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Markets 18

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The World's Most Successful Residential Investor

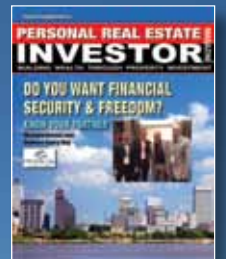


Capital Cities

Chicago, IL
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David Liniger
Chairman/Cofounder
RE/MAX



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MASTER INVESTOR Pete Julian - Triple Net Houses

**How A Vietnam Vet and Real Estate Investor
Built the World's Most Successful Real Estate Brand**

21 BY 21

By Andrew Waite

Hands down, Dave Liniger is the most successful real estate investor in the world. He began investing in rentals, then began a business with his wife Gail. They now own the majority of the largest and most productive retail real estate brand in the world: RE/MAX LLC. No other brand even comes close in volume, as RE/MAX agents are the most productive in the United States. In 2009 (as reported in REAL Trends and SEC filings), RE/MAX agents sold nearly twice as many houses as the number two brand. Period.



Dave Liniger

21 BY 21

As a United States Air Force master sergeant, Dave Liniger found himself stationed at Davis-Monthan Air Force Base in Tucson, Arizona. Liniger's tours in Vietnam were as an armorer. "Hot loading" ordnance and munitions in a hot place in a hot war is no place for the faint of heart.

While in the Air Force, Liniger realized that providing for his wife and new family on a master ser-



geant's income would not cut it, so he took their savings and bought a rental house near Davis-Monthan in Tucson.

Liniger is into detail. When he finds something that interests him, he is driven to master it. Real estate investing became that next mission. His goal was to have 21 homes by the age of 21. Liniger made it to 19 before he was honorably discharged. He entered Arizona State University as a business major but quickly became a real estate agent working for a Phoenix-based broker who had begun to franchise a full-service plan that split commissions with agents. The Linigers decided to move to Colorado and were offered the franchise for Denver. They declined. Liniger decided there had to be a better income model for agents, in which the broker did not take such a large share of every commission, and did not progressively take away the sales agent's incentive.

NO 50:50 SORT OF GUY

Liniger does nothing by half measures. He decided that the better model would not penalize productive agents. This is a "for fee" capped office sharing model where agents pay a fixed price for the association, broker oversight and administrative services, whether they sell one house or 10 houses. The results speak loudly and are the envy of other brands.

DROPPING THE "P BOMB"

Liniger is passionate about everything he does, especially winning. As a result, he has ruffled a lot of very precious feathers and slaughtered a lot of sacred industry cows. Liniger allegedly was turned down for membership at a members-only Colorado country club. So, he built a bet-



ter one, the renowned Sanctuary, where he and Gail are the only members, and the only golfers are invited guests. Net proceeds go to charity.

RE/MAX's success is the result of Liniger's passion to be without peer. RE/MAX has achieved this in one simple and irrefutable measure: the most successful agents — measured by annual transactions, per agent. On average, each RE/MAX agent sells between two and six times more houses than agents associated with the other brands. See table below.

WHY SHOULD YOU CARE?

As a homebuyer or an investor you care about one thing: getting competent representation in arguably the largest financial transaction in most peoples' lives.

Liniger has come full circle. He can look at this market through the lens of an investor and recognize market trends that favor investors.

"It is a historic opportunity," says Liniger, "but like never before, this market requires the expertise of a well-trained agent."

Professionalism and competence are gained through osmosis, but training, support and experience are repeated again and again. In two years an average RE/MAX agent will have two to four times the transactional experience of any other brand's agent.

RE/MAX also has recognized that markets change; therefore its business and its agent skills must adapt to the market. RE/MAX was first to embrace distressed sales as a practice requiring knowledge of short sale, REO and other wholesale channels. RE/MAX brought in the Distressed Property Institute to teach agents how to become Certified Distressed Property Experts® (CDPE).

The fact that RE/MAX agents have this market understanding and credential speaks volumes to an investor about the agents' motivation and ability.

And now, RE/MAX has identified that 20 percent of all transactions are home sales to investors. RE/MAX is quickly moving to develop mass agent specialization in "this niche of 1 million home sales" (2009).

"When I began investing I could only grow my portfolio if the fundamental numbers made sense," says Liniger. "Fifty years later, nothing has changed."

HIS OWN CANNIBAL

Liniger is one of those people who seem to love picking up apparently random data. A book here, article there, TV, newspaper, the Internet ... then he quickly joins the dots, to discern a vital trend that can benefit his business. The genius is not the vector analysis, but the application of the conclusions. It clearly helps to own the company.



versus the Industry

Nobody Sells More Real Estate Than RE/MAX®

	TOTAL U.S. TRANSACTION SIDES	TRANSACTION SIDES PER U.S. AGENT	NUMBER OF COUNTRIES	NUMBER OF OFFICES WORLDWIDE	NUMBER OF AGENTS WORLDWIDE
	812,056	13.5	79	6,414	92,071
	650,229	7.3	49	3,264	96,689
	438,422	5.6	67	7,711	116,985
	385,005	5.1	2	697	76,688
	318,600	5.9	7	1,885	55,700
	117,196	6.5	46	2,600	29,562
	33,949	3.5	38	500	10,641
	9,704	2.3	1	103	4,290

This chart of national franchise organizations is based upon 2009 data each organization provided to either REAL Trends, Inc., a leading industry analyst, or to the United States Securities and Exchange Commission on Form 10-K, Annual Report for 2009. Prudential data is based on REAL Trends estimates.

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Liniger is not afraid to be the strategically disruptive force in the industry or in his own company. In a fiercely competitive world of real estate franchises, if you are about to be eaten, it's better to be your own cannibal.

"Initiating and owning the strategy beats me too, every time," says Liniger. Liniger echoes lessons from IBM and Intel founders and legends Thomas Watson and Andy Grove. He wants to use these skills, along with his love and passion for real estate, to harness these trends to benefit RE/MAX customers and agents.

Liniger understands where RE/MAX needs to be to win the next round during a flat economy that is expected to maintain around five million home sales for each of the next three to five years: Take market share from other brands by being smarter, recruiting smarter agents, helping them and allowing them to make more money.

THE MCMANSION IS NOT DEAD

"Population blocks and their home buying propensity differ ... culturally and generationally and America is moving seismically," says Liniger.

"There are four buyer blocks," he says. "The Matures, Boomers, Gen X and Millennials. Then there are the cross-generational buyer trends brought on by American economic realities and our immigrant history. Hispanic and Asian heritages accept multigenerational households as the norm versus a recent 40-year American exception."

Liniger explains each generation as having differing home buying needs — from the downsizing of Matures and soon-to-be Boomers, to the almost reactive later maturing, marriage and nesting of Generation X, and now Millennials with better education, discipline and desire to live fuller lives, mate and nest earlier than a more self-indulgent Gen X. See table below.

Generation	Years	Age Now	Population Count	Buying Propensity
Matures	1909 – '45	65+	35 mil	Downsize
Boomers	1946 – '64	45 - 64	80 mil	40-year Impact
Gen X	1965 - '79	30 - 55	48 mil	Late Buyer
Millennials	1980 – '95	14 - 29	74 mil	Early Buyer
Immigrants	Cross Generation	All Ages	30+ mil	Cross Generation

"From 1995 to 2005," says Liniger, "we experienced the hottest market we had ever seen in the United States and Canada. This was because of population growth that created massive economic opportunity. 'Don't ask, don't tell' sub-prime mortgages pushed an unreal 10-year boom and then it stopped."

"Then, there are four generational factors," says Liniger. "Boomers approaching retirement have had their retirement decimated and have been yanked back chronologically. They have several real estate transactions left, as they sell or downsize, and this will accelerate for next 20 years. This has an effect on investment. The Gen Xers are a smaller population pool and if they are married, did so later and are having fewer children, later. They are also late home buyers at half the rate of Boomers. The 76 million Millennials tend to be more educated, are marrying and buying sooner. The good news is they are savvy and impatient and as big a population mass as the Boomer Generation."

"The fifth home demand influence is the multicultural factor with the Hispanic and Asian birth rates at twice that of whites and blacks. Many tend to have higher and more disposable income and are ready to buy earlier. The other factor is that these families are often multigenerational, with three generations living in the same residence just as they did in their countries of origin outside of the United States. This forecasts where many traditional American families are going, with their only real income being pensions and social security, so they are more likely to live with the family as they will not be able to afford assisted living. This may lead to lesser demand, but McMansions do not go out of style."

"The bigger boom that is coming," says Liniger, "is the Millennials. It's a great market today for professionals and investors, and that is only going to get better. If you are a productive Realtor® looking for a better-paying place to work, or an investor looking for a investment property, try RE/MAX, as we would earn your business and your trust."

