

**2010 Market Trends-
Better & Wiser 16**

**Bid Foreclosures
Like a Pro 10**

**Stop Rent Tax
Nickel & Dime 40**

PERSONAL REAL ESTATE INVESTOR MAGAZINE

BUILDING WEALTH THROUGH PROPERTY INVESTMENT

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Special Supplement:



MASTER INVESTOR Dave Liniger, Founder RE/MAX Int'l



Dave Liniger

Easy Value – High Impact

By Andrew Waite

The title of this story is adapted from the Noel Coward play, “Easy Virtue.” The play is about the disruptive effect and unexpected outcome that an outspoken American woman has on a family of English nobles who



Dave Liniger
Founder RE/MAX

are down on their luck, but still high on themselves. This is fresh, not so proper American inadvertently challenges a long-

accepted social order that is overdue for re-evaluation.

The birth of RE/MAX International prompted a similar shake up in the real estate industry.

HIGH PRIESTS DEFROCKED

The RE/MAX vision, and rework of real estate brokerage and agency model, changed real estate sales and distribution channels forever. In 1973, Dave and Gail Liniger, market visionaries and founders of RE/MAX, decided that the real value that would keep agents associated with a brand would be helping them do more deals and keep more commissions. Their mantra: provide higher standards and more value by putting agents more in touch with their markets and letting them keep more of their commissions.

This less structured environment minimized overhead and created more value. The result is the largest network

of real estate brokerages and agents in the world. Not coincidentally, RE/MAX agents are more productive than any other brand, period.

And now they are about to disrupt real estate again by embracing the world of distressed property and investors.

PRESSING FORWARD

RE/MAX has grown to 7,000 offices in more than 70 countries by adopting and supporting residential and commercial real estate expertise. They actively encourage their agents to seek professional designations such as the Certified Distressed Property Expert and Certified Commercial Investment Member (of the CCIM Institute). RE/MAX wants agents who have specialties such as short sales or investor sales. This expertise increases the sales per agent yet again.

Their recent adoption of technical initiatives such as InvestorLoft.com, is part of their goal to provide more value and a better experience to their clients, and more leads to their agents. They recognize that residential real estate investors are a specific class of buyer needing services that are different from traditional retail residential buyers.

RE/MAX has decided to address the market of distressed owners and properties because of the current economy and their agents’ needs for business. On the sell side, this means working with individual consumers who are forced to sell through a short sale. It may be helping institutions sell hundreds of properties in the current market. On the buy side, this means identifying volume residential real estate buyers and real estate investors. Liniger did not arrive at this strategy

casually. He is not a remote figurehead. When we spoke to him, he was on the road on a 30-city tour visiting his franchisees and understanding their markets. This is how he identifies the next customer need. In this way, RE/MAX as a franchisor is positioned to provide a valuable direction and support to their first-tier clients so they in turn may provide value to their consumer property seller and buyer clients.

The next program is intended to provide a solution for disposing distressed properties. By definition, investors are becoming a larger part of their future practice. In speaking to the 11,000 RE/MAX agents, Liniger is making it clear that 30 percent of homebuyers are first-timers and 30 percent are investors who are likely to become repeat clients.

RE/MAX is the first realty brand to emphasize investors as a vital and respectable part of the market. They are making this position widely known to government and banking interests.

“A” PLAYERS HIRE “A” PLAYERS

And B players hire C players. Liniger decided early on that a smart guy was just a smart guy unless he also had the ability to leverage wisdom and knowledge through people, training, and technology. This is part of the platform that is being brought to serve institutional and individual investors.

Because of RE/MAX’s size, they are frequently seen as the solution of first choice for many vendors whether it is distressed property sales help or new technologies. It helps to be named the most desirable real estate agency franchise by Franchise Times and the top real estate franchise of all franchises by Entrepreneur Magazine, nine out of

the last 10 years. RE/MAX is often seen as “a first mover” in any given market. Think of RE/MAX as the IBM of their



Gail Liniger
CoFounder

market. IBM only gets out on the leading edge of a new idea, trend, or technology when it's guaranteed to succeed. A failure of a premature idea or initiative in a big company is very expensive. The IBM lesson is to let other companies test new ideas. IBM, or in this case RE/MAX, takes the building blocks, learns from the mistakes of others, and leverages the existing market through education. By identifying real estate investors as a client class worth pursuing, RE/MAX has become a finalist for mass bank asset disposition for government-sponsored enterprises, agencies, and banking institutions.



Mike Ryan
Sr VP Media / Training

On the buy side, they have developed Short Sales Training and Foreclosure Resources to teach their

agents how to address this inventory. They are now focusing on first-time homebuyers and buy side investors. This is where technology comes in.

MONETIZING TECHNOLOGY

Kristi Graning leads RE/MAX International technology and e-business initiatives. The goal of any RE/MAX initiative MUST translate into agent commissions. They recently decided to use InvestorLoft.com as an agent and client investment property search tool. Unlike most MLS search tools that deliver leads to brokerages, InvestorLoft.com is a source of new and unique leads in an under-served market. RE/MAX brokers and agents have already monetized InvestorLoft.com business to great effect.



Kristi Graning
Sr VP IT

RE/MAX agent Patrick Velasquez uses InvestorLoft.com as both a sell and buy side sales tool to demonstrate expertise and the ability to access and distribute inventory. In one case, Velasquez has won the right to list, and is in the process of closing, a 146-home portfolio from an individual investor. Investorloft.com has also produced

two leads for Velasquez from buyers for a domestic hedge fund and an Israeli buying group.

Graning's next initiative is to take RE/MAX “onto the curb” with popular mobile devices such as phones and wireless net computing. It is easy to predict application specialization in recurring buyer niches like the investment community. RE/MAX has partnered with Realty Trac to offer foreclosure listings for aggressive buyers through RE/MAX associates.

RE/MAX pioneered multimedia distance learning for real estate professionals. Mike Ryan, senior vice president of media and training, is an industry leader in video training. Fifteen years ago, RE/MAX was the first real estate brand to employ a satellite network for video training in North America. They are now using Web video to teach their real estate agents how to help pressured homeowners sell, or institutions to dispose of, bulk properties to more fortunate homebuyers or investors.

SEEKING INVESTORS

By embracing the sell side of the market, RE/MAX has identified real estate investors as the most active portion of the current real estate market and a client class worth pursuing. This is a first in the American real estate market for dominant realty brand like RE/MAX.

SEEKING INVESTORS

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Why Real Estate Investors are Always a Great Home Sales Market for Real Estate Agents*

| Client Difference | Homebuyer | Investor Buyer |
|--|---------------------------|----------------------------------|
| Client Universe | Local | National |
| Market Reach | Regional homebuyer | National Investors |
| Typical Project Pool? (est.) | 5% of Reg. population | 100% of national investors |
| Market Requirement | Neighborhood home | Solid Investment Returns |
| Decision Basis | Home - Location | Returns on investment - Location |
| Due Diligence Process | Personal appeal | Investment/return/cash-on-cash |
| Purchase frequency by satisfied client | 1X every 5 to 7 years | 1 to 2.3 homes per year |
| Commssion per transaction | 3% to 6% | 2% to 6% |
| Median '09 price = \$175K* | \$5,250 x 1 house/5 years | \$3,500 at 1 house/yr x 5 yrs |
| Gross commissions/yr/5 yrs | \$1,050 | \$3,500 + |
| Total commisions/client | \$5,250 over 5 years | \$17,500 + over 5 years |

*if they know how to serve them

RE/MAX International, Inc.
(corporate headquarters)
www.remax.com or any
RE/MAX office