

iBuyer Instant Offer Marketing to Generate Listings w/ Dan Noma

Frank:

So welcome back to the Listing Lead Show where all we want to talk about is what people are doing to get listings and get right to the point. The guest today is going to blow your mind, and he blew my mind when I heard what he was doing. Phoenix, as we all know, is a very competitive market. It's basically where every disruptor is trying to marginalize the real estate agent in some way or other, goes to test out their idea because the market is huge in Maricopa County, and fairly homogenous. So it's pretty easy to use valuations that way.

Frank:

So, our guest today, Dan Noma, comes from an institutional investor background, and has bought real estate at a very large scale, most of us listening here have come up through the residential real estate ranks. Just starting off going on listings in a row at a brokerage to get started. Dan has come in through the institutional side, and Dan has a very unique perspective on everything coming from that paradigm, then you're just to say, your typical realtor. So a case in point, Dan, last year, and his company Venture REI, that operates under Easy Street Offers as DBA in Phoenix, that 1800 deals last year, and I believe the majority, those are sellers in listings, so we're going to get into how the heck you even do that, visionary deals.

Frank:

But also, just before we started recording the podcast, he was telling us how they're buying currently 25 homes a day, which is right up there with the volume, I believe of Opendoor. Is that correct Dan? That's a pretty impressive resume. So to come on to the Listing Lead Show, and to share what you're doing to get listings is really cool, and I think where I'd like to start the interview off, like I always do is, what are the top ways you're getting listings? I think there won't be anything new, you're sharing, you're just spending a lot of money to do this as well with a good message, but I also want to get into this story of how you ended up to where you are.

Frank:

So just for the sake of the show of how we run everything here, what are the top ways you're getting listings? Give us like the top three.

Dan Noma:

Yep. First is, we have a little call center in our office. So we do direct dials to homeowners, and so we use our CRM for texts, email, voicemail drops, as well as direct calls to homeowners, and predictive tools to figure out who's most likely to sell and just reach out to those consumers. Direct mail has always been a big piece of our business. So we send a ton of direct mail. So that's been a big one, and I'll tell you guys it actually works if done and executed really well. Then third is media. The media that we use is radio and television. Television in the last 24 months has really been a better leader for us in getting new leads into the office.

Frank:

Maybe a fourth strategy as well [inaudible 00:03:53]

Dan Noma:

Let me think here, I mean, we obviously run digital Facebook, and all of those things, I would say, of the four that are least converting, more long tail leads that way, but we really try to focus on those that are raising their hands first and try to execute with those people.

Frank:

So, you started in real estate when, Dan? When did you get in the game?

Dan Noma:

Yeah, so I got my real estate license when I was 18. So I've actually been doing this, now this is 20 years of this stuff, man.

Frank:

But you've been doing most of this by representing hedge funds that want to come in and purchase a lot of homes at scale. Right?

Dan Noma:

Right. Yeah. So I was the first broker for Invitation Homes. So when invitation was born, it was born here in Phoenix, and one of my clients was the principal. He came to me with this idea that he was going to turn single family homes into publicly traded reads and I kind of told him he was nuts, and didn't think it was going to work. Then he went out, he took a broken model that we had created to Blackstone, he raised \$40 million, and that was invitation fund one, that year we purchased 2000 homes in Maricopa County.

Frank:

And you were responsible for overseeing that?

Dan Noma:

Yeah. All the acquisitions. We've since graduated into not just acquisition, we're doing full vertical services, which are like renovation, lease up and property management for the institutions. Figuring out ways that we could buy, get in front of not hundreds, but 1000s of consumers to get our message across was a quick learning curve, but I had to make, we just had to figure out ways to do it.

Frank:

Let me get this straight. So someone came to you with, "Dan, I have \$40 million to buy a lot of property." What's the plan to get homeowners to call us to go out and buy these things, and you had to come up with that?

Dan Noma:

Yeah, we had to figure that out. Initially, we thought, "Well, we'll just start buying off the MLS." That's where it started, and we started clipping off the MLS, and then the appetite as we were able to get a lot of offers accepted, that way the appetite continued to grow. Then they really leaned on us for off market like, "Who do we get in front and what message do we need to deliver to that customer to make

a direct offer to them?" So, I always like to say, in Phoenix, we were the Opendoor, before there was an Opendoor, we were providing those instant offers, it was just coming from an institution rather than an iBuyer.

Frank:

What a crazy problem to have, Dan?

Dan Noma:

Yeah. Wow [crosstalk 00:06:20]

Frank:

Were you independent agent before that, just like [crosstalk 00:06:24] real estate?

Dan Noma:

Yeah. I had some REO business and had done a lot of short sale. We've always focused on the investment space. But I would say, in a normal year, I was probably doing 100, 150 transactions a year. It wasn't like I was doing 1000s before that institutional game started.

Frank:

So, the question just comes to mind, Phoenix is one of the most competitive markets for real estate, especially now, not just among realtors, but also upon all the institutional money, when you drive down there, you can't drive down any interstate or any road without some billboard of someone trying to motivate a homeowner to call them to get to sell their house. But your market share, you were telling us before the podcast is currently what, of all the homes?

Dan Noma:

We calculated last week, we combined our market share with Opendoor's, we wanted to compare and see what an instant offer was doing in our market. So I'll say an Opendoor combined, we combined for 28% market share in Phoenix last week.

Frank:

It's incredible. How many homes are for sale right now in Phoenix? Do you know?

Dan Noma:

Total market wide, I think, we're looking at like 3000.

Chris Watters:

The prediction was that instant offers would occupy about a 10% market share in each city across the U.S. Sounds like that's nearly triple what was anticipated instant offers to take from a market share perspective, do you see that continuing?

Dan Noma:

I do, man. I mean, I can tell you the game of instant offer changed significantly, especially with groups like Opendoor due to cost of capital. Right? So when they first came to market, you guys may

remember, their fee was 15%. Right? And now they're down to a 2% fee, and their offers have gotten significantly better. Right? I actually went on a training appointment with an agent the other day, and presented an Opendoor offer that was greater than what I could list it for on the retail market, or felt comfortable listing it for on the retail market. That wasn't happening a while back.

Dan Noma:

I think their access to capital has gotten cheaper, and then there's more of it, and therefore that's a problem that these big institutions have, they've got to spend it. When it's parked, that's the biggest problem that they've got.

Chris Watters:

So they're all betting on the appreciation, it's not the cash flow, because you'd mentioned before the show started, you're helping institutions buy properties that are \$450,000 sell price, they lease out for 2500 bucks. I mean, your cap rate on that is horrendous. I'm assuming it's just everybody's betting on the appreciation. Is that accurate?

Dan Noma:

It's kind of a mixed bag. I think if there's only one institution that we represent here in Phoenix, that I'll actually say that they are betting on appreciation. But it's like the institutional bad word, they don't like to actually say that they're betting on appreciation. It's like that's the money that comes as a result of buying these homes. The reality is, we're buying a three and a half cap, that's what we buy. Three and a half cap doesn't leave us much room for error, but at the same time when you've got a billion dollars, and you're getting a 3.5% return on a billion, it's still better than what they can get in other markets.

Dan Noma:

So the bond markets, the mortgage-backed security markets that all these guys used to buy in, those markets have virtually dried up. So this is really just a play to get any kind of yield on their capital. Right? So there's a ton of capital on these markets, and they're just looking for yield. So if you can provide them some yield north of 3%, you're going to see a lot of institutional money, consider that as an option.

Frank:

I think what's interesting, Dan, maybe this is naive of me to think, but there's so much money sloshing around that the return they don't even care about is that they just have to deploy it and use it. Because it just can't, like Chris told me a while back, can't be left sitting in escrow account, and an absence of other deals when the stock market is so appreciated, and so high, just to go out there and park it in the house, regardless is a good deal when you're dealing with that amount of money.

Dan Noma:

Yeah, I mean, I get the call all the time of like, "We've had a great month in market, and therefore we've got extra money to deploy, how much more can you deploy?" The reality is, I think that they need to just like you said, deploy capital and make sure it's not just sitting around. In most cases, I think a lot of these groups have made significant returns in the market in the last couple of years, and they're using house money to buy all these assets.

Chris Watters:

Dan, if you're an agent or broker, team owner, whatever, listening to the show right now, and you're wondering, how do I get a hold of an institution to buy properties in my market, what would be your recommendation to somebody interested in tapping into institutional buyer and helping them deploy some of their capital or acquire assets in their respective market?

Dan Noma:

Yeah. I'll tell you this, I think the easiest way to do it is a couple things. One is like look at Opendoor. Right? So Opendoor is another real estate agent fearful word, but they're solid, and what's happening at Opendoor is, they're starting to get the institutions to actually work with them. So groups like Progress Residential, FirstKey Homes, they all use Opendoor to do their acquisitions for them. So if you guys are in an Opendoor market where Opendoors are operating, figure out the buy box that Opendoor will buy in, and a lot of those assets are going to be gobbled up by the institution anyway.

Dan Noma:

So the reason that these offerings are getting so good from Opendoor is, sometimes isn't actually Opendoor buying the house, it's actually one of these institutions that's buying through Opendoor to make the offer. So I think that the path of least resistance I would say, is start with them, figure out the buy box in your market from an Opendoor rep, and I'd be happy to connect with anybody to those guys. What I always say is like ... Chris, I know you're in Austin, if I had a referral for you, and it was my uncle, and he had a billion dollars, he was coming to Austin to buy houses, I think you'd probably take the referral. Right?

Dan Noma:

The same holds true in any market of these guys is that, they simply just want to buy houses, so if you can find the assets that fit into their buy box to buy them. So I would start there. The other way to look at is, there's an institutional representative in pretty much every market. If you can locate that institutional representative, or if you guys reach out through the show, I'd be happy to connect you to who that is in that market, that person's always looking for assets. Making the connection to those guys is probably easier than you think.

Frank:

That would be a solid connection, is having a relationship with the institutional representative in a market. That's really helpful. All right. Let's get into listing leads. You had to go out to the masses at scale, to get people to raise their hands, and their interest in selling their home. I already know what the answer is to the question, but I think I want to ask for the audience of maybe how you arrived to the answer with regard to the message. So what are some of the messages you tried, some of the messages you failed that and why, which ultimately leads to the message you use in your commercial and on the phone, and in your direct mail pieces?

Dan Noma:

Yeah. We've tried all traditional messaging, right. We use the Noma Group or we would use Easy Street Offers. "List with us, we're the greatest game in town." Right? It was that same message, and here's all the reasons that make us awesome. Then we would even try to lead with data and say, "Okay, here's what the market conditions look like, here's what we think your property's worth, give us a chance to list the property and we're going to wish and hope that we can find a buyer for you." That was all the work that we had tried to do.

Dan Noma:

Then it wasn't until we eclipsed the idea that we should present them with a different opportunity and say, "Look, I've got a buyer that wants to buy your house." So our message out to consumers today is that we actually have an offer, we have a buyer that wants to buy your property, and we've now even taken that a step further and saying that we have multiple buyers that are interested in making an offer on your property. So, we consider ourselves almost like the Travelocity of real estate. So when a consumer comes into our environment, they submit the property to us, we give them all available options in the market, which includes the iBuyer offers from our institutional clients, and their go to market option.

Dan Noma:

We present all of those in a side by side format to the customer, so that they can have a very transparent look at what other available options are, and make an educated decision that's best for them and their family.

Frank:

That seems like common sense. Why is that not so common, Dan?

Dan Noma:

I think that agents have been hung up, I think the biggest aha for me was really studying Opendoor and the other iBuyers in my market. I'm lucky to be in a market that these guys all tested. I think at some point in real estate, we all thought that customers wanted the most money in the shortest period of time, and that was the end all be all solution for every customer. I think it wasn't until what these guys proved to me, that sometimes there's a subset of consumers that are willing to pay for some convenience.

Dan Noma:

Once I started focusing on these unique value propositions, when we present an Opendoor offer, for example, we present the offer, we also mention that they've got this late checkout program where you can stay in the home, post closing for up to two weeks at no additional cost. When I share that with customers, what I started to realize is that the customer actually started to view the offer from Opendoor a little bit differently, because what it did is, it solved the problem for them that they didn't even realize that they had. So had they sold their property traditionally, they could have ended up in a situation where they had to move out of one house, move to the next one same day and do a simultaneous close, whereas these guys solve for that stressor. Right?

Dan Noma:

So I always use myself as the piggyback here as like, I've got five year old triplets at home. So when I think about the idea of picking up my house, getting it ready for sale, moving, and potentially moving twice in a real estate transaction, that's enough reason for me not to move. So I think that, just thinking about these key consumer value propositions and solving these problems for these customers before they even know they have them, has really changed the narrative of everything that we do. So we lead with these messages versus leading with any information about us. We win awards, trophies, 40 Under 40, yada, yada, all this jazz, but none of it matters.

Dan Noma:

I think, ultimately, what matters is what's in it for the customer, and if they feel like they can trust us, our process allows the customer to really, really trust us, we give them 100% transparency, and let them drive, and we just share all these options with them, explain how they work. I'm just shocked at how many customers are willing to pay for some convenience or leaving some equity on the table for some convenience along the way.

Frank:

I think what's really interesting and insightful is, you had a lot of confidence to solve the problem with your messaging of just, "I straight up have a buyer, call me for your house, or I have multiple buyers who want to pay you really good prices, not like your typical local 70% below market value investor." But I'm sure these institutional buyers go a little higher. Like you said, Opendoor is coming in above market value now. What are the other non Opendoors coming in at close to market value [crosstalk 00:18:41]

Dan Noma:

Yeah, they're very competitive. So even Offerpad and Zillow have been in awful competitive with each other. I think I would say that Zillow in the upper price point is probably the leader, anything north of like 450, it's probably Zillow, that's lead non market. Maybe the lower end that under 200 market, it's probably Offerpad and then Opendoor's filling the need right in the middle there. But they've all gotten really smart about the way that they're capitalized and the way that they're presenting these options to the customer. Every week there's a new gadget coming up of these companies that's solving for a certain consumer and they know how to message that consumer directly, and they're just solving that customer's problem. It's pretty simple.

Frank:

But like I said, you have the confidence going out with, "I have buyers." Not like an agent might have a person. It's difficult to market a person as your typical, I have a buyer message, which is a very strong message. With an institutional buyer, you can go to entire county wide probably within a reasonable buy box and say I have a buyer, and that's essentially what your TV commercial is. I mean, someone could go to ... you operate under Easy Street Offers. Right? That's your DBA? I want you to share with the audience that a little bit because the name of your brokerage is Venture REI. Correct?

Dan Noma:

Yep, Venture REI.

Frank:

But you realize that wasn't the strongest name you could have used. So you formed a different name. Right?

Dan Noma:

We did. Yeah.

Frank:

Tell us about that decision. I shouldn't even market myself as a realtor, that's hurtful.

Dan Noma:

Yeah. So we wanted some differentiator in market so that a customer didn't feel like they were going to get a call from a real estate agent. It felt like us in our market that it was either that customers were getting phone calls from real estate agents directly all the time and promoting themselves just talking about themselves, or they were getting calls and emails and mailers from local wholesalers who were trying to buy properties at a discount. So what we tried to do with Easy Street Offers was, differentiate ourselves a little bit.

Dan Noma:

I didn't want a customer, I mean, while we're compliant, our website remains MLS compliant, and all those things. But when they land on our page, it really looks like an instant offer page. Right? It looks like an Opendoor type of page, and we've made it pretty easy for them to enter all of their contact information. It's a simple submission process, they submit to us, they get an email right away that says, "Hey, we've received this, we'll get you an offer in 48 hours." We've tried to systematize it to make it as simple as possible for a customer to get exactly what they came there for.

Dan Noma:

So, for me, it was just about like ... I always say to people, I don't really care about my name and likes, I prefer it on checks, and so in this particular case, it really came down to that. It was just look, I think that customer's like, "We've proven in the travel industry that they wanted to go to travelocity and priceline and all these places versus just going direct to whatever they wanted to go to. Why don't we try it in real estate and see what happens? And it works. So customers seem to be more likely to come to Easy Street Offers than Noma Group which is our previous name or previous website.

Frank:

That took a lot of guts, man. You rebranded your entire company of all those years, under Easy Street Offer. I don't know any other real estate agent or team in the entire country that has purposely rebranded their entire company as a doing business as trade name under something like that. You didn't hear that from anyone else, that was just your own empirical research at [inaudible 00:22:27] Right?

Dan Noma:

Yeah, yeah. We just dug in and gave it a shot. So far, so good.

Frank:

Wow.

Chris Watters:

Dan, what are you spending on a TV in Phoenix? What do you spend per month?

Dan Noma:

Our TV/radio spend ends up being about 45,000 a month between the two. Direct mail we send depends on what flow we're looking for, but in a direct mail market we're probably in that 15,000 range, and then ISAs and calls and direct digital and all those things, we probably have another 10,000 of expenses just in those as well. So, all in we're 65 to 75 a month in marketing in our market.

Frank:

And how many cash offer or how many offer requests do you get on the 65,000 a month?

Dan Noma:

Yeah. Given day, we'll probably see somewhere between nine and 15 requests at a day.

Frank:

A day, seven days a week?

Dan Noma:

Yep.

Frank:

So in a given month, what would you say that is, 1200-

Chris Watters:

300 leads roughly?

Dan Noma:

Yeah.

Frank:

Divide by 65,000.

Chris Watters:

And so it sounds like, Dan, you're double ending all these deals. So you're actually getting what, 900 sellers on the hook and then hooking them up on the buy side with an institutional buyer. Is that how your business works, 50/50?

Dan Noma:

Unfortunately, the institution doesn't let us represent both. So in our environment, if they come in, I'm only representing the buyers, the buyers broker and the seller would be coming in independently, so they'd be a for sale by owner. But the beauty of our system though is like, the institution pays our fee, so the seller doesn't actually pay anything for our instant offer. So it looks to them like they just get an offer, and that's exactly what they get.

Chris Watters:

Out of those 1800 deals, how many of them were listed traditionally in MLS and how many were sold to institutions?

Dan Noma:

So, at a normal flow, we're about 60% MLS heavy, so we're buying 60% of our inventory off the MLS, then about 40% is through all of our other marketing efforts.

Chris Watters:

You're making offers on ... So 1800 of the deals you did, 60% of them came from making offers and stuff in the MLS?

Frank:

Wow. You're going to have pretty strong offers in this market.

Dan Noma:

Yeah.

Chris Watters:

You guys [crosstalk 00:25:02]

Frank:

[crosstalk 00:25:02] close now?

Chris Watters:

Literally are just submitting offers to agents on behalf of the institutions.

Dan Noma:

Yeah. It's kind of two ways. Right? So first way of traffic is all of our outbound traffic, which would be just like our offers that are going out. So in a given day, we'll make somewhere between 80 and 100 offers in any given day. So we're making ... let's say we make 80 offers in a day, those are MLS offers. So, we'll capture somewhere in that 15 to 20 range just by doing that, and then the remainder come either like, when our listing agents are running around and they're presenting all these options, and a customer just picks up our instant offer, so they may want that instant offer that way.

Dan Noma:

We also get agents that send us their opportunities in advance. So before they go on listing appointments, a lot of times they'll reach out to us and get an instant offer from us on their way to their listing appointment. We're providing those options to them. What I like to say in that case is like, "Look, you're listing agent, the seller contact you to sell your house, what's the harm in showing up with an offer for the house?" Right? I can't see that being a problem.

Frank:

As long as it's not a low ball offer.

Dan Noma:

Yeah, and so agents leverage us all the time for that as an instant offer. Then the rest would be more long tail leads, like people coming in through website, radio, television, wherever they're coming in. Just as those leads percolate, they would convert.

Chris Watters:

The 60% of those deals through the MLS, who's the buyer? American Homes 4 Rent?

Dan Noma:

Yeah. It varies. The way these institutions work is like they have various funds set up under the umbrella. Once the box is full for that particular fund, then they're done with us, and we move on to a different group. So, we get poached a couple different times a year in two different things. But for now, we represent two main buyers in Phoenix, or three, I should say, three. So one is American Homes 4 Rent. Second one is Starwood. So just like the hotel group, Starwood, and then the third one is Pagaya, Pagayas out of Tel Aviv, and based in Tel Aviv, have offices in New York City. They've become really, really active in our market with really strong offers.

Frank:

Wow.

Chris Watters:

Pagaya, and he said Tel Aviv like in Israel?

Dan Noma:

Tel Aviv in Israel. Yep. Tel Aviv in Israel.

Chris Watters:

Pagaya, Starwood and American Homes 4 Rent?

Frank:

Do you see any money coming over from China, Dan?

Dan Noma:

There's a group that we represent in Boise, and it's called Asia Pacific Land, and their money is coming out of Asia.

Chris Watters:

Little bit of unrelated question in getting listings.

Frank:

We just find this fascinating.

Chris Watters:

I had somebody send me one of those [inaudible 00:28:04] got a team out of Sacramento, and he was a registered Opendoor buyer's agent, they would send him buyer leads, and he'd pay a referral fee. He sent me a video of the backend of Opendoor and he said, "Hey, check this out, they just changed." How they manage their logistics is sending out buyer leads, and instead of me paying out a 35% referral fee, now, I'm only going to get paid 18% of the gross revenue.

Chris Watters:

All I have to do to get that 18% is get on Zoom with the buyer, when they need an advisor to help walk them through it, and Opendoor built a team of showing assistance to open up any lockbox in the city.

That's a pretty radical shift in the way brokerage could get done and these marketplaces like Opendoor, Redfin and Zillow could be very well positioned to radically change the future of this industry, and it could happen very, very quickly. My opinion, would you agree with that? Do you see a massive shift in the way business is going to be done?

Dan Noma:

Definitely. The other thing is, I think that even Eric Wu who is the CEO of Opendoor, he's been really public about the idea that, at some point, he believes that the fee that we earn, regular commission, he would like to get their fee down to zero, make the actual transaction itself the loss leader, they're making their money on the ancillary businesses along the way, mortgage, title, all those things that are along the way. So yeah, I mean, none of these things are surprising to us. Like Frank alluded too earlier, in Phoenix, we see it all first. So, we are that Opendoor broker in Phoenix.

Dan Noma:

I have the same experience there. It's wild, and they even pay my agents on an opportunity. Let's say it's what they call lists with Opendoor. So when a customer goes to list with Opendoor, and they get an option to see what ... they can prepare their Opendoor offer to go to market option. So the Opendoor representative presents the Opendoor offer, my agent presents a go to market option for the customer, and the customer decides which one they want to go. If the customer ultimately decides to go with an Opendoor offer, which they do more times than not, they still pay us a fee just to have that phone call with the customer.

Chris Watters:

Do you see the iBuyers expanding into smaller markets outside of the top 50?

Dan Noma:

Yeah, we're already starting to see them. They definitely want to get into all 50 states. For a while there, we didn't think we'd see them in cold weather states for a while, but they're now in all cold weather states, making their way up through that east coast. I think you're going to see them everywhere. Whether it's iBuyer, like the size of Opendoor, or it's local iBuyer in those markets, Chris, like that little we buy ugly houses guy, those guys are iBuyers by definition, that would be the same strategy, that's a 35 year old company.

Dan Noma:

This isn't a new phenomenon. I just think that the world now has almost been ... I like to say that we've been attacked by Amazon, and so now we all want this instant gratification. We're just trained to it as consumers. The only thing left that isn't instant in our world is real estate, a lot of markets. Right? So now, I think by demand, customers just want this kind of instant gratification. I'm not suggesting like, it works for every customer because it doesn't, but in a lot of cases it does. If the customer calls us to represent them, and they want to see what these options look like. If we don't bring those options to them, and a market like mine that's just saturated with this instant offer language, we lose credibility at the kitchen table instantly by just bringing them [crosstalk 00:32:03]

Frank:

Because they probably have other offers sitting there and they haven't told you about in the kitchen counter.

Dan Noma:

Right? Yeah.

Chris Watters:

Do you see the death of the real estate agent on the horizon?

Dan Noma:

I wouldn't say I'd see the death of the real estate agent. I think that they-

Chris Watters:

The death of an agent as we know it.

Dan Noma:

Yeah, I think that we certainly are going to have to change. I think that there's still a subset of consumers that want that concierge level service. So, those of you guys that are practicing in that higher end price point luxury home, et cetera. I can't see these guys penetrating that concierge level type service anytime soon. That's not even on the radar. But for the common consumer, Redfin, I think, it's proven now that you can operate with salaried agents. That's changed the landscape for a lot of us here. I've switched all my team over to salary. So they're all salaried agents, and they earn a fee per file, but that's simply just how we operate.

Dan Noma:

We haven't eliminated the human in the process yet, the customer still need someone to kind of guide them along the way. But I do think that through automation, through technology, through all these things, our value has certainly been decreased, and therefore, our rate by which we charge has to go down a little bit, and there has to be some adjustment.

Chris Watters:

So I mean, ultimately, the role of the agent, it's getting very narrow, and much more focused into being just more of a subject matter expert and advisor, and these technology platforms like Redfin, Zillow, and Opendoor helping accelerate the likelihood agents are going to get not replaced, but their roles are substantially diminished.

Dan Noma:

Yeah, I mean, the way these companies are measured are different than the way you and I measure, we measure by dollars and cents in our bank account, and Opendoor's now being measured by how many submissions they get on their website, how many consumer, iBuyers they've got on their page. Then it's that net promoter score. Right? So right now, those net promoter scores of all the big three iBuyers is greater than nine, so it's just north of nine. That means nine out of 10 customers that use the product would refer it to a friend, family member or a loved one after they've already transacted with them.

Dan Noma:

So likelihood of that customer coming back to a real estate agent without trying to go to one of these companies without us in the future first, is probably pretty low. Right? I think that customer, once they go there without us, they're gone.

Chris Watters:

There's a lot of people probably listening now and saying to themselves, "Well, what happens in a down market? How do these guys survive?" What's your response to that?

Dan Noma:

I think we got a little taste of that during the pandemic, right, the beginning of the pandemic. What we quickly looked at was that, certainty actually gained value in a declining market. So as property values are decreasing, the value of certainty, I actually think increases. Customers are going to be more willing to accept these offers. These guys have giant balance sheets now. So groups like Opendoor, Offerpad, Zillow, they have giant, giant balance sheets, so they can afford to carry assets on those balance sheets.

Dan Noma:

Whether their home is REO, and it's owned by a bank or the home is owned by Opendoor, it doesn't matter. Right? I think what we're going to see is they're just going to gain market share and a down market because that value of certainty goes up, the likelihood of a customer to say, "Yeah, I need to get out and I need to sell like now." Goes up, and you're going to have more customers taking those offers. The tail of how long it takes them to sell is going to take longer, but they can afford to do it, they can afford to put these homes on their balance sheet and hold them for a year or more in a lot of cases.

Chris Watters:

A lot of the banks across the United States have been holding on to mortgage notes that they have not been getting paid on, and there's a backlog of people in default. When the government allows banks to start foreclosing again, that pipeline of deal flow, do you think the banks will work out a deal with iBuyers direct or do you think these deals will hit the courthouse steps and there'll be an opportunity for your typical investor out there?

Dan Noma:

I think two things. One is, we're certainly going to see some deal flow at the local investor level that goes out to the auctions, the way that we've previously seen it. But I think what we've got now that we didn't have in that first downturn is we do have this new asset class, which is single family for rent. And groups like we represent here in Phoenix, so like Pagaya, for example. They're leveraged by JP Morgan. So they took their \$20 billion they've got of equity, and they leverage that 20 billion with group like JP Morgan.

Dan Noma:

So now, every chase deal that comes across the table, right, that's now in default, but JP Morgan's already lending to these guys. Right? They know they've got an off case for all of these assets. So those conversations have already been had, there is off take for these properties to be turned into rentals. So I think what you're going to see is less REO, a lot more being sold directly to institution that is eventually turned into single family for rent.

Frank:

Dan, I want to ask you about your consumer oriented process of how you're staying competitive now, knowing all of this in Phoenix, the message the consumer hears, how they respond, how leads followed up with, how the agent goes out on the appointment. Just for so everyone knows, I want to give Dan a plug here, Dan, you actually train in depth what we're going to go into right now with iReal Estate Pro.

Right? Tell the audience really quick about that, because we're going to go down a path now, there's a whole bunch of training you could buy from Dan on this. So tell everyone about this, and we're going to go down the path of how the consumer experience's doing business for you.

Dan Noma:

Yeah. We created iReal Estate Pro almost two and a half years ago now. The real thing behind iReal Estate Pro is like, I'm a believer in the industry, I actually believe in real estate agents, I believe in our industry. So I wanted to change the way real estate agents thought about iBuyers and technologies and teach them how to leverage these things in their business, versus look at them as a threat. That's the basis of our training in iReal Estate Pro.

Dan Noma:

To answer your question about like our flow, it's actually pretty simple. What happens in a customer environment, when they come through our doors, we break up the listing presentation into two separate appointments. Customer comes in, the first appointment that we go out and meet them, as soon as they raise their hand, is we go to take pictures, and we call this kind of our fact finding mission during our first appointment, and we're going out there to take pictures to understand the condition of properties.

Dan Noma:

So what I learned, working with all the iBuyers is that, the more data that I provided them, the better the offers became, or the more educated the offer was. Right? I hated the idea of presenting an offer to a customer and then having them pre trade the offer after the inspection period, so I wanted to get the most educated offer in front of my customer first. By providing the pictures and what the other document that we use as a property condition report, I'm able to mitigate some of those errors, and so, we start with that, so we go get the off, we go with the pictures, we go get the property condition report, and then the third thing that we get is what we call [inaudible 00:40:05] permission slip or our exclusive right to solicit offers agreements.

Dan Noma:

We don't make them sign a listing contract with us until they're actually going to list the property. So what I get, I get them to sign an exclusive right to solicit offers agreement that says that they can't sell their home within the next 48 hours while I'm collecting all of these offers for them on their behalf. The agreement expires as soon as I present the offers to them. My agents after they've taken the pictures, got the property condition report in this exclusive right document, they come back to our office, they submit to ... we have one tool we call Donna, and so they submit to our Donna tool, and then what Donna does is, Donna goes out to each individual iBuyer and all the technology companies and solicits an offer on behalf of our agent for the client.

Dan Noma:

So they submit to all of these options at one submission. So they submit through Donna one time, and then they get all the available options through that tool. These are real offers. I know there's some tools out there that you get some computer generated thought of like what an offer would be, this is like a true offer directly for submitting to Opendoor, you're getting an offer directly from Opendoor or Offerpad or whoever it is. So all the offers go back to the agent, and then we've got a tool where the agent puts all of those options on a very simple net sheet. That net sheet is the listing presentation.

Dan Noma:

The net sheet covers everything from traditional sale, iBuyers, all the institutions, any other technologies that we want to present to the customer, all of those options are presented to the customer one by one at a second appointment. It's this process of elimination, we just go over each available option in the market, and we share those unique consumer value propositions with the customer.

Dan Noma:

If it's Offerpad like, one of the keys that we share when we're presenting an Offerpad offers, we'll share with them that, their offer price includes a free local move, and we say that to them so that they go, "Well, that doesn't seem like a big deal." I'm like, "Well, it is a big deal if you're in town and you're going to move across town, you're saving yourself four or \$5,000." If you're not thinking of this today, but the day you move, it becomes a bigger situation. If that's already paid for in advance as part of this transaction, that should matter to you.

Dan Noma:

So what we really educate our agents on is to know these iBuyers, know the technologies, know these key consumer value propositions inside and out, so that they can solve these customer problems before they even know they happen. Ultimately, the customer decides, right, my agents are not salespeople, I would say, they're just advisors. So their job is to just share all these available options and let the customer pick. It varies, Frank, sometimes it's 50% of the time, they're selecting an iBuyer instant offer option. But markets like today where they're getting a ton of money in the retail market, and they don't have a ton of places to go, a lot of the customers are listing the property traditionally.

Dan Noma:

So, the idea of the instant offer and the idea of leaving with I have a buyer is really just the hook. The hook is, "Hey, I'm going to give you this option." Ultimately, what we know about the customer though is that they do want to sell, they would potentially sell. So if I compare all these things, and we can eliminate those as an option for the customer, now we're left with the traditional listing option, and that's why we end up with all the listings.

Frank:

I think what you're doing Dan is brilliant. I have told you this before, because you've nailed the message that works from a marketing standpoint. Why don't you paraphrase maybe what you say in a letter, or what you say in the TV commercial, what you hear on radio, or even what telemarketers are saying on the phone. Paraphrase for the audience this message the consumer is hearing with the tip of the sphere that gets them to say, "Yeah, here's my information I'd like to receive all my offers."

Dan Noma:

All right. Yeah, I mean, paraphrasing it, submit your property to Easystreetoffers.com, we're going to share with you all available options in your market and let you decide as the customer, that's really the ultimate message.

Frank:

And that really resonates in Phoenix because people are getting a gazillion of different options, and there's no one jumping ahead of them like the Trivago's to compare them [inaudible 00:44:36]

Dan Noma:

No. This is why I created iReal Estate Pro because the agent is the ultimate aggregator. Right? All of these technologies what they've done for us is they've actually created a really powerful position for us as real estate agents to be the ultimate aggregator of all this information. Right? If a customer is sitting in our market, they may not know about the knock option or they may have never heard of EasyKnock. Maybe they've never even heard of Opendoor or Offerpad. Right? But maybe they have heard of Zillow and they've just got the Zillow offer.

Dan Noma:

Well, Zillow can only get the Zillow offers, Zillow can't get an offer from Opendoor, Zillow can't get offer from Offerpad, but you as the real estate agent, you can get all of those available options, present all of those options to the customer. I think that's what gives us the most power, that actually makes us the most powerful player in the space is that we have access to all of them, we're independently, they only have access to the one track. So, while they have all these unique consumer value propositions that get tacked on to their offer, they're still really just a one trick pony, and we're the ones that have all these options to us. That really makes us powerful.

Frank:

Let me draw you some questions, just basically, A or B when it comes to marketing. So it gives some people some direction with regard to like, get a response from a homeowner. So when it comes to direct mail, do you prefer letters or do you prefer postcards?

Dan Noma:

Letters.

Frank:

When it comes to postage, do you prefer first class or the bulk rate?

Dan Noma:

We prefer the first class if we can afford it, but it depends on how much mail we're sending. So bulk will work, but if you can get a stamp on it, do it.

Frank:

How much mail should someone send if they're going to play the direct mail game [crosstalk 00:46:19] often?

Dan Noma:

Yeah, if you're not going to send to market like our size, I can't send less than 30,000 pieces. Right? I got to send a minimum of 30,000 pieces. My hit rate is going to be just north of 1%.

Frank:

Wow.

Chris Watters:

Let me draw one more question specific to that. So, in some markets across the U.S., you have higher turnover rates of homes than others, how much does that play into the ability of direct mail working with this offer?

Dan Noma:

So for us, Chris, what I like to do is, we're very sharpshooter in our tactics, right, so if I'm marketing to absentee owners, my letter is tailored to absentee owners, it's very specific to who I'm marketing to. I can tell you our number one lead generators from landlords that have leases expiring in the next 120 days, if I can hit that list every month, month over month of landlords with leases expiring in the next 120 days, what I know about them is they've got a lease expiring, there's some event that's going to happen, either they have to relist the property, maybe they're going to re rent it to the current tenant, put it out to the market for tenants, but something's going to happen, they have an event.

Dan Noma:

If I can be in front of that event, and provide them all of these options in advance to that, my hit rate's pretty high on that kind of stuff. So I think it's about defining your audience and then figuring out the message directly to that specific audience, like solve their exact need.

Frank:

How many different messaging splits do you do in your mail? So you have that audience, how many other different messaging splits do you have?

Dan Noma:

Yeah, four to five, depending on the month, like what we're actually looking for, four to five different marketing splits that we're hitting specifically. Because I think your message to a landlord is significantly different than the message to a person whose home you're talking about.

Frank:

Yeah.

Dan Noma:

Right.

Frank:

What about radio and TV, is there maybe a CPM rate or an impression's for the week, or certain stations that you prefer?

Dan Noma:

Yeah, I mean, for us, we've really focused on the streaming products. So, the rate is significantly lower, if you stay away from local and just go with your streaming stuff. So through like Hulu and Roku [crosstalk 00:48:30]

Frank:

So you're not doing broadcast, you're not doing real TV, you're doing-

Dan Noma:

Stream.

Frank:

People watching over their Roku box or whatever.

Dan Noma:

Yep. Yeah, I mean, we have done the local, but it gets really expensive, and seasonality plays into that too. So for us, that's obviously super hot right now. It's over 100 already. We're going Roku at this time, because a lot of people have left the area and so they're just not here, whereas seasonality, if they're here, they're in their hotels, they're doing whatever they're doing here. We have a lot more population in the winter than we do in the summer, and so when that happens, then I'm going to hit them on a local television, when I've got the most population and eyeballs on it that time.

Frank:

That's really insightful.

Chris Watters:

[crosstalk 00:49:16] Roku basically over OTT is really effective for you.

Dan Noma:

Yeah, yeah. Because the key is, you can actually geo fence them now, Chris, you don't have to ... The reason I didn't use to do TV was because it was like blanket marketing. Right? I was just casting this giant net and I would say, "Okay, I hope I catch my fish in the net." Well, now if you and Frank are neighbors, I could send you a specific message or a specific commercial, and I can send Frank a completely different message through his Roku or Hulu device due to geo fencing. So now that we're getting into geo fencing, we can get really pinpointing our messaging for the right customer at the right time.

Frank:

Do you know what your cost per thousand is on that?

Dan Noma:

Frank, I don't know exactly. I'd have to look. But I think that we get somewhere in the neighborhood of 75,000 impressions per month, that \$20,000, roughly.

Frank:

Okay. I can run a calculator and figure it out later. My head hurts.

Chris Watters:

That's about \$3 cost per 1000.

Frank:

When it comes to calls, I mean, how many people are your guys speaking to a day just to do an outbound saying, "Hey, we want to buy your house?"

Dan Noma:

Yeah. They need to call ... minimum is 600. So I try to give them a call between 600 and 1000. Just depends on how many conversations they're having. ISA in our office, they have to hit a minimum of \$600 in a day.

Frank:

And are they getting people onto the phone? Is that still working? Chris and I are kind of going back and forth on this testing out, we don't know.

Dan Noma:

Yeah.

Frank:

How's it working for you there?

Dan Noma:

Yeah. So two ways. One is like, we use our CRM tool to warm up a lot of our leads. Right? So, we do a lot of voicemail drops, we use text messages through the CRM, and email to the CRM. They're getting a hybrid of leads that are super high intent, and also people that have been long-tailed that we're trying to ... we just send specific message to and they did respond in one way shape or another. If they're just direct dialing, let's say they're direct dialing landlords with leases expiring in the next 120 days, they have rates pretty solid on that, because we're not calling and we're saying, "Hey, I'm Dan Noma, I'm the greatest real estate agent in Maricopa County."

Dan Noma:

My message is, "Hey, I've got a buyer that wants to buy your house." This can be tested, we tested this exhaustively, I think you guys both know me, I'm a nerd. So, I tested this like consumer idea at a gas station. I just started walking around the gas station to people. The gas station was full, and I just started asking them if I could buy their car. Right? I just said, "Hey, can I buy your car?" When I did that, 70% of the people that I surveyed at this gas station told me they would sell me their car. Right? They said, "Yeah, sure. How much do you want to pay me for it?"

Dan Noma:

So I said, "Why don't I apply that same thinking to real estate? Why don't I just tell them I got an offer for their home, and I'll just apply the same methodology to this." Because I think that there's a price for everything, and they just don't know. Those investors that we talked to, they're willing to have those conversations, so they're more likely to be willing to sell than someone that's emotionally attached to their home.

Frank:

And here's the big difference, man, you have the confidence to do that, because you're the institutional buyer and you can do it ethically. Whereas if you didn't, you're doing it unethically, lies have been

switched or you're doing it where it's like, "This is really not legit, because all I have in my back pocket is a lowball investor, 70% of what it's worth. Or this one family I'm working with doesn't want to buy this house."

Dan Noma:

Yeah. But I think any agent ... let's say they're in a market where there's an iBuyer operating. I mean, you can use that same messaging in that market. I think that's a fair message to that customers, "Hey, I've got a buyer that wants to buy your house, his name just happens to be Opendoor."

Frank:

You're the first person I've met that put their agents on salary that doesn't have doing internet lead generation. Obviously, Redfin puts their agents on salary, because the website generates so many leads. No one else I know that has done that, except maybe some of the guys spending a ton of money on internet leads, and they got in really early. So a lot of this stuff is SEO, so it's not so expensive.

Dan Noma:

Yeah, so we pay them, they get \$2,500 a month, so that's their base, and they make \$1,000 per transaction, and it doesn't matter price point, and it doesn't matter who the buyer is. So if the buyer is an institution, iBuyer, go to market, whatever it is, they get \$1,000 on every transaction that they do. Our average agent does a minimum of 10 a month, so they're getting 10 additional sales a month plus their base. So for them, that works pretty consistent, and as long as they stay true to the process, they're making 12 to 15 grand a month just per-

Frank:

Plus probably mileage too. Do you have to pay mileage?

Dan Noma:

Yeah. We pay some mileage, and then we cover all their back office expenses. So once it gets into contract, they don't touch the file from contract to close. So their front end only. I really just want them out doing what they do best, which is presenting offers.

Frank:

And you don't ask them to bring any of their own business?

Dan Noma:

No.

Frank:

I would assume, it's all provided by the 65Gs a month you're dropping in generic leads?

Dan Noma:

Right.

Frank:

Do you have any people on staff calling through the database to follow up with leads?

Dan Noma:

Yeah. We have four ISAs in our office and they're constantly checking in with the database too.

Frank:

Are they branded, they're doing outbound and then inbound?

Dan Noma:

Yeah. In the morning they're heading out of the hot leads that came in throughout the night. They spend the middle of the day, lunch hour, doing referrals and talking through database of people, and then evening time is when they're back out doing direct dials outbound marketing in that way.

Frank:

Chris, what are you going to change in your business knowing what you know now after this interview? Anything going through your mind? Because Chris is out there with his face on everything, saying, "What's the message, the guaranteed offer, getting an offer fast [crosstalk 00:55:26]"

Chris Watters:

[crosstalk 00:55:26] multiple offers in three days or will sell it for free.

Frank:

Yeah. What's going through your mind as you hear this, Chris? I want to get some perspective from you.

Chris Watters:

Well, I mean, when Dan was telling me about making the switch from the Noma Group to Easy Street Offers, I was like, "Damn [crosstalk 00:55:56]"

Frank:

Yeah, it takes brass balls.

Chris Watters:

That take some balls.

Frank:

Did you imagine doing that in Austin with your name?

Chris Watters:

The thing is [crosstalk 00:56:01]"

Frank:

Ditching the whole brand and going to something else?

Chris Watters:

The thing is, I wouldn't be afraid of it. What sucks on the flip side is like, I walk into restaurants, and people see my credit card, and they're like, "Are you Watters with two Ts?" Because it's like a little jingle on all my stations, the guys are like, "Hey, you have to call my friend Chris Watters, that's Watters with two Ts." It's part of the script on the radio. I have so much brand equity in this market. We did just under 1,000 transactions last year, about 60% listings. I'm a premium service, so we charge a lot more than the average agent.

Chris Watters:

The things that crossed my mind are just, "How's my profitability going to be affected?" But the other thing that crossed my mind is like, "Man, this industry is changing really, really fast." I've been through your IREP program, Dan, and it's amazing by the way. I also had multiple people on my team go through the program. I've referred all 17, I guess 19, of my franchise partners through IREP now. So they all understand the process of pulling offers from the iBuyers, putting them on that spreadsheet, the two step listing appointment.

Chris Watters:

Yeah, I mean, I guess the thing going through my mind is like, "Is my call to action on the radio have multiple offers in three days or I sell it for free." Is that better than, less than or equivalent to what you're running on radio?" So, I don't know the answer to that question. I don't know.

Frank:

One of the most brilliant things I saw, Dan, an agent do was, they still kept their brand name, but they formed a separate LLC, that went off the bottom end of the market. So homes on the lower half below median price, with a very hard I'll buy your home investor message, or totally has nothing to do with being a real estate agent, even though the real estate agent owns it. It's still going out to the marketplace saying we are this entity and we'll buy your home, and they disclose it probably in the bottom somewhere under the website.

Chris Watters:

Frank, you're referencing the guy in Portland Rocket Offers?

Frank:

They're several. Yeah.

Chris Watters:

Yeah [crosstalk 00:58:38]

Frank:

So what they'll do is they'll form a separate entity or DBM, their current company, I'm not sure how its structured, but they'll basically create their own competitor, more or less. A separate CRM or a separate lead source, but these types of leads have to be treated very differently than the leads that come in this way. That's been successful because they find that when they go out to the market with the, I want to buy your home offer as an agent, it's very confusing to the consumer and the consumer reviews it probably just because a real estate agents, a low trust industry, unlike all the consumer, that was car salesmen when they do all that stuff, it doesn't resonate. When you strip the agent off, you get a better

response. Any thoughts on that, Dan, or do you see people doing that, or your thoughts, and maybe how regulation insights, how do you do that?

Dan Noma:

Yeah. I love the message. I think that the way that we started with it, it was Noma Group powered by Easy Street Offers, so it was just powered by. It was amazing how many heads got turned as soon as they were like, "Well, what is this Easy Street Offers, like tack on. What is that all about?" It was successful enough to where we just pivoted away from the Noma Group and just straight use Easy Street Offers now, but I think to your point, Frank, that can be a difficult jump for a team, but I can tell you we've never done or have been able to get successfully done is saying that we are the person that's submitting the offer, right, because it's really hard to go to a customer and provide the offer, and then have it coming from you or from an entity that you represent.

Dan Noma:

Then also say to them, "Well, here's the offer, and by the way, I can list your property too and I could do that for this fee, and I'm the greatest listing agent in town." That we found to be really, really difficult. So for us in this process, what we found that was best is that we just became agnostic to all of the options. We tell them that, we're very vocal about the fact that we are, and we say, "Look, all of these things are great solutions, we just want to make sure you see them all, and provide them." I think an agent that doesn't want to just jump into this, because I do think it's one of these things that you jump off, it's almost like flat fee, you jump into flat fee, I don't think you can go back, you're flat fee guy forever.

Chris Watters:

Across the United States, there's people operating at a very high level, selling 1000s of homes a year, using the team centric model, more like what you would expect in a traditional corporation. In Atlanta, you got Mark Spain and Tennessee, you got Gary Ashton, Minneapolis, Kris Lindahl. There's some powerhouse groups doing 1000s of deals. It seems like there's a place for these powerhouse teams to push the name, and then there's a place for the iBuyers. Man, I'll tell you why, Frank, that question you asked me, the one thing I'm reflecting a lot on right now is like, "Holy cow, I cannot imagine getting started in real estate, like brand new right now, with ambitions of wanting to build a big real estate company, the barrier to doing that is just getting bigger and bigger by the day, just getting more and more difficult.

Chris Watters:

So, to the point earlier about agents, their role's getting more narrow. I mean, it's beneficial to the consumer and them, you're ultimately going to probably do more than you could. But for those people that are getting in this industry from an entrepreneurial perspective and trying to build a big business, it's pretty tough.

Frank:

I think, the most brilliant part of your model, Dan, and I've said this to you before, no one quite gets me because I don't know, they're not as brilliant as me, I don't know what the reason is. The most brilliant part is the two step appointment. Because anyone could go out to a market saying, "Oh, I have a buyer. I have all these buyers, call me." Okay? I don't think there's much competitive advantage to that.

Obviously, you want to have the backup of the institutional buyer, but still someone would go out there and bait and switch that.

Frank:

But someone's going to call and they're going to be skeptical like, "What is this?" And you've lowered that skepticism by having easiest lead offers, God help you if you look like an agent when you're doing it. Right. So, you still have that skepticism like, "What is this? You want to buy my house? You got these offers free? What is this scam you're running?" And you have the perfect response to that. It's like, "Yeah, well, let me come out to your house, I have nothing to sell you. I just need to take a bunch of photos and measurements to actually get you a legit offer, and I'm going to go submit it, and then I'm going to come back with all the offers, that's going to give you the most accurate offer.

Frank:

Or I guess I could just give you one now, but once you go under contract is going to be adjusted. Would you like me to come out and get the research that I need to get you an accurate offer?" It must be like, "Oh yeah, that makes a lot of sense." And boom, you have the appointment. I think that the two step appointment system of the research first before you submit the offers is the game changer in your model.

Dan Noma:

Yeah. We tell the customer in advance like, "Look, I mean, I can get you an offer without seeing the house, but when we're assuming stuff, we're going to assume that it's in the worst condition possible. We assume it has to be replaced as we're underwriting for the offer. So why don't we go actually feed the machine, giving good information, and then you're going to get the most educated offer." Once we share that kind of horror story with them, they're good with it. I can tell they do get anxious, customer does get anxious. They want it now, and so we're 48 hours, 72 hours in some cases, but we're 100% close rate from the first deployment to the second appointment. So I've never had anybody tell us that they didn't want us to show up.

Frank:

Say it again, you're 100% close rate from the first to second appointment, because everyone would think, "I'm going to lose it. No." But they're getting the exclusive right to market offers for those couple of days. That from you, right?

Dan Noma:

Yeah.

Frank:

All right [crosstalk 01:04:56]

Dan Noma:

We had to sign that, and that gets them a little sticky and it's ... 100% of the time they let us come back and present the offers, they know that, that's part of the process. We talk about it from beginning to end, that's the hook. They know that's what they're going to get. So from first appointment to second appointment, we've never been denied access on the second appointment. Now we've had customers,

of course, not transact with us, I mean, at the second appointment, I'm not suggesting we're 100% close rate on our listing side, but at least I'm getting there. I'm getting up to this customer [crosstalk 01:05:29]

Frank:

[crosstalk 01:05:29] some solution from you.

Dan Noma:

Yeah, we're getting out there twice for educating them, they come back into the CRM, I mean, whatever that happens is like, maybe there's more long-tail kind of a seller. I mean, all of those things happen. But at least they're letting us show up. We're getting there twice. So now I'm building report twice versus an agent that's getting out there once.

Chris Watters:

Dan, some people are probably wondering on the tech side, what are you using for CRM that does voicemail drop and text?

Dan Noma:

Yeah. We use Chime. So we use Chime for all of our backends.

Frank:

You love the Phoenix companies, man, all your vendors are at Phoenix?

Dan Noma:

A lot of them, yeah, a lot of them.

Frank:

If I was you, I'd just buy a stake in them. Just right there with you. No, it's not. It's great, man-

Chris Watters:

Dan, what are you doing with your money? The money you make? You obviously aren't buying real estate because you're personally not going to buy something with a 3.5 cap rate, what are you investing in?

Dan Noma:

You know that we do, so I buy flips, I buy higher end flips, we buy like 700 plus flip range. So that this stuff that's outside the iBuyer marketplace like we are, the iBuyer in that market. So if a customer comes to us, and they've got a property that's outside of the iBuyer institution by box, the offer they get is mine. So I buy those, and then I buy a lot of rentals, and you'd be surprised what doesn't fit in the buy box for some of these clients. Right? Or unique stuff. Let's say if it's a property, and maybe it has an unpermitted addition, or garage enclosure, or something along those lines, that wipes it off the table for institution.

Dan Noma:

But for me, I'm just renting it, and if I'm getting my yield, I'm okay with that. So, we actually do buy the stuff that they don't buy, so we end up with a bunch of different things that they don't buy. But I've invested in some real estate technologies and some other things, but yeah, I mean, it's all real estate focused stuff.

Frank:

Let me ask you a question about your direct mail, how big is the total addressable market that you can mail for a farm in your county? Like you're going to say, "Here's the whole enchilada." How big is that market that you would spend money direct mailing?

Dan Noma:

I would say that it's probably half a million inside of our buy box.

Frank:

Half a million? Wow.

Dan Noma:

The biggest we've ever sent is, we'll send 150,000 pieces a month, that's our biggest spend. That would be like, if we get a client that's got just a huge bogey that they need us to acquire a bunch.

Frank:

So when the chips are down, and you have to deliver for these iBuyers, these institutions, you go to the oldest weapon of marketing, direct mail.

Dan Noma:

Direct mail. Yep.

Chris Watters:

What provider are using, Dan, to help you with disbursement?

Dan Noma:

Yeah. We've got a couple here in Phoenix that we use. But I mean, an agent in any market and you can go get a bulk mail stamp through the USPS, and actually operate using a bulk mail stamp that way. But the house that I use here, they're called Better Direct. What they do is, they actually process the mail, they print it, they put it in the envelope, they send it out to the customer, I never touch it, the only thing I send them is the data and I send them the templated letter, and then they take that from [crosstalk 01:08:49]

Frank:

I want to ask you, when do you go bulk versus presort?

Dan Noma:

So we go bulk-

Frank:

It's big decision.

Dan Noma:

Yeah, it's tough. I would say that we're going bulk, if it's anything over about 15,000. If it's less than 15, then we can probably afford to go first class and put a stamp on it. But in most cases, I would say, we're going bulk.

Frank:

And you'll wait the three or four weeks before it hits?

Dan Noma:

Yeah. We'll wait.

Frank:

Because it takes a lot longer before that mail actually goes out.

Dan Noma:

It does. Yeah, and it's random. It's not like you can prepare for a slew of calls coming in on a certain day.

Frank:

Yeah.

Dan Noma:

Some areas get the mail in a week, others get the mail in two weeks, so you just don't know which day they're going to get it. A little unpredictable, but we see a lead every day through it. Right? So you get a lead all the time.

Frank:

Well, I don't really have any more questions. And Chris, what else do we want to know for the Listing Lead Show for Dan? I have a lot of money for lead generation?

Chris Watters:

Yeah.

Frank:

I think that's the key [inaudible 01:09:55] Let me ask you that question Dan. Dan, how did you get all the money, how did you get to the point to spend 60gs a month? Because that is really the competitive advantage. I'm sure everyone listening would love to do what you're doing, and they could do what you're doing, but they don't have the funds for lead gen.

Dan Noma:

Right. Yeah. When I think back to when we started all this, I didn't have it either, but I had enough credit cards and a few closings that I was going to push all my chips and try it. For me, it was like, "Put all the

chips on the table and just go." We'd flip some houses, and I have some other businesses in the area. So we make some money that way. But I think, I just look it like, I am a subscriber or a broker metrics. So if you guys look at that, you can really get some data like, what's happening in your marketplace.

Dan Noma:

In my market, the same 10 people are at the top of broker metrics every month, month over month, the same 10 people are at the top, and those 10 people are also the same 10 that are actually spending money in the market. So, I think for us in our market like Phoenix, you just have to be willing to spend, and put out the risk and hope that the return is there, and start getting really comfortable with it.

Frank:

I've asked you this question before, I got into real estate investment with my wife about two years ago, and I started clicking on some Facebook ads, and some guys are like, "Oh, I'm wholesaling or doing real estate investing." And now I log into Facebook, and I swear to God, all it is, is just everyone hawking everything in real estate investing. I check these guys out, it seems like every single one of them are in Phoenix, is where they're based. What are these guys doing that you're not? I mean, I hear all these stories of all these, and I never met any of these individuals. I don't know if it's truth or not. But it just seems like everyone is just ... get rich quick, and Phoenix are wholesaling. What's the deal with that?

Dan Noma:

Yeah. We've got some of the biggest wholesale groups in our markets in Phoenix, of course, and a lot of it's education, Frank, that they're selling, so a lot of it's like, they're not actually transacting, what they're talking about is a deal so that you hook into their environment and then they now hook you into [crosstalk 01:12:18]

Frank:

[crosstalk 01:12:18] daisy chaining wholesale contracts with three or four people closing from one person to the next person?

Dan Noma:

Right, which is a slippery slope, we never got into wholesaling, so they just visit our business. But it's perfectly legal here in Phoenix, you can tie up a property and then sell that contract to another buyer, subsequent buyer-

Frank:

[crosstalk 01:12:37] licensed, can that be construed as brokering a house?

Dan Noma:

The department hasn't cracked down on this. I know in some markets that they have, some departments have actually looked at this and said, "Technically you're a dealer or you're acting as a broker." But in our market, they're all labeled as real estate investors. So they're going to a seller, and they're saying, "Hey, I'm going to give you a cash offer on your property." They tie up the property, the seller doesn't know enough to ask them for proof of funds, and if they do, it's probably a hard money proof of funds that they've got from a hard money lender.

Dan Noma:

Once they've got the contract, now that contract has some value, and they just try to find a buyer like us to buy that property. Our challenge has been getting to the person that actually has the contract, a lot of times I'll get these and they've been daisy chained by two or three of these investors, and everybody's trying to make a fee along the way, and then I can't even transact, because now I don't know who actually I'm transacting with. That becomes a challenge.

Dan Noma:

I think you're seeing all kinds of different messages out there. I can tell you that like right now, because of the competition from the institution and iBuyer and Phoenix, the wholesale environment has gotten really, really difficult, and I'm seeing these guys get into trailers and land and product types that we just don't even plan. That's what they're like.

Chris Watters:

I mean, that may be the opportunity for wholesalers and real estate agents in the future, these things that are out of the buy box for your typical iBuyers like ranch properties and mobile homes and lots. Maybe duplexes, fourplexes, maybe stuff like that?

Dan Noma:

Yeah. Yeah, absolutely.

Frank:

Well, Dan, I won't take much more of your time, man, that was a good hour and 15 minutes of [crosstalk 01:14:21]

Chris Watters:

This has been one of our best shows [crosstalk 01:14:24]

Frank:

It's really intelligent, we're talking to a self proclaimed nerd that has been geeking out for 20 years on real estate, that has had institutional money backing the empirical evidence of testing what the consumer wants. I think if somebody did not take this interview seriously, they're an idiot. Because you're out there every day with the consumers big dollars, you're listening and if you notice to the whole interview, everything was the North Star just like the CEO of Zillow says is the consumer, isn't it, Dan?

Dan Noma:

The consumer speaking out there, we just have to listen to them. They're definitely talking.

Chris Watters:

I encourage people that are listening to this to listen twice. I remember, I was in New York at the Inman conference with the founder of Ylopo, and he said, "Hey, do you want to go to the Cigar Bar, there's this guy from fidelity, it's a real estate agent out of Phoenix that sells like 2000 houses." I'm like, "Whatever, whatever, the dude probably has like 100, 200, 300, 400 real estate agents, some big brokerage."

Anyways, after getting to know you, and every time we've talked, I mean, I pick up a little nugget every single time we talk, and that program you created, the IREP program's amazing.

Frank:

Incredible.

Chris Watters:

Anybody that's watching this, number one, listen to this thing twice. And two, you're an idiot if you don't go sign up for IREP. Number one, it's super [crosstalk 01:16:01]

Frank:

I used that term deliberately. I mean, you really have to focus on the needs of the consumer, and there's so much value here that you drop, Dan. I recommend that every viral client when they come in here, and they say, "Hey, I need a listing acquisition strategy." Well, I tell them to go to iReal Estate Pro, iRep pro, and I think the headline on your website, let me look it up. iRep Pro. Hold on. What is the headline you chose? [inaudible 01:16:31] The number one listing acquisition strategy in the U.S. And you know what? He's the guy that could probably back that claim, Kenny. Oh, yeah, that's pretty ballsy to use that anyways, Dan, thank you so much for your time. I want to thank everyone for listening today.

Dan Noma:

[crosstalk 01:16:48]

Frank:

Subscribe to Listening Lead Show. We're up on iTunes or your favorite podcasting stuff. Hopefully you guys listen to this. You get some good sell insights you can carry with you to your business. You guys can grow and live rich and successful lives selling homes. Dan, thank you, and Chris is always good to see you buddy.

Chris Watters:

Yeah. It's been great.

Dan Noma:

Thanks guys.

Chris Watters:

Bye everybody.

Frank:

You guys, take care.

Dan Noma:

Bye-bye.