



Investors, Should you Hire A Real Estate Agent or Not

Let me give you the punch-line first: Yes, you need to hire an agent! Without an agent on your team you are incomplete and are playing with a handicap. Having said this however, it is not easy to find an agent that actually understands investments. The challenge for investors is first, to be able to identify an investment savvy agent, and second, to make sure you speak the same language and understand each other. Let me give the investors among you some insight into the agent mentality based on my personal experience.

Basic Training

Many years ago, when I started to get my feet wet in the real estate investment world, I got stuck every single time I tried to talk to, and negotiate with an agent. I just did not understand those guys. So, one day, out of sheer frustration, I decided to obtain my own real estate license for two reasons: 1. Undertake the same training as agents did in an effort to understand them, and, 2. Gain access to the same information they have.

In short, here is what I learned, agents are trained to sell mom and pop's home or to find mom and pop a home and keep them out of trouble in the process... that's it. Also understand that for the most part, realtor training is fear based. Instructors in Real Estate School frighten aspiring agents with all kinds of horror stories in an effort to keep them walking a straight line – and they do it very effectively!

Investor Mentality vs. Agent Mentality

In addition (in my humble opinion), the kind of person who is attracted to becoming a real estate agent seems to be a conservative, “play it super-safe” kind of person – effective qualities for protecting the interests of mom and pop - but they lack the entrepreneurial spirit that thinks outside the box needed by investors.

The mentality of the average agent is vastly different to that of an investor... agents are trained to think conservatively and to protect the interests of the public, while investors are entrepreneurs.

Agent Function

As an investor, you need to understand the agent's specific function on your team, and not expect anything of them that is outside of their area of expertise. Many investors make the mistake of passing along vital tasks to the agent that they themselves should be doing, such as crunching numbers, analyzing risk-reward ratios and predicting possible outcomes. Don't expect your agent to make up in investment knowledge what you lack.

Advantage of Working with an Agent

There are many advantages to investors in working with an agent, and I'd like to point out the two largest ones. First, you gain access to the MLS. Remember that approximately 75% of all real estate is sold through the MLS. Second, you delegate the “right” tasks to your agent which frees you up to do what you do best (or should be best at)... finding creative solutions to ordinary problems.

Don't be a Cheapo

Unfortunately, many investors pick the agent that charges the lowest commission. If that is the only criteria, the least competent agent will usually get the job and you will lose money somewhere else in the transaction. To gain a half percent in commission cost and lose three percent due to poor marketing, negotiation or transaction management doesn't make sense. Highly skilled professionals charge accordingly and their results pay for themselves many times over... pay them!

Conclusion

I strongly believe every investor needs a *qualified* investment realtor on their team: this makes life easier and more profitable. Just as in any profession, there are many real estate agents that are extremely good at what they do, and many more that are not. It is your job to sort through the crowd and find someone that satisfies your needs and expectations. Seek out agents who are also experienced real estate investors, and that specialize in working with investors.

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