly aware of and use our network to advise us, piggyback on, so that you know, you don't have to figure that stuff out, you know that you're in a position where okay, I'm not going to go along the coast in California. I'm not gonna go along the coast in New York and New Jersey, and down by D.C., and I'm not gonna play too heavily with trying to do transactions quickly along the Florida coast.

Those things are gonna slow down. Some of the prices are gonna adjust and you know, you're just not gonna see those type of transaction continue to have increasing

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value and a quick timing on them. So that's where you look at, okay, where can I go that's more ordinary? Or vanilla? You know, you want to visit and do some things in the outskirts of Chicago, southeast, where you're not tied to the city.

I think there's a little area called Northwest Indiana that's interesting. Places like Huntsville, Alabama. Nice markets, steady, it does have significant government dollars there. There's a couple bases there as well as Marietta. So you've got this NASA continued dynamic going on. Plus there's a couple schools there. So, again, nothing that's gonna make values shoot up substantially but it's an area that's gonna have, you know working class, education, and things where you know you can go in, acquire property at a reasonable value. Look at, you know that you're getting it somewhere between, you know low-end 68, 70 percent, high-end maybe about 78 percent on a deal, and it's gonna steady produce cash flow passive income, mailbox money, okay? And over time, when you re-market that as a turnkey, or if you're just gonna hold on to it and let it be part of your wealth portfolio.

Without a doubt, those markets exist, and you want to lean more heavily towards those when you're transitioning in to a seller two market, and then go back into your buyer one, buyer two market where you're actually buying and be able to sell very quickly so, fragmentation's probably one of the most ideal and dynamic ways to describe how we treat this buyer, seller information in the different market areas around the country. We have a great time doing it Dave, without a doubt.

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David Phelps: That was so well said, that was golden right there and thanks for bringing that up because that's a key. I think people listening to us right now and, you know, 15 years ago, I'd be saying wait, because I pretty much stayed in my own backyard. Of course, I was a boots on the ground only investor ... boots on the ground investor starting back when I was in Dental School, you know my story.

So, I had that, you could call it an advantage, but also in my mind, one had to or should stay in their own backyard. And I think most people that are from the outside looking in or maybe just got started in real estate in some regard, that's what you would do. Normally, stay in your own backyard. You're making a point that geographic arbitrage, because of the fragmentation and inefficiencies in the overall market go, which there is none, it's all local, that again is the huge opportunity.

The disconnect for most people, MJ, you know, is that I'd be scared to death to think I could invest, you know, out of my MSA, my Metropolitan Statistical Area, my city or town, let alone across the country to you know, another state, you know, a thousand miles away. That would scare me to death because I've ... you know, I can't even deal with ten minutes here in my own backyard how am I gonna do that ... and that's a viable question isn't it?

Mark Jackson: Yeah.

David Phelps: So the key thing I want to bring to the table here is, and again, you know I ... I'm so biased towards what we do, but you know, our network. The relationships that we all bring, the certain influence that you bring, that other people bring that are high-caliber, we bring all this and that's a way we are able to invest in the right markets

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through the right people. That's the way I do it today. You and I, and many members in Freedom Founders, we do a lot of deals with properties that I've never seen and never will see!

Now, that comes with trust. That comes with building a relationship. You don't just jump right out there and, and blindly send your money across the country to someone you don't know, you do some vetting. I wanna make sure people understand that we don't that blindly.

Mark Jackson: Absolutely.

David Phelps: It's with people you know. You build that relationship, but when you do that, in anything in life, we're talking about real estate, but anything in life, you build that relationship, that to me is the best way to fortify your own, your own financial platform, foundation if you will. And when you do that, that's when you start to have some peace of mind, some security where you can actually do more for more people and that's really, at the end of the day what you and I, and most of the other people that we deal with, that's what we're all about. But we help each other get there. We try to do it solo, by ourself, rugged individuals, I'll go make this happen myself, there's gonna be a point where you're just tapped out.

You're tapped out. You can't make it happen and so that to me would be the disconnect. Okay. You know, MJ's talking about these opportunities because you can look around the market and see, see whether you're in a sellers one, sellers two market, and arbitrage it. Absolutely. But you gotta know the right people.

Mark Jackson: Definitely. There you go.

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- David Phelps: Beautifully said. I'm talking about you not me. You're the one that said it.
- Mark Jackson: (laughs)
- David Phelps: I just want to put an end-cap on it because it's something that most people miss, and when people say, "Ah, real estate doesn't work," or you know, "I got slapped down in 2008 because I bought at the height of the market," well yeah, it's gonna happen because you don't know what you don't know.
- If that's the case for you, you know, stay on Wall Street where you can just through a click of a mouse or call a broker and have them play that game but, I love the inefficiencies of our market place because this is what's fun.
- Mark Jackson: Yep. You use the phrasing, I work with students all the time, the real thing is understanding that, you know this idea that, well, they know real estate works, it's just believing that it will work for them.
- David Phelps: Yeah. Yeah.
- Mark Jackson: Yeah.
- David Phelps: So true. So true.
- Mark Jackson: Yep, yep, yep, yep, yep.
- David Phelps: Wow. This is good, oh okay, so last thing I wanna hit you with because ... and I'm not asking for myself, okay. See I'm ...
- Mark Jackson: (laughs)

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David Phelps: You know, I'll ask questions I think our audience wants to hear, but I'll also ask questions that I want to hear from someone who's an expert. So, here's my question. We all know that unfortunately we've had some major national disasters, globally, not just in this country. And there's a lot of people suffering because of that, so I'm not talking about being opportunistic, you know against other people's losses, but let's face it: you know, Houston was hit heavily by Hurricane Harvey just a few weeks ago, it will be climbing out of that similar to New Orleans was back in 2005 with Katrina.

Climbing out, there's many properties that were destroyed, and changed the dynamics of that whole MSA of Houston, Texas right now, MJ. With your basis of knowledge and experience, in that area's gonna need private capital coming in. I mean, that's the way it's gonna happen. A lot of it will be brought back by private capital that comes in, and says we'll buy these properties that owners no longer can take of, the banks, we're gonna let them go because the flood insurance didn't cover, blah, blah, blah. Okay?

It is, what it is. So when should investors look to be creating alliances in an area where there's gonna be a long time for turnaround? What's your historical perspective on something like that?

Mark Jackson: Well, first thing is, by the way unless you're being involved in just providing material, that would be your best capital play, because prices are gonna be going up, just on the material itself, that's everything. That would be ideal. Okay, again. But when it comes to actually looking at investing in particular, I'm gonna focus on just the idea of being and doing short-term deals. Okay?

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That's an area where it's probably gonna be the better part, and in particular in Houston, the better part of a 12-18 month window before you really want to play in that arena.

David Phelps: Why would that be?

Mark Jackson: Mainly because you're talking about just the individuals that are gonna be trying to recover and get their homes back in play, not so much buying new inventory. Or having homes that are being fixed up, and then buying, because you're still gonna have the anxiety about, except for the people that live in that market area, they're gonna have the anxiety about well, what if I get hit by Harvey 2?

David Phelps: Right.

Mark Jackson: Those are gonna be the dynamics. The other thing that's really important is that, and I will say this, I was just looking at a project just north of Austin, as Harvey was coming in. And, I actually got in a car, was going down there, got stopped on the interstate because they were only letting relief workers go so far. I talked to my student that was there on the site, we did a FaceTime, we looked at, we called the contractor that had already given us an estimate on some roof repair and HVAC, and I mean I'm giving you some detail, what we discovered was that the duct work had been vandalized in the home, so all the registers were there, but the duct work had been pulled away, stuff like that.

We talked to the HVAC guy, and he immediately said, now this is 90 some minutes north of Houston, and he basically said, "I'm really not sure when I'm gonna get to that because I've gotta go down to Houston. I'm gonna be down there for a while."

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David Phelps: Right.

Mark Jackson: Those type of dynamics, again I'm talking just on the short-term deals, those type of dynamics where 1: your contractors are gonna be challenged to deliver in the framework that they really previously said they would, at the cost that they previously said they would, would really give you a challenge.

Now, if you're just doing renovation to existing work and you can actually be in a play where you can create a relationship and help fund acquisition and materials, those costs are going up, and there's income to be made. Now, I'm not saying I know exactly how to do that, who to communicate with, I'm saying if you can build a relationship with someone that maybe needs capital for [00:39:43] polymers, and not the Home Depots and Lowes, but some of these other vendors, that would be great they're gonna be actually be doing very, very well over the next 12-18 months.

So it's really about restoring the market area. If you can play in that arena, that would be my suggestion there, but just really in terms of getting engaged and maybe inquiring for either short-term projects or for long-term hold, I would sit tight just for the moment, unless you have somebody right there, in Houston, boots on the ground, doing their thing, someone like Fabian that we know, or just develop a relationship when we were traveling recently, based on the, again I'm speaking based on the timing of this podcast and where we're engaged but, that's really how I would treat that.

Especially coming from an evaluation perspective and looking at the market and things that have happened.

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Now here's the other thing too: Houston, again, is very different from Louisiana. If we go back to Katrina, because of the, I mean I used to live there a long time ago, so I have a little bit more of an intimate relationship with the market area and the goings on there. Unfortunately, that market area has a challenge in terms of, really doing the right thing with the resources that are being entrusted.

David Phelps: Mm-hmm (affirmative)

Mark Jackson: If I can say it that way.

David Phelps: Yeah.

Mark Jackson: There's a whole 'nother level of caution, that you have to have when you're talking about trying to restore a market area because the fact of the matter is I can tell you, I can go to residences, this is 2017, that was 2005, I can go to residences in and around the New Orleans market area, MSA, whatever the case may be, and walk you to a street, where they still have the X on the sign where it's talking about how many people were inside, what date they were there, those circumstances still exist.

I know for at least nine years, when I traveled there right in front of there's a school called St. Augustine. There's a, it's a High School. Private School, put up by the Archdioceses. And David, in that New Orleans market area there's a Volkswagen Bug that sat in front of the home, right in the driveway that had the water line on it for at least eight and a half years.

David Phelps: Oh my gosh.

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Mark Jackson: I mean, and that's a fact. I don't, I'm not making ... it's a fact! So these are the dynamics that even when you're going in markets that are trying to recover from a circumstance like a Irma or a Harvey, there's a deeper level of knowledge you have to have, to know hey, Houston's gonna, it's gonna rock and roll it's gonna come right back. Okay?

They're gonna get in there, they're gonna deploy the resources, there may be a little something but you can have confidence that it's gonna be done the right way. Whereas, other market areas, you're gonna have to be more cautious to an n-th degree that you and I probably couldn't even describe.

Or, care or believe that it exists.

David Phelps: Yep. Yep. Great, great insights, MJ. Thank you for that. I think that's a one that probably runs through people's minds as they're trying to look for local, you know again, opportunities where capital, capitalistic entrepreneurial help can, can make, make a new market or you said restore a market.

Mark Jackson: Yep.

David Phelps: Alright well listen, I want people to know, InvestorComps Online. And also, AtlantaDiscountHomeDeals.com again, I'll say that again, AtlantaDiscountHomeDeals.com.

MJMark.Jackson@AtlantaDiscountHomeDeals.com.

Pleasure conversing with you today, talking about, you know your background, what you bring to the market, what you've figured out, how you intertwine your knowledge base with what you aspired to do. It's a great,

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great pleasure, not only to have you as a friend, but as one of our trusted advisors Freedom Founders.

Folks if you want to learn how to beat the market, and I'm talking about the Wall Street market, and have something that you can really hang on to, this is what you've gotta get involved in. Yeah, is there a little bit of work to find the right people, the right place? Yeah, there is. Is it worth it? I will tell you hands down it's worth it. So, thanks for plugging in, listening to us today.

MJ. Thank you for your time today, sir.

Mark Jackson: Dave. Pleasure to be a part of the community, you've put together something special that will last for as long as you want to do it, and bless a lot of folks. So thank you for the impetus, the idea that is now Freedom Founders and all the lives that it touches, without a doubt.

We support you, and we encourage you to remain strong. Without a doubt.

David Phelps: Thank you MJ, we'll talk soon.

Mark Jackson: Okay, man.

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