A Real Estate Agent's Guide on Working with Investors

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Many real estate agents dream of tapping into a network of investors. It's easy to see why. Investors create their wealth through long-term real estate investment strategies, which requires them to sell and buy homes fast – faster than the average buyer.

For an agent like yourself, working with such clients can seem like an easy ticket to commissions and sales.

But any agent who has ever worked with investors will tell you how hard it actually is.

In part, this has a lot to do with what both professions consider important.

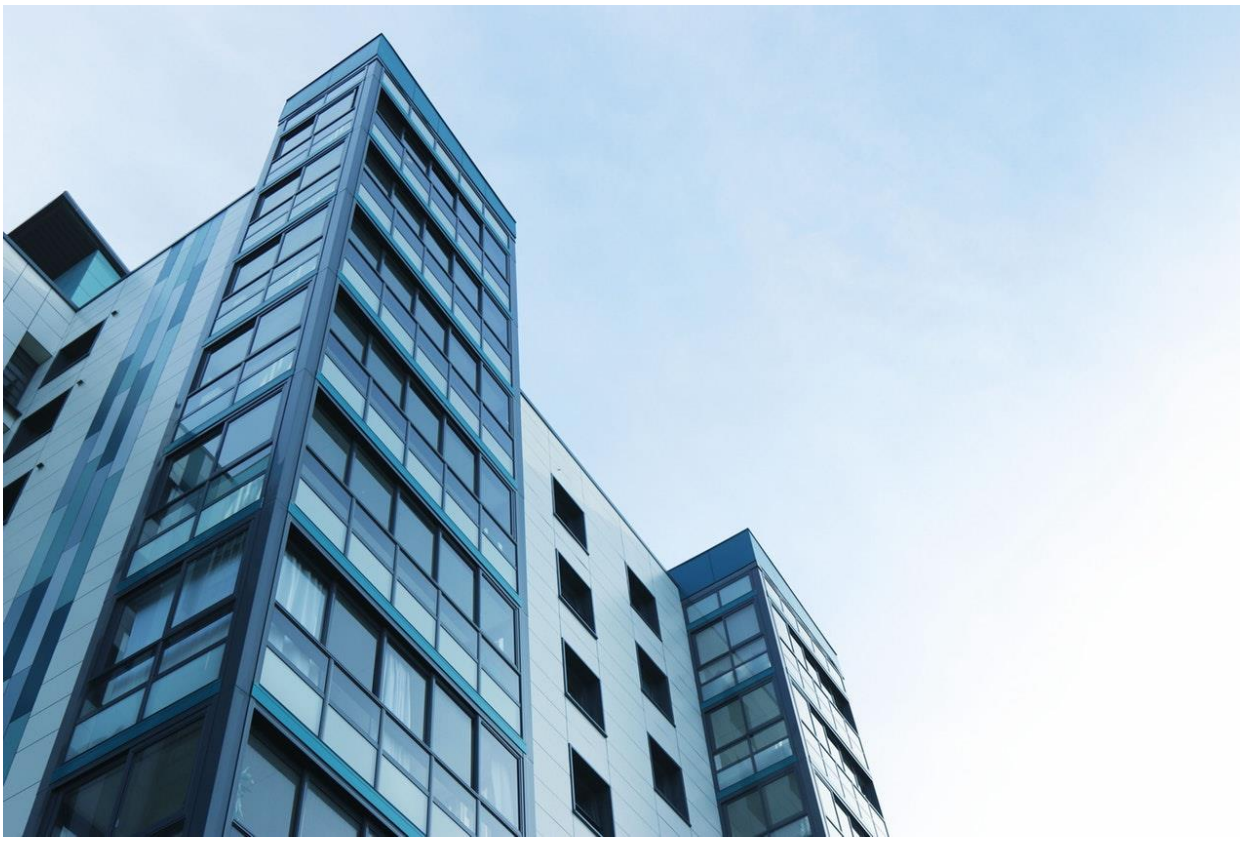
For example, investors are interested in knowing whether certain properties are worth investing in before they commit, and the job of a real estate agent is to help them navigate through every aspect of the selling and buying process.

To put this problem in perspective:

- Real estate agents focus on commissions
- It’s hard for agents to acquire a steady flow of commissions since investors are picky
- As a result, agents aren’t always able to understand or meet investor needs

Yes, it’s profitable to have investors as clients. However, it can be challenging to work with them if you don’t know how they think. Here are some ideas on how you can make this relationship work for you:

Focus on ROI, not a Dream House



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Like most real estate agents, you might be accustomed to dealing with first-time homebuyers. When an investor shows up and lists requirements that are completely different, you feel an instant disconnect.

To compare, consider what you would usually say to a first-time homebuyer during a house showing:

- “This property is great for a large family.”
- “Look at that patio, isn’t it gorgeous?”
- “This property is in a great neighborhood.”

However, investors aren't interested in hearing about such qualities. To an investor, you aren't selling a dream house – you are selling ROI. Topics like these won't matter to a person in search of investments that can provide them with steady profits down the road. Instead, they might be in search of properties that they can flip later.

With this in mind, most investors would rather hear something like the following:

- The property has been listed for months now, so the seller is really motivated
- The average rent for this property isn't that high, but it has no shortage of tenants

Identifying the Halfhearted Investors from the Hard Hitters

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How many times have you been inches from closing a good deal only to find out that the investor had no money to buy the property in the first place? How many hours have you spent in trying to help investors find a good deal, only to have them give up in the end and waste your time?

But it doesn't always have to be this way; not when you ask these clients the right questions.

You can't expect to strike gold with every investor any more than expecting the right deals to come knocking at your door. However, you can improve your chances considerably by asking the right questions.

How do you make this work?

Focus on asking questions that help you figure out what they truly want out of this relationship. For example:

- What are your goals?
- What are the types of properties that you want to buy?
- How much do you intend to spend on these properties?
- What are your financing options?
- What do you expect to get out of investment deals?
- What are your preferred neighborhoods?

Amongst all of these, learning about goals is the most important and should be asked earlier on. Why? Investors who don't have a clear goal in mind will always be confused about the type of investment strategies they want to follow. For example, if an investor wants to live on passive income while still working, flipping houses is probably not a good strategy for them.

Learning about your clients' goals will help you understand the big picture and figure out the type of services that they expect from you.

Identify Investor's Niche

Every investor focuses on a niche or specific type of investment property. Understanding these niches can help you identify investors who are worth your time and attention.

To illustrate, consider an investor who may run their business as a wholesale operation, a flip and sell, or a buy and hold. An overview of each niche should give you a better idea about your options:

Buy and Sell: This is a passive investment strategy in which an investor buys a property and holds it for a long period. This is usually the domain of veteran property holders who have held the same properties for years and rely on them for profit. Take the example of an apartment complex that an investor has held for 22 years because it provides them with a steady stream of rental income.

Wholesale: Wholesale investors make profit by buying properties from motivated sellers and then selling them as quickly as possible, usually to other investors. You probably won't be working a lot with wholesale investors, since they are typically looking to buy and sell properties without involving agents. However, it's still a good idea to know how to work with a wholesaler. For example, you might work with a wholesaler who wants to make an offer on the house listed on the MLS (Multiple Listing Service).

Flip and Sell: This type of investor is pretty self-explanatory. They focus on making profits by buying cheap properties and selling them for a higher price later. The investor might buy a house that needs repair, fix it up, and sell it for a profit.

Compared to regular homebuyers, property investors have a different set of standards. And it can be incredibly difficult for real estate agents to deliver services that are up to the mark, but it's not impossible. Focus on figuring out their goals and what they expect out of the relationship. Getting the bigger picture can help you identify an investor's requirements and better cater to their individual needs.