



A Little Tip on How to Find Deals on the MLS

Let me share with you a little tip that can translate into big dollars. You will need access to the MLS, or hire someone who has.

The Problem

The problem with finding deals on the MLS is that a large part of what is listed for sale is overpriced, and if not overpriced, it is not discounted enough to make the numbers work for an investment. At the start, I found myself annoying listing agents left, right and center with my low offers. Offering anything less than five percent of the listing price offended these agents (who, by-the-way, have no business reacting in such a manner), and when agents get offended, negotiations go sour and you are done.

The Solution

One solution is this: find houses that are listed for considerably less than what they are worth, so that when you offer five percent or so less than the list price (to not offend anyone), you have more than twenty or thirty percent spread. Duh... you say, anyone could have figured that out, and you are right, but most likely, you didn't... did you? ☺ I'm playing, but not totally, here is the trick:

Fingerspitzengefühl

One time in high school I went to my teacher to complain about not being able to do something that looked so simple. After listening to me moaning for a couple of minutes he smiled and said "*it's all about fingerspitzengefühl!*". The secret lies in HOW you do it, not merely doing it.

Here are four reasons you need to understand about why certain properties are listed under priced and go unnoticed.

- **Many agents are simply not good at comping property.** Most agents just click the "comparable properties" button on the MLS site and that's the price they settle for. If this final list price is obviously under priced to buyers and other agents, the house will sell quickly but many times buyers and agents miss the obvious and the property doesn't sell. This is where the savvy investor comes in. We need to become champs when it comes to learning values, and go the extra mile to search the subdivision we're researching *active* and *pending* listings as well as closed listings.
- **The market has changed since the property was listed.** Sometimes a comparable property will be put on the market and sell at a higher price, and drive up the price of the subject property after it has been on the market for a while. Most agents don't keep up with such details and even if they did it would be very hard to increase the listing price.
- **Agents are for the most part not knowledgeable about what it takes to fix up a property** therefore they could under price their listing. You, the investor need to be able to recognize the diamond in the rough.

- **Sometimes the house is so ugly even investors are scared** - cracked slab, rotten wood, electrical boxes that could fry someone etc... These kinds of properties sit on the market for a while because everyone is scared of them, but to the seasoned investor those are the best deals.

Conclusion

Your job is to identify opportunity and become an expert at analyzing deals. Then, when you set up your MLS search and apply *fingerspitzengefühl*, you will recognize these types of discrepancies and be able to more easily negotiate an acceptable price due to the fact that the list price is already close to your desired purchase price.

Good luck!

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As an investor himself, as well as a licensed Realtor®, Dimitri has over a decade of real estate experience. Dimitri's specialties include primary residences, second homes, investment properties, commercial properties and land. He has been recognized for being a Multi-million Dollar Producer, and is an accomplished Realtor® committed to superior results for his clients.

"Strive not to be a success but rather to be of value" Albert Einstein