When To Pick A Virtual Market

Should I Stay Or Should I Go?

If you live in an area where it is conducive to wholesaling with little resistance then you should stay in your own market. You will have an advantage of knowing the areas, streets, neighborhoods and you will also have many connections right where you live. You will also be able to meet with buyers and sellers versus having to do everything via phone (or finding someone in the local area to assist you aka boots on the ground.)

When Should Go Virtual?

If your market has a high cost of acquisition then you should consider another market. This is usually the case in highly competitive markets that experience an upward trend in pricing.

This is also the case in markets where the price point on properties are quite high. An example of this is a lot of the west coast markets. You can make a lot of money on a deal but you have to spend a lot of money to make money. So if you don't have the financial ability to sustain a large budget then you'll struggle with success.

Additionally in these markets it helps if you have multiple strategies outside of wholesaling (*such as rehabbing*) so that you can extract maximum profit from every deal you find.

A Few Factors To Consider Are:

Is the market a non disclosure state where you'll have a hard time getting comps on properties which means you'll need MLS access if you're in one of these markets like Texas.

Do you have resources in that market that you can use to help you? For example, do you know other investors that are buying, agents that can assist you, other business contacts such as boots on the ground?

Time zone - If you're in California and are choosing a market on the East coast (or vice versa), be mindful of the time difference since you may need to reach people after working hours.

What Are The Different Types Of Markets?

You have two types of markets, cash flow and fix and flip markets. A cash flow market is one where the majority of the investor properties are purchased with the intent of holding them for long term appreciation and steady rental income. Most of the properties in these markets are generally lower end (typically sold from $10,000 to $30,000?). You're going to do more volume in these markets but the assignment fees may be smaller.

I personally like the low priced markets. It is less intimidating to the new investor. So this is good for you of you are intimidated and also good for your potential buyers. Also there are a lot more people with $30,000 cash then there is with $300,000 cash.

The second type of market is strictly a fix and flip market, where the majority of properties DO NOT cash flow. An example of this would be California markets where most of the price points are very high relative but rents are low. I personally do not sell many fix and flip houses. Most of mine are rentals or owner occupants buying them. Although we do sell some to fix and flip investors.

Sometimes you have a hybrid market, typically the large metro markets, where you have a mix of higher priced and lower priced deals. Miami and South Florida is an example of this hybrid market.

Another thing to consider is going just outside of major MSA's to market. This is what I do. I have the luxury of having a buyer pool from the major MSA but by going outside one or two counties there is much less competition.