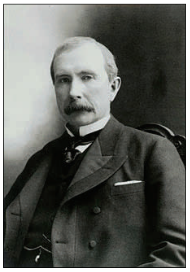
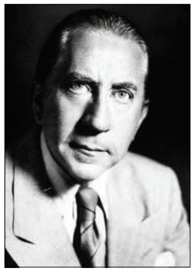
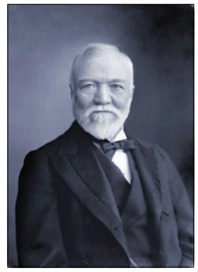
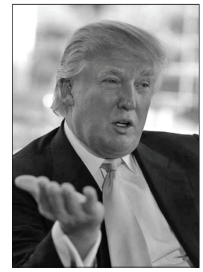
How <u>One Major Similarity</u> of the Richest Men in History Can Make You Wealthy in Today's Real Estate Market

Rockefeller, Getty, Carnegie, Ballmer, Trump — When it Comes to Current Market Conditions, There are Lessons to be Learned from these Billionaires

In all of the studies of the wealthiest individuals in history, scholars, researchers and even casual readers continue to find ONE major similarity among all those who built great fortunes. Do you know what it is?

Every single billionaire you could ever read about has used the exact same strategy at some point. **They bought when everyone else was selling, and they sold when everyone else was buying**. They have invested heavily into assets at deflated prices. They have gone against public sentiment.

Buy low and sell high. It worked for the world's first billionaires, and it's working for today's billionaires … including those in real estate, the market the media seem to be trying to scare everybody out of. But the time to be scared of the real estate market is past, real estate billionaire Donald Trump said recently in an interview with Larry King:

> **"*It's an amazing situation. There are tremendous opportunities. You know what's interesting? I was begging people not to buy real estate two years ago and everybody was buying. And now they are less interested when this is the time they should be negotiating to buy. This is the time."***

In order to acquire wealth, you have to think like a wealthy person. Even more important, you have to do what wealthy people do. And wealth people are buyers when times seem the worst. Here is another example of the one major similarity, described in the autobiography of J. Paul Getty, the billionaire who built much of his fortune during the Great Depression — the worst economic time ever in this country.

In his autobiography, Getty wrote: *"In business, as in politics, it is never easy to go against the beliefs and attitudes held by the majority. **<u>The businessman who moves counter to the tide of prevailing opinion must expect to be obstructed, derided and damned.</u>**"*

Getty saw the Great Depression as an opportunity to acquire assets for his businesses at discounted prices. Getty didn't listen to the press. He made independent decisions based upon his own beliefs about the market. In fact, he did the exact opposite of what everyone else was doing. Here is an example of this as quoted from his book.

"When I purchased the Hotel Pierre, located on Manhattan's swank Fifth Avenue at 61st Street for $2,350,000, it was New York's most modern hotel. No crystal ball was needed to show that this was an excellent buy. The country was rapidly emerging from the Depression; business conditions were improving steadily. Business and personal travel were bound to increase greatly. There had been very little hotel construction in New York for several years, and none was planned for the immediate future. The Pierre was a bargain and a hotel with a great potential. But the gloom-and-doom chaps were too busy titillating their masochistic streaks with pessimistic predictions of worse times to come to recognize such bargains as this when they saw them.

I began negotiations for the purchase of the Hotel Pierre in October of 1938 and took possession the following May. At today's (1965) land and construction costs, between 25 million and 35 million dollars would be needed to duplicate the Pierre in New York City.

I'm not crowing; I'm merely trying to show that there are always opportunities through which businessmen can profit handsomely if they will only recognize and seize them — and if they will disregard the pessimistic auguries of self-appointed prophets of doom."

To understand this commonality further, also consider the following fortune-builders:

Steve Ballmer

In March 1989, Microsoft received an unfavorable ruling in its ongoing litigation with Apple Computer. The software company's stock plummeted as investors fretted that Microsoft would be blocked from using certain Macintosh-like features in future versions of its Windows operating system. Ballmer didn't buy into this thinking. Instead, he invested $46 million into Microsoft stock. Three years later, he was a billionaire because he bought when everyone else was selling.

Sam Walton's Father, Thomas Walton

The elder Mr. Walton went bust in the insurance and mortgage businesses at the beginning of the depression, but ended up getting a job handling repossessions for a mortgage company. He used this opportunity to pick up real estate at significant discounts off its value. As a result of foreclosures, as well as land purchases he made with his savings, Walton's father eventually became a millionaire. At his death in 1984, his holdings included 23 farms and ranches spread across four states.

Ross Perot

When Ross Perot sold his GM stock for triple its value, he then began purchasing Texas real estate, where he saw great bargains as a result of the mid-1980s plunge in oil and gas prices.

John D. Rockefeller

In the 1890s, the Merritt family made an effort to exploit the Mesabi Range for iron ore. They borrowed aggressively to acquire huge tracts of land. In 1893, iron prices plummeted and they turned to Rockefeller. He ultimately obtained complete control of their business. He had the wherewithal to ride out the pricing slump. Some of the stock that he acquired from the Merritts for $900,000 in 1894 increased in value to $9,000,000 in 1901.

Russell Sage

You probably haven't heard of Mr. Sage. However, he left an estate with an estimated value of $100 million when he died in 1906. Mr. Sage was a contrarian investor, advising *"Buy straw hats in the winter when nobody wants them, and sell them in the summer when everybody needs them."* Guess what? It is now winter in our real estate market. To copy Mr. Sage's strategy, we should be buying real estate now and selling it when the market rebounds.

Nicholas Longworth

Nicholas was known as "The Man Who Owned Cincinnati." He was also called "the Western millionaire" because he was the largest landowner in Cincinnati, Ohio. His secret to wealth was purchasing worthless farmland and holding on to it until it became valuable city property in the bustling metropolis. At one time, Cincinnati was little more than a village, but Longworth was confident in its future. According to a cover story printed in the Harper's Weekly in 1863, he bought for "trifling sums whatever was rejected by everyone else … acquiring some of the most valuable portions of the present city and its immediate suburbs." He invested into the population's growth and became extremely wealth.

Hetty Green

Hetty Green died in 1916 with an estate estimated at $100 million. She often bought low and sold high. In fact, she invested into market panics and bought stocks at extremely attractive prices. In addition, she lent money to other stock traders during the Panic of 1906, earning interest off of their misfortune. By the way, she also invested $5 million into Chicago real estate.

Marshall Field

Mr. Field is primarily known for his retailing business; however, the majority of his wealth came from the appreciation of Chicago real estate. He purchased significant amounts of land in Chicago for as little as $20 per quarter acre in 1830. By 1894, the same piece of land was worth $1.25 million. This increase came from the population growth in Chicago.

John Jacob Astor

Mr. Astor was one of the first multi-millionaires in North America. He was known for his final words, which were reported to be "Could I begin life all over again, knowing what I do now, and had money to invest, I would buy every foot of Manhattan Island." Astor invested $224,000 in Manhattan real estate at the bottom of the 1837 financial crash. Many people believed the market would never recover and regarded him as mad for throwing his capital into a "bottomless pit." When interest rates climbed to 7 percent and owners with properties mortgaged to the Astors could no longer service their debt, Astor foreclosed on 70 properties. For $2,000, Actor acquired a section of Harlem said to be worth $1 million

Andrew Carnegie

Mr. Carnegie is famous for his charity. He built one of the largest steel manufacturing companies in the world. During economic depressions, he invested heavily into his plants, confident of a recovery. During times of prosperity, these investments allowed him to expand to meet new demands. As the economy rebounded, he prospered. He eventually sold his steel empire for more than $400,000,000 in 1901.

What lesson can we extract from these wealthy individuals?

Buy when everyone else is selling. Lock in valuable assets at discounted prices. Sell these valuable assets when the market rebounds for significant profits.

What is Trump doing today, buying or standing idle? What would Getty do if he was in your shoes today? What would Rockefeller do? Would these multi-millionaires sit on the sidelines, or would they get busy buying homes at discounted prices? Smart Real Estate Investors are going to use the unique real estate market as an opportunity lock in a fortune.

Today's real estate market opens the door for the select few to achieve financial independence very quickly. This really is the time. The media would have you believe you should be scared of real estate right now, but as some of the richest people in history have shown, buying when everyone else is scared is a common strategy to acquire massive wealth.

And while everyone wants to tell you how bad the market is, nobody is talking about what will ultimately be the biggest truth …

This market will rebound

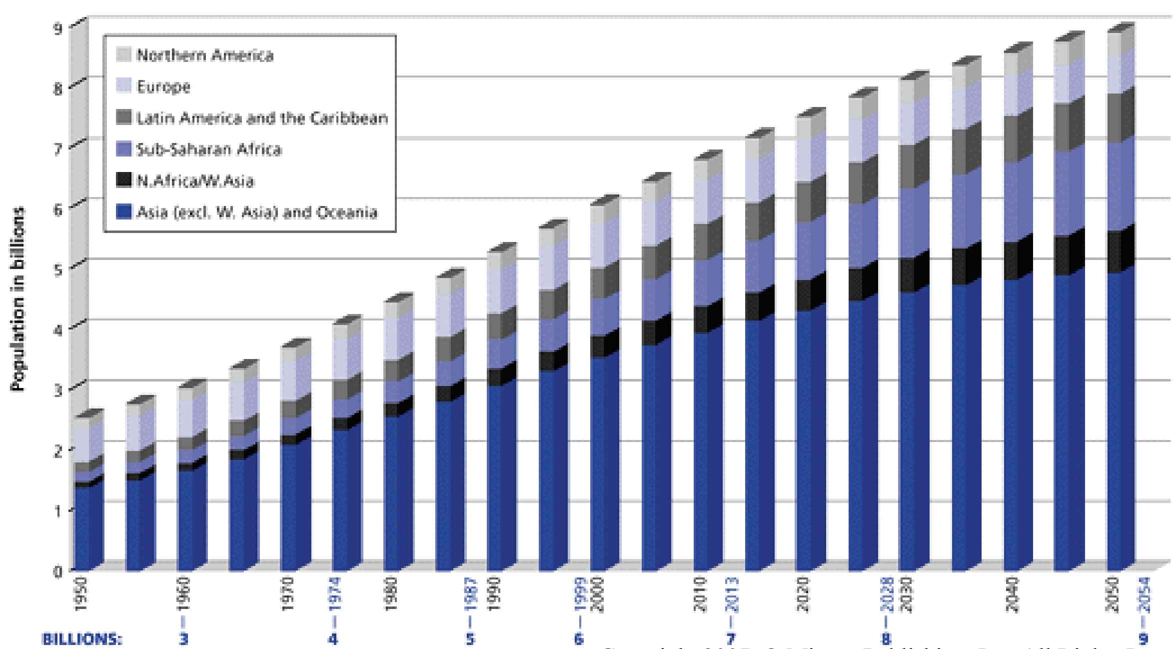
Another commonality of all the richest men in history is they invested into demand. Right now, real estate prices are dipping — it's a correction from the real estate boom in recent years — but every other time the housing market dipped, it has come back strong. This is because there is, was, and always will be a demand for affordable housing. The subprime mortgage crisis has made it tougher to *get* housing, but the demand is still there. And …

This demand is estimated to grow by 30% over the next 40 years

At a recent meeting I attended with leading Real Estate Professionals and Investors from around the country, one of them said:

"The need for affordable housing has not changed. The only thing that has changed is the financing for affordable housing."

He is 100 percent correct. To take the point further, we should step back and look at the projected growth of our population through the year 2050.



If you really study this graph, you'll see that the population is projected to grow from 6 billion to 9 billion between now and 2050.

Many people think that they missed their big opportunity to buy real estate. Well, this is not the case. Sellers are motivated to sell their homes right now. Home prices have dropped significantly from previous years, and the population is projected to grow dramatically over the next few decades. The opportunity to invest is right now. Now, if our projected population growth were to be declining, I might have a different feeling about the real estate market. The population growth chart gives us a crystal ball for our real estate investments. This crystal ball is not available with any other investing opportunity.

It is very easy to see that demand for housing will be increasing. As demand increases over time, so will housing prices and/or rents. Real estate is unlike so many other investments because its value is based upon <u>need</u>. Humans <u>NEED</u> housing. The key point is that people NEED housing. People don't NEED stocks and/or mutual funds. There is a BIG difference.

Always invest into demand.
Demand is always fueled by need.

<u>You don't have to be rich to invest in real estate right now</u>, but it never hurts to learn the lessons taught by those who *have* already become rich. And the richest men in history would be — and are — investing into the demand of real estate at bargain prices right now. Shouldn't you be investing now too?

Sincerely,

Rob Minton
Founder of Income for Life
Broker/Author/Consultant

P.S. You can find additional findings from my studies in the monthly Income for Life newsletter. Membership is $29.95 a month. You can apply for membership online, at www.QuitWorkSomeDay.com/application. <u>Please note that we are unable to accept all Income for Life Membership Applications.</u> Applications are accepted on a first come, first serve basis.

Information for this report was obtained with research from several books, including "The Wealthy 100" by Michael Klepper & Robert Gunther; "How to Be a Billionaire" by Martin Fridson; "John Jacob Astor" by Axel Madsen; "Andrew Carnegie" by David Nasaw; and "The Titan" by Ron Chernow.