



# The D.E.A.L. System:

## My Four-Step Approach to Finding Profitable Real Estate Overseas

***The D.E.A.L. System: My Four-Step Approach to Finding Profitable Real Estate Overseas***  
***A Real Estate Trend Alert Report***

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# The D.E.A.L. System:

## My Four-Step Approach to Finding Profitable Real Estate Overseas

I've been learning about real estate investing as far back as I can remember. My parents owned a couple of investment properties, and my dad would sit me on his lap and explain the business to me. It's all I've ever wanted to do (along with playing golf).

Now I do it on an almost instinctual level. The same way a boxer throws a combination. Unthinking.

I've never sat and broke down the exact steps I take, until now that is...so here goes...

I have an aggressive goal: to find real estate opportunities that have the potential to double your money in five years or less.

Sounds unbelievable to some folks. Fair enough I guess. If you've never invested overseas or in a *RETA* deal you aren't likely to have experienced those kinds of phenomenal returns. But I have...as have many members of *Real Estate Trend Alert*.

Whether you're a seasoned real estate investor looking to diversify your portfolio, or you're simply interested in learning more about buying a home overseas, my mission is twofold: To ensure *Real Estate Trend Alert* is an invaluable source of tools and education...and to bring *RETA* members incredibly profitable deals—the kind of deals that double your money in a few short years.

To achieve this, I spend much of my time traveling the globe. One week, I might be driving a 4x4 through the Costa Rican jungle, the next I could be in a tuk-tuk bouncing around a beach town in Thailand. In 2019 alone my research team and I spent close to a million dollars on travel and research. I am on the road at least six months of every year traveling and scouting real estate.

But how do I decipher the spin of smiling estate agents, see through the flashy brochures, and decide if a deal is truly a solid investment opportunity? How do I bring those double your money deals to the table for *Real Estate Trend Alert*?

For the first time I've sat down, thought about the patterns and broken it all down into the fundamentals I repeatedly look for.

I am calling it The D.E.A.L. System.

D.E.A.L. is a handy acronym for the four major steps of analysis that go into each opportunity I recommend in *RETA*. They are:

- Discount
- Earning Potential
- Appreciation
- Leverage

In this report I'm going to explain each of these steps in more detail and give you a sneak peek into the methodical approach I use to find profitable real estate. As you'll see, the D.E.A.L.

System has been designed to save money and make money when buying real estate overseas, and to give you the best possible chance to see a 100% gain in five years or less...

## Discount: Pay Less, Profit More...

Poor ol' Ebenezer Scrooge. His last name has become a synonym of miser. But ask any successful investor, and they'll tell you there's nothing wrong with being tight-fisted. In fact, it's the secret to success of legendary investor Warren Buffett.

Buffett is a proponent of something called "value investing." In short, that means buying companies that sell for less than what they are worth. "Whether we're talking about socks or stocks, I like buying quality merchandise when it's marked down," says Buffett.

Imagine, a man worth \$87 billion buying marked down socks! Yet, this Scrooge-mindset is why Buffett is so rich. He holds onto his money tightly, waiting patiently for massive discounts in the market. Then he strikes...

I apply the exact same value investing philosophy to real estate.

Take one recommendation I made in 2011: I told *RETA* members to buy real estate in my home country of Ireland. At the time, some property prices were down 80% since the 2008 financial crisis and there were incredible bargains to be had.

I highlighted a two-bedroom apartment in Dublin's financial district listed at auction for \$140,000. It sold for \$197,000. Apple, Google, Facebook and more all have huge offices nearby. It was a no-brainer opportunity. Today, two-bedroom apartments in the same area of Dublin sell for almost \$400,000. That's a potential gain of more than 100%. (That's not including the whopping \$190,000 you could have made in rental income since then.)

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*In the wake of the 2008 financial crisis RETA members had big opportunities in Dublin, Ireland.*

As the European debt crisis slashed prices throughout the continent of Europe in the wake of the 2008/09 crisis, I recommended buying heavily discounted real estate in Spain and Portugal. That crisis created phenomenal real estate bargains. One *RETA* member, for example, paid €99,000 in mid-2014 for a condo I wrote about on Spain's Costa del Sol. When I spoke to him only four years later, his condo was worth €210,000.

The current crisis is different from the 2008/09 but it's also presenting *RETA* members with stunning bargains and opportunities.

And there are many reasons other than a financial crisis why real estate might be selling at a discount...

Maybe the seller is just desperate to make a quick sale, or an inexperienced developer has mispriced his condos.

When I'm on scouting trips, I'm looking for anomalies like these and others, which can cause real estate to be undervalued.

And sometimes, you can buy at a big discount simply because you're a *RETA* member. Let me explain...

## The *RETA* Edge

If you've ever shopped at Sam's Club, you know that buying in bulk means big savings. In much the same way, *RETA* members can save big on real estate.

This is possible because the combined power of *RETA* members has the ability to buy real estate in bulk.

For example, on a scouting trip in San Miguel de Allende, a gorgeous expat haven in the Mexican highlands, I discovered a new development where two-bedroom, two-bathroom condos started at \$184,800.

Considering the quality of the development, and its prime location, I thought this was a fair price. But as a value investor I wanted a knock-down price.

I explained to the developer I'd love to tell *RETA* members about his condos, but only for a considerable discount because *RETA* members are savvy investors who refuse to pay retail pricing.

After some negotiating, he agreed to a *RETA* members-only discount of \$25,000. So, in February 2019 *RETA* members had the chance to buy a brand-new \$184,800 condo for just \$159,800. (And if you did, congratulations, I predict those condos can generate total gains of \$162,000 between capital appreciation and rental returns within the next five years.)

Don't feel bad for the developer: *RETA* members reserved more than 40 of his condos in roughly 24 hours. His condos were locked down in record time, and *RETA* members got a fantastic \$25,000 discount. It was a win-win.

Our buying power at *RETA* is an enormous benefit of our group. It means I can get us *RETA*-only discounts that super-charge our profits. Remember, we make our money buying...and we want to buy as low as we can...more on buying low later.

## Earning Potential: Get Paid to Own Real Estate...

When I was young, my parents owned a modest real estate portfolio in my hometown of Cork, Ireland. One of my clearest memories from then, is my father explaining rental income to me for the first time: "Essentially son, our tenants' rent pays the mortgage. So when all is said and done, it's like we're getting a free house!"

The idea blew my young mind and set me on course to become the real estate investor I am today. After earning my BSc in Finance, I almost immediately began building my own real estate mini-empire.

By buying discounted real estate in prime locations, and targeting wealthy young

professionals, I was able to supersize my rental yields. So not only was I making enough to cover my mortgage and other costs (i.e. getting a free house), I was pocketing extra cash, too.

But it wasn't until I started investing overseas, I realized how much *more* income I could be making...

While you can do well in some places in the U.S., according to Global Property Guide, in 2019 the average gross annual rental yield in the United States is just 2.91%. In other words, buy a \$100,000 condo and you might only collect \$2,910 per year (\$242 per month) in rent. That's before taxes and other costs.

Not a pretty picture...

But as a *RETA* member, you're no longer a prisoner to paltry returns in your domestic market. By investing in real estate overseas, you have the chance to make double, even triple what you might make at home.

For example, in Costa Rica the average gross annual rental yield is 7.48%, more than double the yield in the United States. In other words, a home in Costa Rica pays for itself twice as fast as in the U.S. And with the right deal you can make a whole lot more money than that. I know of one guy who built his future retirement home in Costa Rica but was making so much money renting it (as much as \$88,000 in a single year), he decided to keep it as a rental and build a second home for his retirement.

And it can get even better...

If you've bought real estate in the U.S. or own dividend-paying stocks, you know how rare it is to find a double-digit yield. But when you're a global real estate investor, you increase your chances of finding fat yields, because the world is literally your oyster.

In mid 2019 members had the chance to buy in Tulum on the Riviera Maya. The luxury condos *RETA* members could lock down from \$175,000 were snapped up within hours of our deal opening on May 9. Along with incredible capital appreciation I figure you could make over 18% in gross yields a year renting short-term...more with the right marketing touches. Just the sort of two-step play I love...capital appreciation along with big rental yields.

## Appreciation: The Big Payday

The other way to make money from real estate is to simply wait for the value of your holdings to appreciate.

Sometimes, this might mean waiting decades. I've met plenty of real estate investors with a 30-year time horizon.

Other times, this might mean waiting months. Typically, like in the runup to the 2008 financial crisis, if you're able to resell for a nice profit within months, you can bet there's something terribly wrong with the market.

I usually target a happy medium holding period of five years. By real estate standards, that's still short—unbelievable to some people—yet it's realistic when you buy real estate overseas.

And you can see rapid gains in half the time...For example, *RETA* members who followed my recommendations in Los Cabos, Mexico, have done outstandingly well...as have I (I've bought here myself). At the time I bought my two-bed condo in a premium golf and beach resort, the *RETA* members-only price was \$336,156. Only two-and-a-half years later the condo type I bought was listed at \$499,735.

In October 2017 RETA members got in as low as \$154,500 on luxury two-bedroom condos in Tao Tulum, a best-in-class community in the upcoming beach town at the southern end of Mexico's Riviera Maya. By January 2018, members who acted were already seeing significant gains. In June 2019, a price list crossed my desk. A premium condo in Tao Tulum was listed for \$449,000. In 2017 RETA members could snap up premium condos like this for just \$230,556. That's a whopping \$218,444 in gains...

Also in 2017 I brought RETA members the chance to buy beachfront condos from \$199,000 in the Palms at Playa Caracol—a stunning best-in-class community on Panama's Pacific Riviera. Two years later a similar-sized condo farther back from the beach listed for \$299,000—a \$100,000 in paper gains in two short years.

The fact is, many Latin American, Asian and Eastern European countries are considered emerging markets. The opposite are countries like the U.S. or the UK, which are already well developed.

Investors are drawn to these emerging markets for the chance of bigger, faster gains, since these small economies still have a lot of room for growth.

For example, according to data from the World Bank, the GDP of the U.S. has grown 224% since 1990. While that might seem impressive, take a look at how it compares to the GDP growth of emerging market countries over the same period...340% in Mexico, 422% in Latvia, 455% in Thailand, and a whopping 868% in tiny Panama.



*In 2017 RETA members could buy from \$199,000 in the Palms, Playa Caracol, Panama, just in front of this beach. Two years later a similar condo farther from the beach listed for \$299,000—a \$100,000 in paper gains in two short years.*

Typically, fast-growing economies also mean fast-growing real estate markets because of the huge need for factories, office space, living space, transportation infrastructure, grocery stores, restaurants and so on.

So targeting these emerging market countries, can mean supersized and superfast real estate gains.

That was my experience when I bought a pre-construction city center condo in Panama City, Panama for \$147,630 and sold it shortly after completion for \$220,000.

You also typically have demographics at play. Young, growing populations and rising middle classes with more money in their pockets, as in countries like Panama and Brazil.

## Leverage: Get Rich with Other People's Money

We are at a historic moment of low interest rates as I write.

One of the biggest benefits of investing in real estate is the opportunity to do so using other people's money through financing. This lets you keep your powder dry for other opportunities, and it also lets you harness the wealth-multiplying power of leverage.

Let me show you what I mean...

Imagine a pre-construction condo priced at \$200,000.

You buy the condo with \$40,000 down. So you are into the condo for \$40,000. If that condo rises in value by \$40,000 in the first six months, as is often the case with our best *RETA* deals, you have doubled your money. On paper at least...

This is where the terms you buy at matter.

Or, think of this another way. You buy a home in Portugal for \$250,000. You put up \$50,000 of your own money and borrow the rest from a local bank at 2%. Then you rent your home. For simplicity let's assume your rent only covers the interest. In five years time if you sell for \$400,000 your gain is \$150,000, or 300% of what you invested.

I'm personally planning on using leverage like this to buy an income-producing base in Portugal and I know of *RETA* members who have already bought on the Algarve using bank finance.

But you can't always find bank financing as a foreigner so finding real estate where financing is an option is another top priority for me...

In other words, I'm looking for opportunities that let *RETA* members put a little money down, for the huge potential upside.

While many developers don't want the risk of financing foreign buyers, over 12 years at the helm of *RETA* I've also connected with enterprising developers willing to negotiate with me and make it extra-easy for foreign buyers like us...

## Why Developers are Willing to Bet on *RETA* Members

Once again, the combined group-buying power of thousands of *RETA* members lets me fiercely negotiate great deals for you. Not only can I demand big discounts on retail pricing, sometimes I can even get developer financing to boot, simply because of our *RETA* buying power.

So some developers will step-in and play the role of a bank, meaning you don't have to worry about navigating the complexities of the Mexican banking system, for example. Take our recent incredible Tulum opportunity on the Riviera Maya where I negotiated an attractive finance package with the developer who agreed to make financing available to *RETA* members.

This access to financing and ability to leverage is a huge benefit of your *RETA* membership. Developer financing lets you sidestep a lot of hurdles and save a lot of headaches.

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*Akumal on Mexico's Riviera Maya: In October 2019 RETA members had a chance to buy condos with private beach access from \$174,800 in a RETA-only deal. Ronan predicts these condos will be worth \$260,000 within five years....or more.*

In fact, it's such an important part of my D.E.A.L. System that I have at various times arranged for my group to buy lots cash upfront from a developer reluctant to provide either the discount or the financing that cut muster as a *RETA* deal. That way my group can pass these on. For instance, that's how RETA members had the chance to snap up premium ocean-view lots nestled in a stunning master-planned community in Costa Rica with a manageable down payment and small monthly payments from just \$613. Lots that I reckon would not only see hefty capital appreciation but—if you decided to build—could make serious rental income. (One owner in the community built a home for his future retirement but made so much money renting it out (\$88,000 in one year alone) that he decided to keep it as a rental and built a second house for his retirement.

## Conclusion

What you've just seen is just a quick overview of The D.E.A.L. System that's hopefully given you some insight into how we find opportunities to recommend in *Real Estate Trend Alert*.

While I always look for a Discount, Earning Potential, Appreciation and Leverage, getting all four is the Holy Grail of overseas real estate investing and not always realistic. Sometimes, appreciation might seem weak, but potential rental income is huge...

The D.E.A.L. System is just the start of my filtering process. To explain everything would take several books.

I have a team of nine researchers and analysts, including two chartered accountants, dedicated to bringing you everything you'll see over the course of your *RETA* membership.

In a single year, we spend hundreds of thousands of dollars traversing the globe in search of profit-making real estate for RETA members and 99% of what we review will fail our rigorous vetting process. What's left, is something I believe has the opportunity to double your money

within five years.

But don't just take my word for it. Try *RETA* out...join our group if you're not already a member...check out the *RETA* archives, and carefully read all our newest research, and decide for yourself if your membership is worth it.

Don't stop there. Listen to our podcasts, attend members-only gatherings and scouting trips... do all this, and you enter an exciting new world of travel and opportunity, adventure and profit.