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As a real estate entrepreneur you need a certain mindset to win.

From sourcing deals to dealing with bankers to deploying capital...

There are certain attributes that make you BETTER at creating long term wealth.

A thread ■■■■

RE is all about generating what we call YIELD.

Yield is the return on our precious capital.

And it comes in two forms:

Cashflow - the cold hard cash it puts in your pocket.

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Appreciation - the additional VALUE to a buyer or a banker above and beyond what you paid.

And before we start. A note on YIELD.

It's getting harder and harder to find.

Capital is plentiful and yield is scarce.

Folks are chasing deals with less and less of it and they are taking more risk to get the same amount of it.

The amount of yield you get from a real estate deal is all relative to the amount of risk you take.

A risky deal deserves more upside and thus more yield.

A safe deal deserves less upside and thus less yield.

The winners think about one thing only:

Risk-adjusted yield

Successful real estate folks have a long term mindset.

The folks who win in real estate don't buy-in to the "life is short" mantra.

They know that life is long. And they are fine to do work now and get paid later.

TIME is what makes these folks wealthy.

They get paid to WAIT.

The folks who buy, fix and sell can get rich.

But the winners know the real wealth is in holding great assets for a long time.

Back to cashflow.

The winners know that cashflow is what gets you through the bad times. And its the icing on the cake during the good times.

If you are well capitalized you can afford to chase appreciation or tax efficiency.

But cashflow is king.

But it's a small part in the grand scheme.

The folks who win understand the tax code and how it incentivizes buying, rehabbing and holding assets.

While the flippers pay taxes, the investors pay very little.

The folks who win know how to spot 10 year tailwinds and buy assets that will become more desirable (and more valuable) over time.

This is called appreciation.

And to realize it you could sell or you could add debt and recapitalize.

And the factors that effect the 10 year tailwinds...

The winners know that it's easy to get hung up in the weeds and analyze 100 variables.

But they focus on the 3 main factors that are the BIG levers. The ones they need to hit out of the park to win.

And they do it.

The winners understand that CASH is king.

No cash = no equity = more sweat = more risk.

They may start with other people's money, but they get some of their own cash in the capital stack as quickly as possible.

They utilize leverage responsibly and de-risk and de-leverage as they have more and more to lose.

It's not about making billions.

It's about living a good life and sleeping well at night knowing your entire net worth couldn't be wrecked by something out of your control.

They are good at selling themselves and their vision to bankers and investors.

They know a story and the leader is what sells a deal. Not the terms. Not the purchase price. Not even the yield.

The STORY and THE LEADER sells.

If folks trust those, they're in.

They know that execution is the risk factor.

Can't operate the real estate? You lose.

Can't get tenants to lease your space? You lose.

Can't collect more rent this year than last? You lose.

So they focus on the BUSINESS side of real estate.

They know that managing expectations is the key to a stress free life.

So they set reasonable expectations with investors. And bankers. And partners. And customers.

On the timeline. The terms. The yield.

They know that if you're in the business diversification is over-rated.

They prefer to put their eggs in a few baskets they really know well.

And FOCUS.

A loser spreads themselves thin and has their hand in many buckets.

A winner masters ONE THING and gets very good.

But as an investor, they diversify.

Making bets that hedge risk and move in an un-correlated nature or in different ways based on key factors.

They know what factors are in their control and what factors aren't. And they hedge the ones that aren't!

They know competition is the X factor.

And they find asset classes or geographical areas where they have a clear advantage.

With weak competitors or not very many of them at all.

They know most real estate is operated like its 1985.

So they win big not by being incredible at what they do...

But by doing common things uncommonly well.

They know that radical innovation is over-rated and very risky.

They aren't afraid to copy what works and follow a proven playbook. Constantly picking up tips, tricks and methods from competitors.

They innovate in small ways often but they do not try to re-invent the wheel.

They think in systems so they can delegate and amplify their efforts.

If this happens, then that happens.

They remove themselves as the bottleneck to growth and they put people around them who can move the machine forward without them.

They know it's easy to make an excel model look however you want it to look.

And they know there will always be another deal.

They NEVER do deals to do deals. Even if other people are eager to fund them.

They would rather regret missing a good deal than doing a bad deal.

They understand that tunnel vision can create blind spots.

Especially as you get closer to the finish line (closing a deal, selling a deal).

And it can cloud your decision making.

So they constantly double-check what they know to be true & search for info that disproves it.

They know it takes a long time to build trust.

And seconds to throw it all away.

With partners, bankers, investors, customers.

They know that the riches are in the niches.

So they learn to add or find value in a unique way.

So they can compete with less folks and drive more yield.

They know that real estate is a relationship business.

So they look up from their computer screen and shake hands. Or pick up the phone. Or go to the event event.

Even when they are tired or anxious or nervous.

They know good news is easy to share and the bad news isn't.

But the bad news can't be sugar coated. It MUST be told like it is right away.

And they surround themselves with folks who encourage and respect that behavior.

And they deliver it without fear.

They know that everyone has self doubts. Fears. Insecurities.

And they get good at being uncomfortable. And making decisions with incomplete information. And surrounding themselves with smart people.

And changing their mind.

And they develop an instinct.