

WHY ISN'T EVERYONE A REAL ESTATE MILLIONAIRE?



By: MATT McKEEVER

Real estate investing seems pretty simple.

IF YOU WANT TO MAKE MONEY:

Flip Real Estate: Buy Low, Sell High.

**Rent a Property: Buy a House and
Rent Out for More than it Costs.**



**“Ninety percent of
all millionaires
become so
through owning
real estate”**

- Andrew Carnegie



**“Real estate cannot be lost
or stolen nor can it be
carried away. Purchased
with common sense, paid
for in full and managed with
reasonable care, it is about
the safest investment in
the world”**

- Franklin D Roosevelt



**WHY ISN'T EVERYONE
A REAL ESTATE INVESTOR?**

WHY DO SOME INVESTORS FAIL?

**WHY DO SOME SUCCEED AT
FIRST AND THEN STUMBLE?**

WHY DO SOME INVESTORS SELL?

**“Buy land,
they're not
making
it anymore”**

- Mark Twain



Rich Dad, Poor Dad & The Wealthy Barber make it sound easy - but why doesn't everyone win at real estate investing?

The reason everyone isn't a real estate investor, or the reason not every investor is successful is because of the **REAL ESTATE INVESTING GREAT FILTER THEORY**. We'll explore this in a second, but first let's review what inspired this concept



A FEW THINGS YOU'LL NEED TO KNOW

#1

I'M A SCIENCE FICTION & SCIENCE NERD.

So let's talk a little bit about science - and then I promise I'll apply this to real estate investing and that you'll have a better understanding of how to make sure you succeed as an investor!

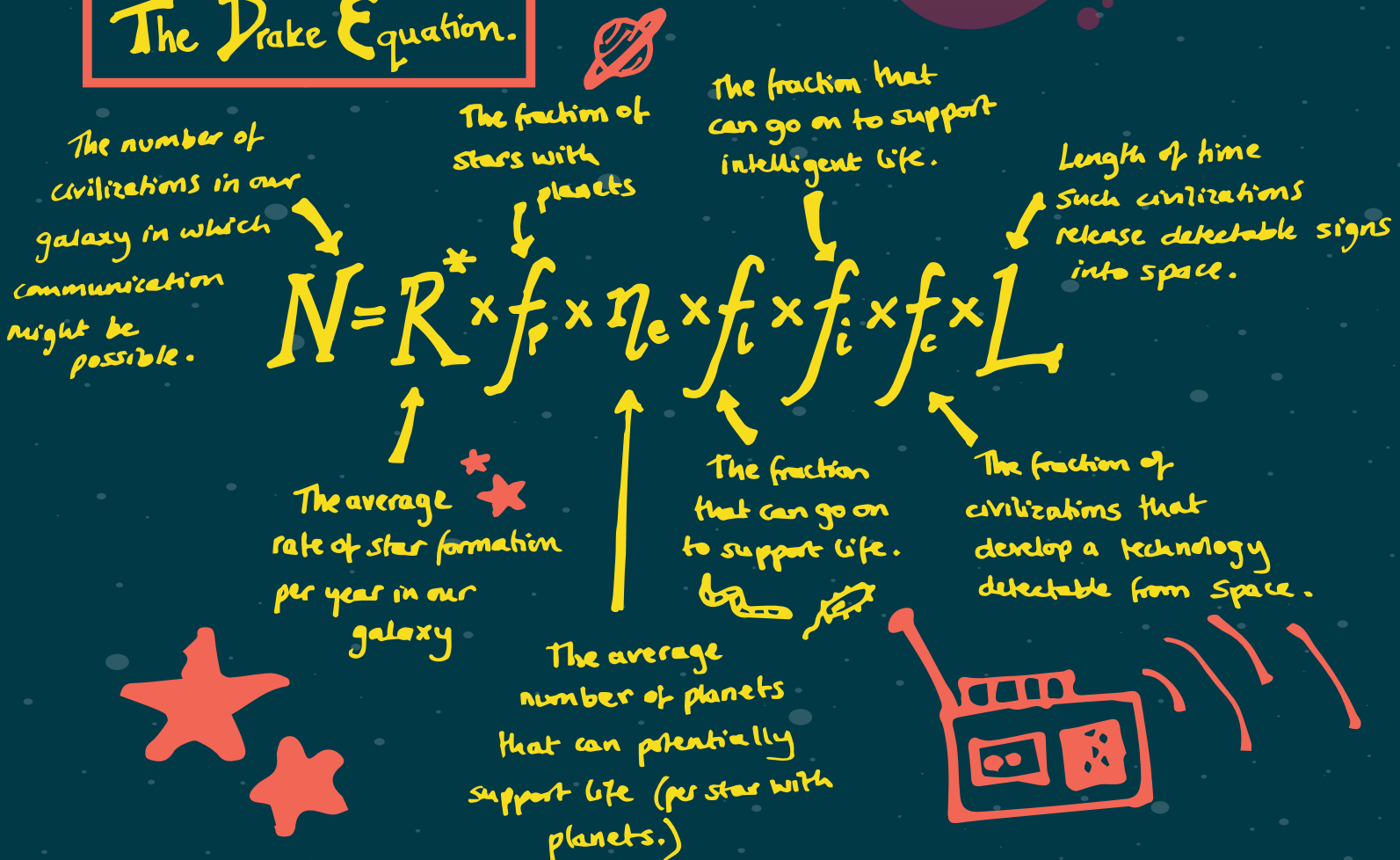
SCIENCE STUFF

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FERMI PARADOX:

the contradiction between the high estimates of extraterrestrial civilizations and estimates for their probability like the Drake equation vs lack of evidence of any such civilizations existing.

The Drake Equation.



There are **BILLIONS OF STARS** similar to the sun in the Milky Way, some of these stars should have Earth-like planets. The universe has been around for **BILLIONS OF YEARS** - but there's no evidence of intelligent life - no ruins, no spaceships, no probes, no radio signals - so what's up,

WHERE IS EVERYBODY?

Great Filter:

explains that one of the steps or thresholds on the journey to becoming a sustainable civilization and developing to the level that we could detect - is extremely difficult to pass. This threshold that stops life from happening or evolving to a sustainable intelligent civilization may lie behind us in our past or could lie in front of us in our future.

NOW ONTO THE REAL ESTATE STUFF



Similarly, when we're looking at real estate investing - **THERE MUST BE SOME GREAT FILTER OR PERHAPS FILTERS** which act as a threshold that restricts real estate investing success to a small select group compared to everyone **SUCCEEDING AT REAL ESTATE INVESTING.**

So what is holding back the average person from becoming a successful long term real estate investor? It seems simple, buy the right property, make money, rinse and repeat until you're a multi-millionaire.

Well, I think it's a series of filters that restrict success to a small group. Some of these filters you'll have to pass through, some are avoidable, and some you'll have to be prepared for in order to survive.

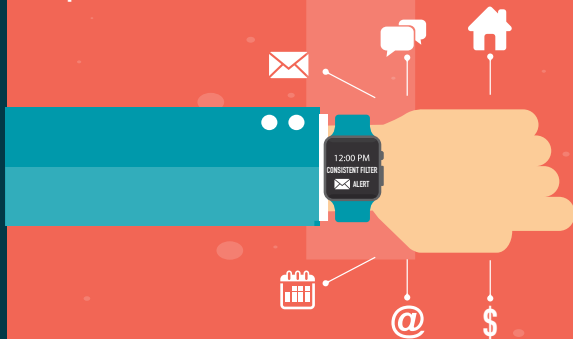
So what filters could be holding you and others back from becoming a successful real estate investor?



4 CATEGORIES OF REAL ESTATE FILTERS

Consistent Filters

these are filters **EVERY INVESTOR WILL FACE**, and the timing is relatively predictable.



Random Filters

these **MAY OR MAY NOT** happen to every investor, and the timing will vary.



Macro Filters

these rarely happen, and when they do **VERY FEW** investors make it through.



Personal Filters

these are personal filters that we often **PLACE ON OURSELVES.**



LET'S BREAK IT DOWN FILTER BY FILTER

Consistent Filters



Knowledge



Taking Action



Buying a
2nd Property



Not using other
people's money



Growing beyond
themselves



Lack of systems



What's Next?

Random Filters



Getting Cocky



Professional Tenants



Manager or Tradesperson from hell



Lemon Property

Macro Filters



Market Bust



Black Swan

Personal Filters



Limiting Beliefs



Cashout or Retirement



Death, Divorce or Major Life Change



Let me introduce myself, **MATT MCKEEVER** - REAL ESTATE INVESTOR WITH OVER 120 UNITS CURRENTLY AND CANADA'S LARGEST REAL ESTATE INVESTING YOUTUBE CHANNEL. In the following eguide - I'll break down for you the filters you need to be aware of if you're going to evolve into a successful real estate investor who survives for the long haul.

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Consistent Filters:



FIRST FILTER: KNOWLEDGE.



Believe it or not, but some don't know how it's possible to become a landlord or don't know that it can be profitable.

Solution: Seek **COUNSEL** NOT **ADVICE**.

Counsel comes from a professional advisor or someone that is doing what you want to do.

Advice is based upon an opinion or feeling. Don't ask non real estate investors if you can make money with real estate investing, **Speak to successful investors and listen to their counsel.**



I REPEAT! COUNSEL NOT ADVICE



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SECOND FILTER: TAKING ACTION

Some people have a failure to launch. All they ever do is consume content and remain in the learning phase. **THEY NEVER MAKE AN OFFER AND NEVER CLOSE ON A PROPERTY. THIS IS KNOWN AS ANALYSIS PARALYSIS AND MILLIONS OF WOULD-BE INVESTORS ARE INFECTED WITH IT.**



UNDERSTAND



IF YOU DON'T MAKE AN OFFER - YOU CANNOT BUY A HOUSE

AND IF YOU DON'T BUY A HOUSE

- YOU CAN'T BECOME A LANDLORD AND REAL ESTATE INVESTOR.

Solution: MAKE AN OFFER!

You must understand that information without action is entertainment which does you no better than Netflix binging, whereas information followed by action results in experience which drives success. Every real estate empire initially began with the purchase of one property. Too many investors get overwhelmed trying to leap from 0 to 100 rather than going 0 to 1. You don't need to know everything about real estate before starting, you just need to set yourself up for a high probability of success. **READY, SHOOT, AIM...**





THIRD FILTER:

Buying a second property

and scaling operations. Despite having the proof of concept in owning a property, many investors stall after one or two properties and never choose to view real estate as anything but a hobby.



Solution:

Many new investors struggle here because they focus on only using their own resources, try to do all the work themselves and decide real estate is too much effort or has too little

profit. You should always be refining and improving your business model - it's always going to be a work in progress. Understand it's unrealistic to assume that your first deal will go perfectly, you're a rookie after all. If you want to create a successful, sustainable real estate business you'll need to **LEARN TO BE PATIENT OR GET HELP WITH BUILDING YOUR EMPIRE.**

FOURTH FILTER:

Not using other people's money (OPM).

At some point in time, investors will reach a restriction in regards to growing their portfolio if they are only using their personal resources, either because of total debt service ratio or, total mortgage restrictions or a lack of liquid capital. They will need to turn to using OPM.



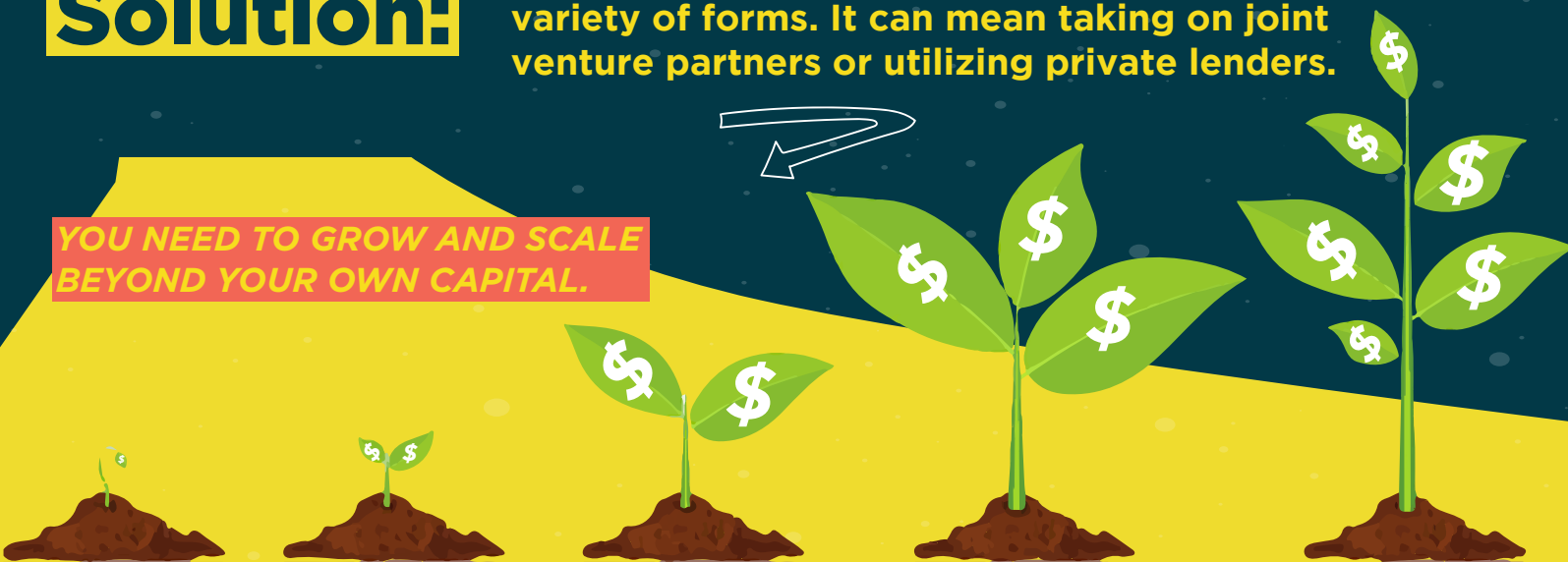
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Solution:

Embrace OPM. Other People's Money can come in a variety of forms. It can mean taking on joint venture partners or utilizing private lenders.

YOU NEED TO GROW AND SCALE BEYOND YOUR OWN CAPITAL.



FIFTH FILTER:

Growing beyond themselves. As a real estate portfolio grows, at some point it will grow to the point requiring more management than a solopreneur can provide. At that juncture the investor will need to find management - whether that's externally contracting it out, or insourcing it by hiring an employee.

Solution:

As you grow your portfolio, it's important you grow as an investor as well. You can't and shouldn't do all the work yourself. You should focus on doing the work you enjoy the most and that provides the highest value to your business.

Oftentimes this is attracting OPM, finding and negotiating on deals and **WORKING ON THE BUSINESS NOT WORKING IN THE BUSINESS.**



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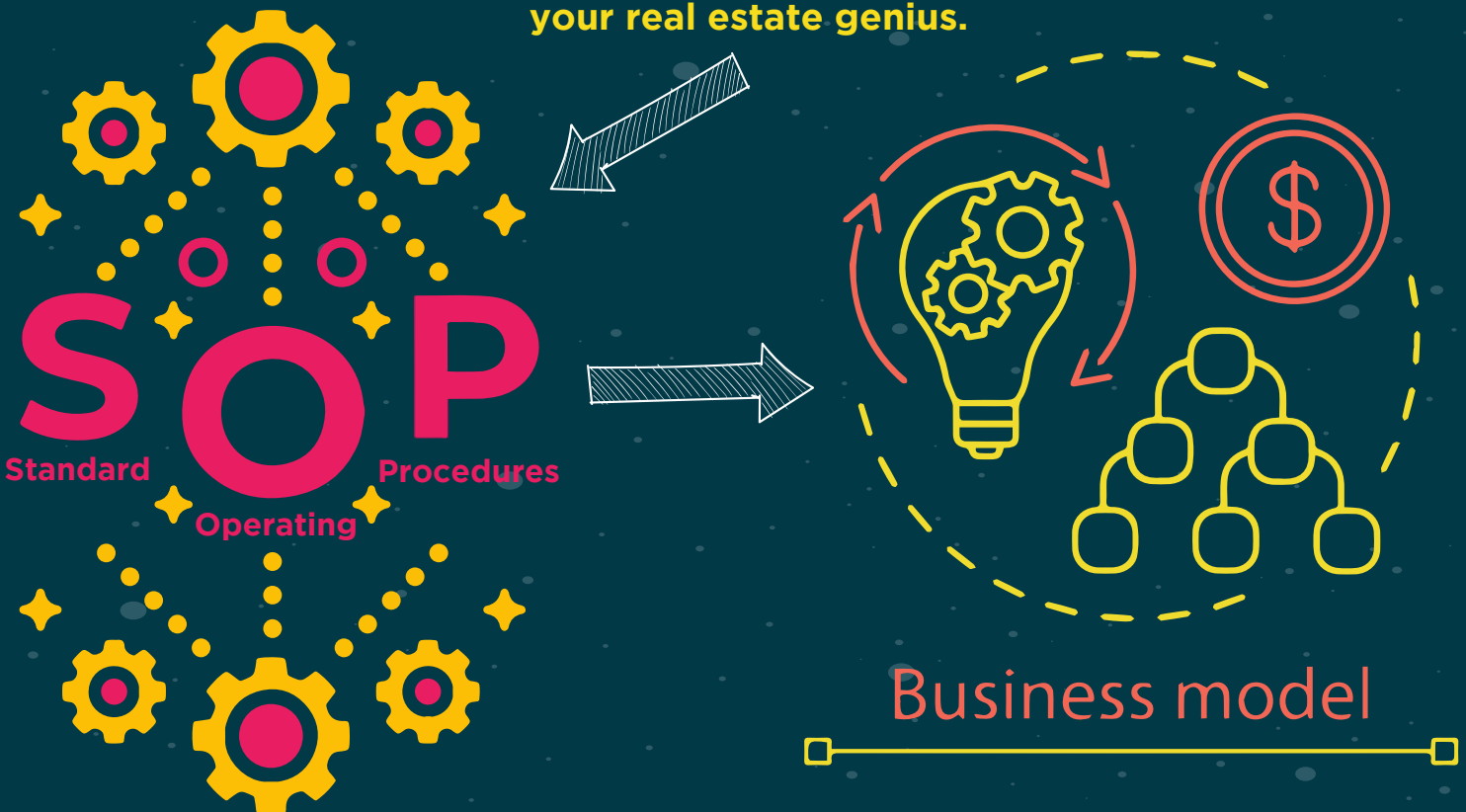


SIXTH FILTER:

Lack of systems. Finding an approach that allows the investor to grow consistently unencumbered. Some investors are able to be pirates or cowboys and grow a portfolio to a certain size but it may be by cutting corners or breaking laws - this is difficult, and not recommended, especially if you wish to grow a large multimillion dollar portfolio.

Solution:

This will depend upon your business model and goals as an investor. Part of the solution lies with building **STANDARD OPERATING PROCEDURES AND PROCESSES** to allow you to rinse and repeat the growth of your business rather than depending upon your real estate genius.



SEVENTH FILTER:

The “what’s next” filter. Having established a portfolio and income to a certain level the investor is faced with an existential question -

WHAT DO I DO NOW?

Random Filters:

GETTING COCKY



Many investors at some point will stop doing what made them successful in the first place. They stop doing their due diligence, stop running their numbers, or dive blind into a new strategy or market.

Solution: Never forget about the fundamentals. Always run the numbers and have a plan B & plan C.

PROFESSIONAL TENANT:

Some tenants decide to make it their life's mission to do their best to destroy their landlords' will to live.

Solution: Tenant screening is critical to keep a professional tenant from hijacking one of your investment properties. If you do find yourself with a nightmare tenant - seek professional counsel from experienced investors or from a paralegal or lawyer who specializes in tenant matters, whatever you do - do not let the problem fester or ignore it.



MANAGER OR TRADESPERSON FROM HELL:

Some service providers will take advantage of a landlord, and if a landlord isn't diligently managing their contractors they could be destroyed.



Solution: When hiring, always ask your network for referrals, and always check references. As well on larger projects, you should always get multiple quotes. **Never** hire someone because they're the only one available, when you hire based on convenience rather than competence you always pay a dear price.

LEMON PROPERTY:

This property may or may not be cursed, but either way it's a money pit or management nightmare and some landlords choose to give up when faced with this challenge.

Solution: Some properties have hidden issues, the best way to avoid these problems is to never buy the property - if you have a strong due diligence process you will greatly reduce the probability that you find yourself with a lemon property.



Macro Filters:

MARKET BUST: _____

What goes up must come down. Some investors' business model cannot survive a down market and when the inevitable market busts they go

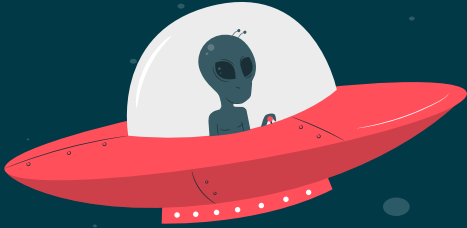
EXTINCT LIKE THE DINOSAURS.



Solution: Track macro and micro economic trends. Invest in markets where fundamentals are strong and focus on the most liquid parts of the market (entry level properties) or be ready to pivot the moment the market begins to shift.

BLACK SWAN:

A once in a lifetime economic event - whether it be a military or socialist coup, war, great depression or alien invasion - this was an event that very few could have predicted and almost no one will survive.



Solution: If it's the end of the world as we know it - well it's better to have owned a lot for a while than to have never done so.

Personal Filters:

LIMITING BELIEFS:

I can't do this, I'm too _____ insert excuse here.
(Stupid, Young, Old, Poor, Busy, Unlucky, Undeserving etc)



Solution: It's time to take ownership of your life and take action. Stop self sabotaging by procrastinating on your future. Life does come with a deadline even if you don't see it coming - **LET'S GOOO!**

CASH OUT OR RETIREMENT:

Some people want truly passive income and don't even want to manage their managers or simply decide to take on other opportunities and want to redeploy their capital.

Solution: There is none, if you want to move on from being a real estate investor a common pivot is to become a private lender where you can earn a **consistent 8-14% on private mortgage.**

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DEATH, DIVORCE OR MAJOR LIFE CHANGE:



Sometimes life gets flipped upside down and you lose your portfolio in the process.

Solution: Eat well and exercise and I guess get a prenup?



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Principles to Navigate the Filters: KNOWLEDGE:

You need a basic understanding of real estate investing and what you're trying to accomplish. **This can be accomplished through a variety of channels, books, courses and YouTube videos.** But remember information without action is only entertainment. For Canadian real estate investors **be sure to join www.cashflowtribe.com** and check out the 100s of hours of real estate training videos and ebooks.

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OTHER PEOPLE'S MONEY:

Your money is finite, whereas other people's money is infinite. Live in an abundance reality and embrace OPM. If you refuse to embrace OPM you are handicapping your business and success. The larger your network the easier it will be to attract OPM.

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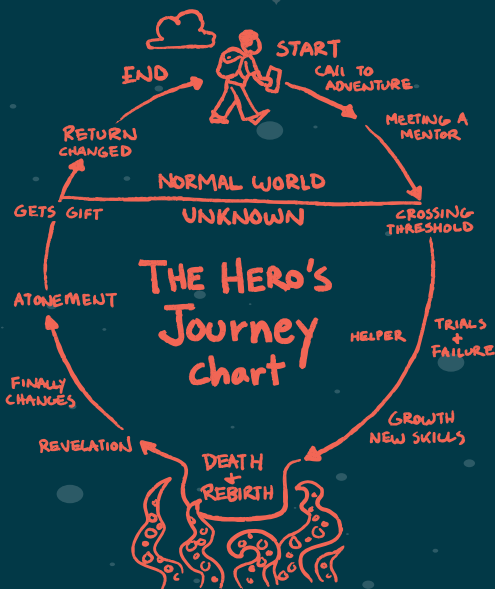


NETWORK:

You are the average of the 5 people you spend the most time with. If you want to become a successful real estate investor you need to start spending time with other aspiring and successful investors. Everyone thinks they shouldn't join until they've done a deal - this is completely wrongheaded - the best time to join a real estate network is when you're brand new, you'll have the most to gain. Join online communities like CashFlow Tribe.

OPPORTUNITIES:

You need a deal pipeline. The more opportunities you're presented with the more particular you can be in selecting which opportunities to invest into. Some of the steps you need to take to build a deal pipeline include: building a strong relationship with a local realtor, signing up for every wholesaler email list and should consider whether you wish to directly market to sellers as well.



CONFIDENCE:

Many investors never start because they lack confidence. As you meet and connect with other investors your confidence will grow, but just like in Joseph Campbell's Hero's Journey - if you really want to succeed as a real estate investor you will likely need a helper and mentor to help guide you on your real estate investing journey.

REAL ESTATE INVESTING IS SIMPLE BUT NOT EASY

There are no silver bullets, but if you join a community, have a willingness to learn and find a mentor and put in the consistent work you will succeed and make it to the other side of the filters that hold back most aspiring investors from ever achieving the success they dream of.

LIVE LONG
AND PROSPER

**RECOMMEND RESOURCES
& LEARN MORE:**

**WANT TO LEARN MORE?
I RECOMMEND THE
FOLLOWING RESOURCES**

**REAL ESTATE KNOWLEDGE
& COMMUNITY**

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