



THE REAL ESTATE INVESTOR'S CONVERSION FUNNEL

Understanding Your Numbers to Maximize Creative Deal Success

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INTRODUCTION

Many real estate investors fail before they ever get started because they don't understand one simple truth: **real estate investing is a numbers game.**

This guide will break down exactly how many sellers you need to contact to secure your first creative real estate deal - and why this knowledge is the difference between success and frustration in this business.

If you've been spinning your wheels trying to land deals or if you're just starting out and want to avoid common pitfalls, this guide will be your roadmap to setting realistic expectations and achieving consistent success.

THE INVESTOR'S CONVERSION FUNNEL

Like any business, real estate investing follows a predictable conversion funnel. Understanding this funnel is crucial to your success:

MARKETING → LEADS → CONVERSATIONS → ANALYSIS → OFFERS → DEALS

Let's break down the typical conversion rates at each stage of this funnel for creative real estate deals:

The Numbers Breakdown

For a successful creative financing deal (lease option, subject-to, owner financing, etc.):

Stage	Starting Number	Conversion Rate	Result
Marketing	1,000 targeted contacts	3-5% respond	30-50 leads
Leads to Conversations	30-50 leads	60-70% connect	18-35 conversations
Conversations to Analysis	18-35 conversations	25-30% worth analyzing	5-10 deals to analyze
Analysis to Offers	5-10 analyses	60-80% receive offers	3-8 offers made
Offers to Closed Deals	3-8 offers	25-40% accept	1-3 closed deals

Bottom Line: For every 1,000 targeted contacts (specific, like FSBO and Expired Listings), you should expect 1-3 closed creative deals.

This is why so many investors fail - they give up after contacting 50-100 sellers and wonder why they haven't closed a deal!

WHY CREATIVE DEALS HAVE BETTER CONVERSION RATES

You'll notice these conversion rates are better than traditional wholesaling or fix-and-flip approaches. Here's why:

1. **Less Competition:** While everyone chases the same distressed sellers with low-ball offers, creative deals allow you to target a wider pool of sellers that other investors ignore.
 2. **Fair Price Offers:** With creative deals, you can offer closer to market value, making sellers much more receptive to your proposals.
 3. **Solving Unique Problems:** Creative financing solves problems that cash offers simply can't address, such as helping sellers with relocation, avoiding foreclosure without credit damage, or preserving low interest rates.
 4. **Interest Rate Arbitrage:** In today's high-interest rate environment, a seller with a 3% mortgage has incredible value that can be preserved through creative structures.
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IMPROVING YOUR NUMBERS

The conversion rates above represent averages. Here's how to improve your personal numbers:

1. Market Selection

- Target zip codes with properties in the \$200K-\$450K range
- Focus on areas with 5-10% appreciation rates
- Look for markets with balanced inventory (2-5 months)
- Use Commando Target Market Methods to identify high-potential zip codes

2. Targeted List Building

- Homeowners with mortgages at 3-5% interest
- Properties with 10-20% equity (not the 30%+ that wholesalers target)
- Recent life events (relocation, divorce, job change)
- Expired listings and FSBOs
- Properties listed 60+ days

3. Multi-Pronged, Multi-Touch Marketing

- Use at least 2-3 different marketing channels
- Follow up at least 5-7 times with each prospect
- Customize messaging to highlight fair market offers, not low-ball "cash" offers
- Emphasize your ability to solve their specific problem

4. Seller Conversations

- Focus on solving problems, not pushing deals

- Use the two-offer approach (traditional cash offer vs. creative structure)
 - Build rapport and trust before discussing numbers
 - Ask the right questions to uncover true motivation
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THE IMPORTANCE OF TRACKING YOUR NUMBERS

To succeed in creative real estate investing, you must track your personal conversion rates at each stage of the funnel:

- How many marketing “touches” did you make?
- How many leads came in?
- How many conversations did you have?
- How many properties did you analyze?
- How many offers did you make?
- How many deals did you close?

By tracking these numbers, you'll:

1. Know exactly where to improve your process
2. Predict how many deals you'll close each month
3. Calculate your marketing cost per deal
4. Set realistic expectations and avoid disappointment

Remember: You can't improve what you don't measure!

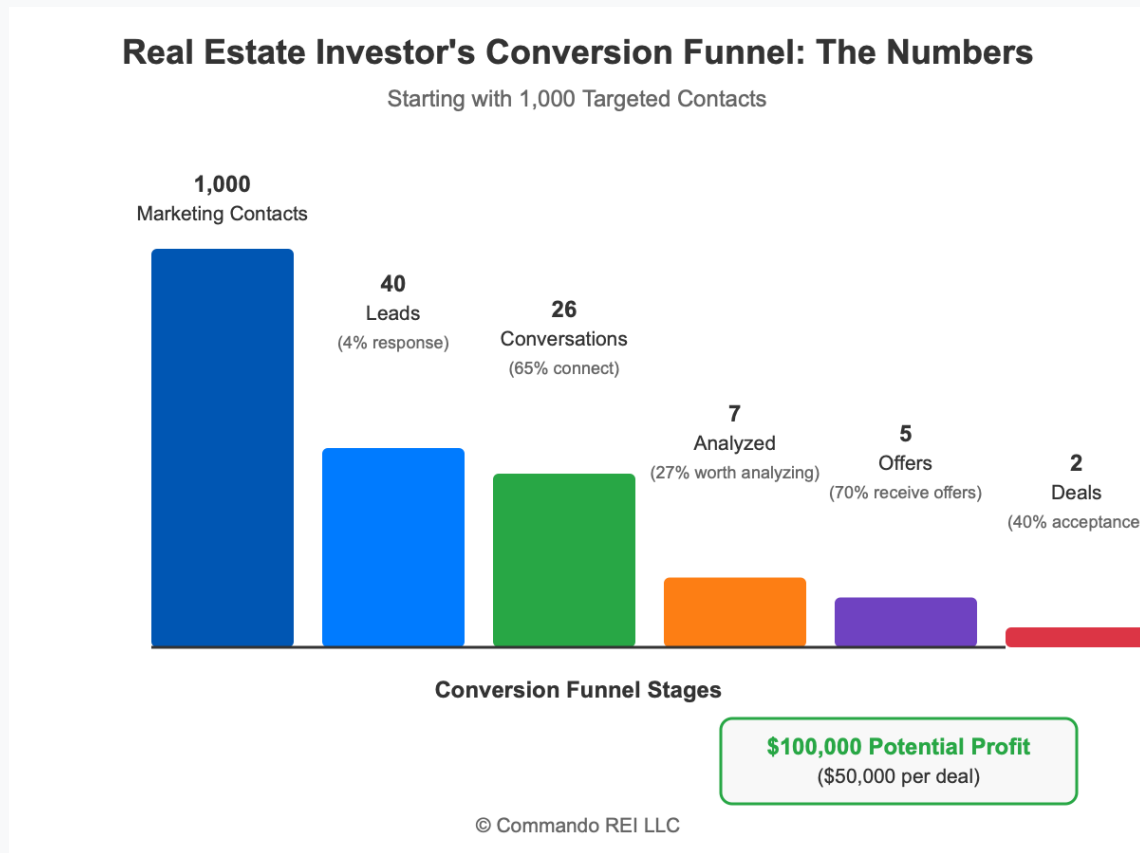
REAL-WORLD EXAMPLE: THE MATH BEHIND A \$50,000 PAYDAY

Let's look at the numbers behind a typical creative deal with a \$50,000 profit:

- **Marketing Cost:** \$1,500 (3,000 postcards at \$0.50 each)
- **Leads Generated:** 90 (3% response rate)
- **Conversations:** 60 (67% connection rate)
- **Analysis Performed:** 15 (25% worth analyzing)
- **Offers Made:** 10 (67% receive offers)
- **Deals Closed:** 3 (30% acceptance rate)

Total Profit: \$150,000 (\$50,000 per deal × 3 deals) **Return on Marketing Investment:** 100x (\$150,000 ÷ \$1,500)

Even if your numbers are half as good, that's still a 50× return on your marketing dollars!



CASE STUDY: THE TALE OF TWO INVESTORS

Investor A: "One and Done"

John sent 100 postcards, got 3 calls, had 2 conversations, analyzed 1 property, made 0 offers, and closed 0 deals. He concluded, "This doesn't work" and quit.

Investor B: "Understands the Numbers"

Sarah sent 1,000 postcards, got 35 calls, had 24 conversations, analyzed 7 properties, made 5 offers, and closed 2 deals worth \$100,000 in profit. She reinvested part of her profits into more marketing and scaled her business.

The only difference? Sarah understood the conversion funnel and committed to the process.

PRACTICAL APPLICATION: YOUR 90-DAY ACTION PLAN

Month 1: Set Up Your Foundation

- Select your target market using Commando Target Market Methods
- Build your first targeted list (1,000-3,000 contacts)
- Set up your Commando CRM for tracking
- Prepare your marketing materials

Month 2: Launch Your Campaign

- Send your first batch of marketing (1,000 pieces)
- Handle incoming leads promptly
- Analyze your first properties
- Make your first offers

Month 3: Follow Up and Scale

- Send follow-up touches to non-responsive leads
 - Expand your marketing to additional channels
 - Close your first creative deal
 - Analyze your numbers and adjust your approach
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CONCLUSION: COMMIT TO THE PROCESS

The single biggest reason why investors fail to close creative deals is giving up too early. They contact 50-100 sellers, don't get a deal, and conclude the strategy doesn't work.

The truth is simple: **if you follow the numbers, the deals will come.**

Creative real estate investing is not about finding that one magical deal. It's about implementing a systematic process that generates predictable results over time.

Commit to the process, track your numbers, and you'll build a portfolio of wealth-generating properties that provides both immediate cash flow and long-term equity growth.

Remember: In this business, your fortune is in the follow-up and your success is in the numbers.

NEXT STEPS

Ready to put this knowledge into action? Here's what to do next:

Complete Steps 1 Through 3 above.

Don't just read this guide – implement it. Your first (or next) creative deal is waiting!

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