DAVE MEYER has spent his career working in the technology industry while also investing in real estate. In 2016, he took the opportunity to combine his professional passions for real estate and technology and joined BiggerPockets, where he now serves as the VP of Data and Analytics. Dave has been a rental property investor in Colorado since 2010 and invests passively nationwide. He's also the host of the BiggerPockets *On the Market* podcast, which started in 2022 and is growing rapidly as a one-stop source for all things real estate analytics. Outside of work, he enjoys traveling, eating sandwiches, and being outside. He currently lives in Amsterdam, Netherlands.

"As a seasoned real estate investor with a portfolio of over 100 properties, I've encountered countless resources and guides—Dave's approach stands out, making it an invaluable tool for anyone serious about crafting a personalized real estate strategy."

-**HENRY WASHINGTON**, cohost of the BiggerPockets *On the Market* podcast

"It's very easy to hear investor success stories and think 'I could never do that.' Dave's book provides us with a framework and an actionable plan so that we can become successful investors. Whether you're an experienced investor or a new investor, this book is for you."

-**AVERY CARL**, author of *Short-Term Rental, Long-Term Wealth* and CEO and Founder of the Short Term Shop

"This book will give investors the tools they need to make smart decisions with their hard-earned money."

-**KATHY AND RICH FETTKE**, Cofounders of RealWealth

"You will walk away from this book having downloaded Dave's considerable knowledge about markets, data, analytics, real estate investing, and strategy—along with a specific, personalized two-page business plan he calls the Personal Real Estate Portfolio. I immediately crafted my own after reading, which simplified and made obvious the next steps for my real estate investing journey. Thank you, Dave!"

-**SCOTT TRENCH**, CEO and President of BiggerPockets, best-selling author of *Set for Life*

AFTER READING THIS BOOK, YOU WILL:

- **Dream Big and Plan Smart:** Develop your financial goals and create a roadmap to reach them.
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- **Fortify Against Risk:** Proactively safeguard your real estate portfolio against economic changes.
- **Boost Profits and Growth:** Find new ways to make more money from your property investments.
- **Maximize Potential:** Unlock the full power of your resources through savvy allocation.

BUSINESS/ECONOMICS

ISBN: 978-1-960178-06-0

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DAVE MEYER

START WITH STRATEGY

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Craft Your

START WITH STRATEGY

Personal Real Estate Portfolio

for Lasting Financial Freedom

Host of the BiggerPockets *On the Market* podcast and author of *Real Estate by the Numbers*

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Transform your real estate investing dreams into reality with your own personalized strategy.

Many investors fall short of their goals in the struggle to find the right real estate investing option to fit their plans for financial freedom. A lack of direction can stunt your growth with analysis paralysis or fast burnout. There is no one-size-fits-all portfolio, but there is a best option for your vision.

In this book, Dave Meyer—host of the BiggerPockets ***On the Market*** podcast and best-selling author of ***Real Estate by the Numbers***—shares a practical framework to craft and execute **your** personal real estate portfolio. This book will walk you through designing an investing plan you can follow from your first deal through the rest of your investing career. When you ***Start with Strategy***, you achieve your financial goals with confidence and certainty.

START WITH STRATEGY

START WITH STRATEGY

Craft Your Personal Real Estate Portfolio for Lasting Financial Freedom

Dave Meyer

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Denver, Colorado

Start with Strategy: Craft Your Personal Real Estate Portfolio for Lasting Financial Freedom
Dave Meyer

Published by BiggerPockets Publishing LLC, Denver, CO

Publisher's Cataloging-in-Publication Data
Names: Meyer, David, author.
Title: Start with strategy : Craft your personal real estate portfolio for lasting financial freedom / David Meyer.
Description: Includes bibliographical references. | Denver, CO: BiggerPockets Publishing LLC, 2024.
Identifiers: LCCN: 2023936541 | ISBN: 9781960178060 (paperback) | 9781960178077 (ebook)
Subjects: LCSH Real estate investment--United States. | Investments. | Finance, Personal. | BISAC BUSINESS & ECONOMICS / Real Estate / General | BUSINESS & ECONOMICS / Investments & Securities / Real Estate | BUSINESS & ECONOMICS / Personal Finance / Investing
Classification: HD1382.5 .M49 2023 | DDC 332.63/240973--dc23

Printed on recycled paper in the United States of America
MBP 10 9 8 7 6 5 4 3 2 1

Chapter 1

THE RESOURCE TRIANGLE

If you want to build something new, you need to contribute resources. It is literally a law of physics—you cannot create something out of nothing. You can't cook a recipe without ingredients, you can't open a store without products to sell, and you can't build a skyscraper without steel. The same is true for building a real estate portfolio. You need specific resources to create a profitable portfolio.

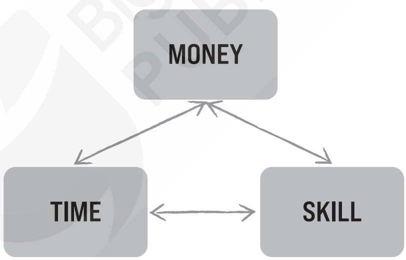
For real estate investors, there are three essential resources needed for every deal: **capital (money)**, **time**, and **skill**. Remember, a portfolio is simply a collection of deals, so if you need these resources for every deal, you need these resources for every portfolio. Capital helps you purchase property and pay for the operations of your business. Time is needed to find and operate the deals you do. Skill is required to make things run smoothly and to optimize your performance. You cannot invest in a deal, operate an investment, or build a portfolio without some mix of these three resources, but the amount of each resource needed will vary greatly from deal to deal, and from portfolio to portfolio.

For example, imagine you're investing in a single-family rental property that's in great shape and in a great area, and you're hiring a professional property management company to oversee the day-to-day operations. For this type of deal, you'll need capital for the down payment and closing costs, but you won't have to commit a lot of time or skill to the deal long term. The deal still requires *some* time and skill (like every deal does), but since you're paying a property management company to oversee it, you are essentially using your capital resources to buy the time and knowledge of the property management company, rather than contributing those resources yourself.

Alternatively, imagine you're an experienced general contractor and want to get into flipping houses, but don't have a lot of capital. You could bring on a financial partner to fund the acquisition and material costs, and then contribute your skills as a contractor to manage costs, schedules, and subcontractors, as well as invest your time by actually doing some of the renovation work yourself. In this scenario you are contributing skill and time resources but are relying on someone else's capital to complete the flip.

As these examples show, every deal is going to require different resources at different levels, and you don't have to personally bring all three resources to every deal you participate in. You can partner, trade, or buy resources from other investors, banks, contractors, or anyone else who wants to participate in a deal. Each of the three essential resources can be exchanged for the other two. With capital, you can buy someone else's time or skill. With time, you can exchange your hustle for someone else's skill or capital. Last, you can contribute your skills to a deal in exchange for someone else's time or capital. How you acquire, trade, and utilize your resources is a vital part of your Portfolio Strategy.

THE REAL ESTATE RESOURCE TRIANGLE



For those getting started, I want to make it clear that you do not need an abundance of each of these three resources to get going. Most investors have a deficit in one, two, or even all three of these resources. If you're reading this and thinking, "I don't have a lot of money," "I'm already strapped for time," or "I don't know anything about real estate investing," don't be discouraged. The whole point of this book is to design a portfolio that works around your vision and your current situation—so wherever you are today, you'll be able to build a portfolio.

I'm a great case in point. When I first got into real estate, I had very few resources. I started back in 2010, and I had no capital. I was less than a year out of college and was waiting tables at a glorified Applebee's in Denver. The job actually paid pretty well, but I didn't have enough money saved up yet for a down payment on a property. I didn't even use a bank at the time. The restaurant paid me in cash every night, so I just stored it all in my bedside table. Back then, I also knew very little about real estate investing. I had an internship in college that taught me the basics of financial modeling, and I could put together a decent spreadsheet, but I didn't have the first idea how to manage a property or a portfolio.

Having no capital and no knowledge of real estate may sound like a bad place to start, but luckily, I had plenty of the third real estate resource—time. Working in the service industry is hard, but it comes with long stretches of uninterrupted time between shifts. I would typically use that downtime to go hiking or skiing, or just to hang out with friends. But once I started exploring the idea of real estate investing, I realized I could easily repurpose some of my free time toward my dream of financial freedom.

At first, I used my excess time to learn the basics of real estate investing by reading everything I could find. Then I took it upon myself to learn about my local market. I spent time driving and biking around Denver taking note of good areas in which to invest. I improved my knowledge of real estate finance and math and built out a credible business plan. I traded my time to acquire new skills.

After a few months of this, I had developed a sufficient skill set to attract partners. Now I had time AND skill to add to the party. I set up a deal where I would be the active partner and get paid 10 percent of the deal's income to manage the property. Four of us went in on my first deal, each contributing 25 percent of the down payment. It was a great deal, but there was just one problem—I didn't have enough capital, even for just 25 percent of the down payment. So, I borrowed my share, with interest, from one of the partners as a secondary loan and used my "salary" as the property manager to pay off that secondary loan. At this point my Resource Triange worked out like this: I was trading my time and skill resources (managing the property) for someone else's capital (my share of the down payment, with interest).

This is just an example, but it's generally how most real estate deals are done. Investors are constantly exchanging resources they have for resources they don't. That's part of the fun! It's also why relationship building (aka networking) is so important for real estate investors .

Now that I am at a different stage of my investing career, it has flipped:

I regularly trade capital for the skills and time I don't have. When I invest in a large multifamily syndication, I am investing my capital (alongside other investors) with a sponsor who I believe has the appropriate amount of skill, and will commit the necessary time, to make the deal a success.

Of course, everyone's individual circumstances will be different. I was very fortunate to have people in my life with the financial means to partner on my first deal. Some of you won't have access to capital as easily, but that's okay and we'll talk more about financing later. Just remember you don't need to start with huge bags of money. With whatever resources you have (or lack), you can build a portfolio.

There's one catch, though. While it's true that you don't need an abundance of each resource, you need at least one. You have to contribute *something* to each deal you do, and to your portfolio as a whole. Imagine you're the general manager of a sports team trying to trade for a great player, but you don't have any draft picks, players, or cash to offer the other team. No one would even talk to you because you have nothing to contribute to the deal. (I grew up a Knicks fan, so I know this situation all too well.) The same is true in real estate—you need to bring at least one resource to each deal you do.

The good news is most people currently have at least one of these resources or can find a way to obtain one quickly. But bringing these resources to bear is not without sacrifice and prioritization: You may have some money saved up, but you have to decide how much, if any, you want to use for your portfolio versus, say, a vacation or a new car. If you have lots of time, you need to determine how much of it you want to use for real estate versus skiing, time with your family, etc. Your resources are your property, and you get to decide how to use them.

We'll talk a great deal more in Part 2 about your personal resources. We'll conduct a "Resource Audit" to identify the specific resources you have and how you want to allocate them toward real estate investing. But for now, there is one important principle you need to remember: The more resources you commit to your portfolio, the faster it can grow. How many resources you can commit, and how many resources you *want* to commit, will vary from person to person, but the principle holds true for everyone. The more of your resources you put toward your portfolio, the greater the potential. If you choose to use your capital, time, or skill for pursuits other than your portfolio, that is okay and completely normal. Everyone does that. Growing as fast as possible has never been my goal, and it's the goal of only a select few of the most ambitious investors I know. Nevertheless, it's important to understand that using your capital, time, and skill outside of your portfolio is accepting a trade-off. Your portfolio will have less potential for growth, but you'll hopefully be gaining something equally (or more) worthwhile elsewhere in your life.

RESOURCE #1: CAPITAL (MONEY)

Real estate is a capital-intensive pursuit. When it comes to investing, "capital" just means "money." You will need capital to purchase properties, make repairs, pay for labor, and many other things. Unlike investing in stocks, where you can get started with almost any amount, real estate has a relatively high barrier to entry. Even if you start with a fairly low-priced house hack for, say, $200,000, and put the minimum of 3.5 percent down, you still need $7,000 for the down payment, plus more for closing costs and reserves. We're talking about at least $10,000 needed even for a relatively inexpensive deal. That's a lot!

The more capital you have to invest, the faster your portfolio can grow, but don't be discouraged if you don't have a lot of money in the bank right now. Your portfolio does need capital to grow, but you don't necessarily need to have loads of capital yourself. As the Resource Triangle shows us, you can access other people's capital as long as you have time or skill to commit to a deal. If you're able to find great deals, manage properties, or offer something of value to a deal, you should be able to find financial partners who want to work with you.

I want to make clear how common it is to rely on partners for capital. I don't have any hard data to say how many people get started this way, but from my anecdotal experience, it's a lot—I think probably a majority of people. Many people partner on their first few deals, and in fact, many investors partner on *every* deal. It's extremely common to source your capital from multiple sources on a single deal, and even more common at a portfolio level. Very few people have sufficient capital to fund every deal in their portfolio on their own.

If money is the resource you *do* have, you will be able to easily secure the other resources in the triangle: time and skill. For example, if you have sufficient capital, you can buy a rental property and then pay someone to manage the property, which requires both time and skill. Like with everything in the Resource Triangle, if you have one resource in abundance, you will be able to exchange it for the other resources.

RESOURCE #2: TIME

Real estate investing is a business, and every business requires some investment of time. As we'll discuss later, there is a spectrum of how "active" your investments need to be, but even if you tend toward the more passive end of that spectrum, you'll need to invest some time. Despite all the hype about passive income, every individual deal you do, and your portfolio as a whole, will require time to operate successfully. Whether yours or that of someone you hire, time is a necessity in real estate investing.

It's common for investors to commit a lot of time to their deals and portfolio early in their investing career. At this stage, investors don't typically have a lot of capital or skill to contribute to their deals and rely heavily on their time resource. That's the beauty of the Resource Triangle. Even if you don't have money or skill, as long as you have time, you can get started.

As their portfolios grow, most investors tend to spend less time on individual deals and more time focusing on their portfolios as a whole. This can involve hiring property managers, hiring people to manage the books, or investing in more passive options like multifamily syndications. This trend exists for a few reasons. First, time is finite! As you grow your portfolio, the amount of time required to properly manage each of your individual deals will eventually exceed the hours you have in a day. You'll need to outsource something. Second, the vision that gets most people into real estate investing is to eventually work less. Once you have sufficient capital and skill, you can spend less time managing your deals and portfolio and more time doing whatever else you like!

RESOURCE #3: SKILL

Owning and operating real estate investments successfully requires a specialized set of skills. Even if you have all the money and time in the world, if you don't know how to run your business properly, your performance will suffer.

The skills needed for success will vary based on the tactics you pursue—which we'll talk about in detail in Part 3. For now, just know that the skills required are broad and diverse, and no one should reasonably expect to have every skill they need when first starting out. Some skills you might already have, or might be able to easily learn, but for everything else you're going to need to purchase or trade.

As a simple example, a relatively standard rental property investment will require the following skills: deal finding, deal analysis, tenant management, repairs, operations, bookkeeping, and many more. Could you become an expert in all of those things? Maybe. Should you? I don't think so. The more efficient way to build your portfolio is to determine which skills you have currently or could easily learn and then trade either money or time for the skills you don't have.

I am good at deal analysis, market analysis, and partner management. I've learned to be proficient at tenant management. I tried my hand at doing repairs and bookkeeping, and I'm terrible at both. I could spend loads of time learning how to do those things better, but it's not an efficient use of my time resource. Instead, I pay people who are already experts in those fields to leverage their skill (trading my money resource for their skill resource, rather than trading my time resource to learn the skills).

If you're new to investing, it's unlikely you'll already be an expert in things like tenant management. That's okay! But you should pick a few new skills you want to learn and develop, such as deal analysis, location analysis, networking, or tenant management. Relying 100 percent on other people's skills for the success of your business is never a great idea. You'll want to have expertise in some areas of real estate investing to build your portfolio confidently. We'll walk through an exercise in Part 2 that will help you figure out which skills you can, and should, commit time to learning.

RESOURCE TRIANGLE: **RECAP**

Every portfolio—whether it's large, small, simple, or complex—requires the same basic resources. Whether you're working on your first deal or have hundreds of units in your portfolio, all portfolios need capital, time, and skill to operate. For you, some resources may be easy to come by, while others will be harder.

Some people choose to focus on acquiring tons of one resource and trading for the other two. For example, if you have a high-paying job, you may want to maximize your income to generate capital and then trade for others' time and skill to grow your portfolio. Other people may choose to dabble in each of the three resources—contributing some capital, some time, and some skill. This is a decision you get to make as part of your Portfolio Strategy. As you'll learn throughout this book, much of the art of Portfolio Strategy is how you allocate your resources.

You get to decide how to acquire, trade, and utilize resources in a way that best supports your Vision. But remember, you just need to have one resource to get started as a real estate investor.

As we move through the coming chapters, keep the Resource Triangle in mind, and start to think through some of these questions: Do you have capital you're willing to commit to your portfolio? Are you passionate about real estate investing to the point that you want to acquire new skills yourself? Are you willing to devote a lot of time to your portfolio, or would you rather only invest money? These are important questions and trade-offs you need to consider, particularly when we reach Chapter 10 on Personal Values. Building your portfolio requires personal contribution of some resources. Which ones are you willing to commit?