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Becoming a Land Pro (Part 1 of a 2 Part Series)

By Mark Skillman
Guest Contributor
Land Investor and Developer from Southern Oregon

For many years I have been involved as a principal, broker or consultant in buying and selling hundreds of vacant land parcels. Most of those were improved or entitled to one level



or another then resold. In dealing with vacant land for so long I have learned a lot about what to look for and why, what potential pitfalls to avoid, what kind of improvements to make, and how to structure a transaction that's mutually beneficial. There are not many books, guides or online information on the subject and the nuances vary greatly from one area to another and from one property type to the next. In this article I will provide some fundamentals that may

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make your experience entering the land business easier and more profitable. The principles I explain in part 1 have to do with the preparation necessary to enter the land business and the principles I explain in part 2 have more to do with the application of the knowledge gained. So here goes:

Begin with the end in mind: If you intend to buy and hold property as a long-term investment or leave it in Trust for your kids or grandkids then a plan for when and how to sell may not be so important. But if you intend to become a Land Pro who regularly buys and sells vacant ground for profit, then it's critical to have an exit strategy long before you begin any acquisition. A well developed method for finding, buying, improving and selling property is imperative. For every project you consider you should carefully determine when, where, how and how much you will put into it and calculate a realistic expectation of how much in turn you expect to get out. I recommend creating a worksheet that allows you to put your business plan in writing so that you can estimate, record and compare all of your costs and revenue. I use a detailed cost vs. return analysis spreadsheet that I developed by trial and error over many years and have found it an invaluable reference tool to help isolate mistakes and apply accurate figures to proposed new projects.

Find your niche: Finding a market niche is the best way to fast-track your land business. Within the scope of vacant land there are many property types (hunting, forest, horse, farm, ranch, recreation, destination, development, desert, beach, vineyard, cabin, cattle and orchard, just to name a few). To be sure, there is crossover in many of these land types but having a specialty and a known farming area to work is a good starting point and will provide you direction and focus throughout the process. I think it's important to find something that fits your personality type. If you love horses, for example, make horse properties your niche. You will be able to do what you love, make money along the way and all the while provide a valuable service to other like-minded people.

Do your homework: There is no substitute for due diligence. Knowledge is the most valuable commodity you can possess. A thorough understanding of both general and specific market conditions will greatly enhance your chance of success in the land business. Good research and study will reveal what locations are best and why, where the deals are to be had and what property types are most attractive. You should have a working knowledge of the inventory of land available for sale in your area (your competition), the absorption rate (how fast land is moving), the average selling prices, and what trends are affecting the over-all market. You should determine what venues tend to move faster than others and why and what value-added improvements facilitate sales. In our area, for example, a vacant parcel of ground in the south end of the valley will sell faster than anywhere else because of its proximity to the cultural hub. And a domestic well will add far more value to a property

The time is right to learn about vacant land.

than the actual cost of drilling; an opportunity to capitalize on. There are unique underdeveloped attributes to every market and property and these should be sought, understood and utilized. In order to do this you will need to become a sponge for information. You should talk to anyone and everyone in the industry who will share ideas with you. Spend the money to join investment clubs, attend seminars and buy books on real estate and land development. Even if you only get one small new idea from any source and the rest of the information is useless, I believe it's worth it.

Build a team of professionals: You cannot be successful going at it alone. No matter how good you get in the land business, there will always be professionals with more specialized skills than you and they will be critical to your success. I have a group of trusted title examiners, escrow officers, attorneys, surveyors, lenders, site development contractors, land use consultants and real estate brokers behind me on every transaction. I rely heavily on them for their counsel and input. I question them constantly and welcome their ideas. Find out who these players in your market are and get to know them. Take them to lunch and establish a rapport. Show them that you are serious about the business and don't hesitate to compensate them for their services. *Remember: Real estate is a team effort.*

The final analysis: The basic guidelines I have laid out here for entering the land business are by no means strict or comprehensive. There is much, much more to be learned and there are many different techniques equally as effective. I simply have found these ideas and principles important to the success of my own land business and they are based upon many years of close observation of my own mistakes and success as well as observation of the mistakes and successes of others. I am confident that these concepts will provide you a solid foundation from which to build your own business to becoming a Land Pro.



Mark Skillman: Rural real estate is Mark's professional passion. For the past 21 years, he has been a real estate broker, investor, and developer in southern Oregon, specializing in forest, farm and private homesite development. He co-founded, owned, and managed a rural real estate brokerage firm in Medford, Oregon, and later established a real estate company dedicated solely to rural land development. As a rural land expert, Mark has extensive knowledge of Oregon's complex and frequently changing land-use planning laws. He currently works as a Land Sales

Manager for Westslope Properties, a national rural land sales organization. He, his wife, and four children live just outside of Ashland on a 5 acre hobby farm. Mark can be reached at 541-210-2845 or markskill@msn.com. His mailing address is: P.O. Box 3279, Ashland, OR 97520.

Russell Ward is the **ONLY** person in the country training real estate investors how to control or buy raw land at half-price. He is a full-time vacant land investor who has been involved in more than 600 land transactions ranging from .25 acre to 500 acres totaling over \$9,000,000. He has authored, ***Vacant Land Guide – How to Buy Vacant Land at Wholesale Prices***. This guide is the first and only of its type on the market today. He resides in Orange Park, FL a suburb of Jacksonville, FL.

rward@vacantlandguide.com
1-877-8VACANT (1-877-882-2268)