

Build the life you want with a **small portfolio** of rental properties requiring less than **two hours** per week!

Chad Carson intentionally built a small portfolio of less than 35 rentals—and his family achieved full financial independence and time freedom within 15 years of getting started. You can replicate his journey with the practical, step-by-step strategies Chad outlines in this book.

You don't need an extensive real estate portfolio to become financially free or amass generational wealth. Rather than constantly chasing more doors, invest simply and smartly to achieve time freedom and build the life you want as a small and mighty rental property investor. With a simpler and smarter path to cash-flowing rentals, this practical guide for both new and experienced investors alike will inspire you to get out of the financial grind and optimize your portfolio to gain *more freedom*—not start another full-time job.

After reading, you will:

- Determine the ideal properties to make the most money with the least time invested
- Utilize effective negotiation tactics to get more offers accepted
- Close more deals without mortgages for a simpler, lower-risk portfolio
- Systematize and optimize your rental business to free up time and energy
- Build an all-star team to maintain your time freedom!

Chad Carson (aka Coach Carson) is a best-selling author, investor, and podcaster who used real estate investing to reach financial independence in his thirties. With a portfolio of thirty-plus houses and small multifamily properties, Chad's passion lies in teaching others how to build a rental property business to live outside the working grind. Based in Clemson, South Carolina, Chad and his family have also recently lived abroad in Ecuador and Spain.



BUSINESS/ECONOMICS



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CARSON
The **SMALL** and **MIGHTY** Real Estate Investor

"Bigger is not always better. If you want to build a portfolio capable of truly allowing you to live a comfortable life on your terms, this is the book for you."

— **Scott Trench**, author of *Set For Life*

The **SMALL** and **MIGHTY** Real Estate Investor



How to Reach **Financial Freedom**
with Fewer Rental Properties

CHAD CARSON

*Author of **Retire Early With Real Estate***



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CHAD CARSON



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The Small and Mighty Real Estate Investor: Build Big Financial Freedom with Fewer Rental Properties

Chad Carson

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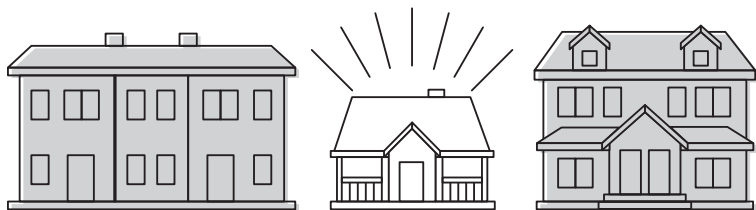
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CHAPTER 1

GO SMALL OR GO HOME

I was 26 years old, sitting in a hotel at a real estate conference when I heard a story that changed the direction of my career and my finances. Up to this point as a brand-new real estate investor, all my role models of successful investors had a similar path—grow fast, own hundreds of properties, and strive for more, more, and more. The characters in this story were different, and their example changed my opinion of what success as a real estate investor looks like. Here’s the story.

THE SMALL AND MIGHTY PARABLE

One summer, three real estate investing friends and their spouses decide to travel together on a trip to Europe. As beginner investors, they had all become friends while chatting regularly on the BiggerPockets forums. Fifteen years later, they’ve each found success with real estate investing in their own ways.

Couple No. 1: Ten Local Single-Family Houses

The first couple, let’s call them Liz and Tom, are in their fifties. They live, invest, and self-manage their properties in a small suburb of St. Louis,

Missouri. During the early years, they bought ten single-family houses, one by one, in good neighborhoods using mortgage financing. Then, over the past few years, they used extra rental cash flow and savings from their jobs to aggressively pay off their mortgages early.

Their houses now produce \$10,000 per month, or \$120,000 per year, of positive cash flow. Because of that, they've now both retired early from their careers. They also have a lot of free time because their houses only require a few hours of work per month to do some bookkeeping and other small tasks.

Couple No. 2: Fifty Long-Distance Apartment Units

The second couple, let's call them Tiffany and Darius, are in their early forties and have two kids. They live in Oakland, California, but they invest long-distance in North Carolina using a property manager. Fifteen years after starting, they now own several small multifamily apartments that total fifty units.

Originally, they bought properties in their own backyard by house hacking and renting their former residences in Oakland. But as prices increased and their wealth grew, they decided to cash out and trade the money in their California properties for better cash flow with these fifty units in North Carolina. Even with long-term mortgages, their properties still produce over \$10,000 per month, or \$120,000 per year, of cash flow.

Because Tiffany and Darius have a competent local property manager, they also only spend a few hours per month on their real estate. This has allowed them to spend more time with their kids and work part-time on projects they're passionate about.

Couple No. 3: 1,000-Unit Multi-State Apartment Empire

These two, Lauren and Mike, are in their late forties. They live in Nevada and own properties all over the country. Fifteen years after starting, they now partially own more than 1,000 apartment units, and they're continuing to grow. They began with smaller rentals in one location, but in the last few years, they've built a team and expanded their business.

Lauren and Mike use a technique called syndication to pool money from a larger group of investors to buy larger deals (hence the partial ownership of those 1,000 units). And as they've found out, syndications are a way to *supercharge* your wealth building and cash flow. As the

general partner, they have become multimillionaires and their portion of the rental income equals \$60,000 per month, or over \$700,000 per year!

Lauren and Mike clearly produce the most cash flow out of all three couples, but everyone can easily afford to pay for this nice European vacation. After all, trips like this are why they wanted to make money in the first place!

Let's Extend the Trip!

The story gets a little more interesting as they approach the end of the trip. All three couples are having a fabulous time. It's so great, in fact, that Couple No. 1 (Liz and Tom) propose that they all stay a few weeks longer to explore more.

Liz and Tom have tenants who automatically deposit their rent online each month. When they do have maintenance issues, they simply text a message to their local contractors who can solve it. And with no debt or immediate plans to buy more properties, they have little pressure, and their schedule is amazingly flexible.

Couple No. 2, Tiffany and Darius, check their calendars. Because their kids are on summer break from school and because they don't have full-time jobs, their schedule is flexible. Their property manager is in control of day-to-day issues at their properties, and with no major financing or remodel projects looming, they happily agree to stay longer as well.

But Couple No. 3, Mike and Lauren, have challenges. They want to stay and can easily afford the expense of extending the trip, but there are projects that require their attention back home. For example:

- Due diligence on a new property purchase has raised some serious questions, and they need to meet people on the ground to figure it out.
- Remodeling contractors on another project are waiting for Lauren's guidance on design choices.
- Their corporate bookkeeper and administrator need help with some unresolved issues.
- And while it's not required, they really need to attend an upcoming conference where they can meet equity investors to raise capital for upcoming deals.

With so much on their plate, Lauren and Mike regretfully decline to extend their trip.

THE THREE CURRENCIES OF A GOOD LIFE

When I began my real estate career, it seemed obvious that more properties and more money are always better. I personally looked up to investors like Lauren and Mike, who bought the most deals and made the most money. And for the first few years, I modeled my real estate business after them.

But hearing this story was a lightbulb moment for me. It wasn't that Lauren and Mike had a *bad* business. In fact, it was financially very successful. But their financial success didn't translate into maximum personal freedom.

Why not?

All three couples had plenty of money to take the trip. But it turns out that money isn't the only currency you need to maximize your personal options. You also need other currencies like *time* and *mobility*. Lauren and Mike had the money, but they were missing a full bank account of the other currencies. And that translated into less freedom and fewer options in their life.

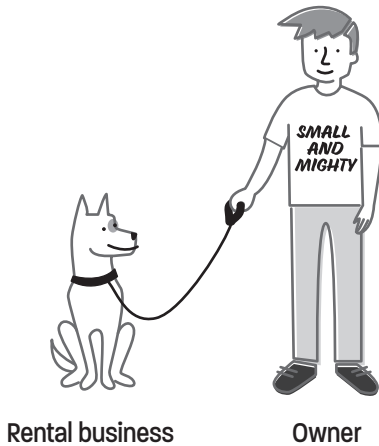
In *The 4-Hour Workweek*, author Tim Ferriss says that "People don't want to be millionaires—they want to experience what they believe only millions can buy... \$1,000,000 in the bank isn't the fantasy. The fantasy is the lifestyle of complete freedom it supposedly allows."¹

Ferriss also points out that earning \$100,000 per year while working sixty hours per week stuck at one location is less wealthy than earning \$50,000 per year working two hours per week from any location you want. Instead of simply maximizing money, Ferriss suggests measuring and maximizing *relative wealth*, which is a balance of all three currencies—time, money, and mobility.

That vision of balanced, relative wealth is what this book is all about. Getting more of one currency (for example, money) while sacrificing the other essential currencies (for example, time and mobility) is not true wealth for small and mighty real estate investors. Instead, the goal of this book is to help you find the sweet spot where you have *enough* of all three currencies. The goal isn't to impress people because you maximized your number of properties. The goal is to have enough wealth from properties so that you maximize your life options and have the time and mobility to enjoy and explore life.

¹ Timothy Ferriss, *The 4-Hour Workweek* (New York: Crown Publishers, 2007), p. 8.

SMALL AND MIGHTY REAL ESTATE INVESTING



GO BIG REAL ESTATE INVESTING



THE SEVENTEEN-MONTH FAMILY TRIP OF A LIFETIME

I began really putting these ideas into practice as a real estate investor in my late twenties, and by the time I turned 37, I finally experienced the full power of having all three currencies. That year, I moved with my wife and our two daughters (3 and 5 years old at the time) to South America to live in Ecuador for seventeen months. We enrolled our daughters in local schools so they could learn to speak Spanish, and we all had one of the best experiences of our lives.

During this trip, I still had real estate investments back at home in Clemson, South Carolina. The steady monthly cash flow from these properties paid for our expenses to live there. Just as important as the money, however, these properties also required very little of my time, and I didn't have to be there in person.

For most of my properties, I had property managers locally who handled the day-to-day affairs like rent collection, maintenance, bill paying, and tenant placement. I also chose to “press pause” on my business for a time. I wasn't adding more properties, growing, or taking on new projects that would require my personal time or presence.

The result was that I spent about a couple of hours per week (remotely) on my real estate, and the rest of my time was focused on taking Spanish classes, writing my first book (*Retire Early with Real Estate*), and enjoying the experience of living in another country with my family.

You may or may not want to travel like my family did, but I bet if you had full bank accounts of money, time, and mobility, you could fulfill amazing dreams that you've always wanted to experience. Maybe you want to stay at home from work with your kids, volunteer for a worthwhile cause, learn a new skill, or start a more fulfilling career or business—even if it pays less. Whatever your dreams are, I wrote this book to give you the practical tools to make them happen.

And that's really what separates the small and mighty investor philosophy from other approaches to real estate investing. Small and mighty investors start with their ideal life and dreams, and they work backward to use money to serve those dreams. They make money to live, not live to make money.

For small and mighty real estate investors, the goal is always the same—the freedom to do whatever you want, whenever you want, for as long as you want, for the rest of your life. Achieving that freedom, however, requires you to shift your mindset away from the traditional approach to business and investing. You can begin that shift by embracing the seven rules of a small and mighty investor.