3 LESSONS PODCAST

How Mark Podolsky Turns Raw Land into Passive Income

Episode #7 Transcript

Matt Bowles: My guest today is Mark Podolsky, AKA *The Land Geek*. He has been investing in real estate for over 20 years and has secured over 6,500 deals with an average return of over 300%.

He has bought and sold over 1 million acres of raw land and made $20 million in profit as a real estate investor. He is the owner of Frontier Properties, a land investment company, and is widely considered one of the country's foremost authorities on buying and selling undeveloped raw land within the United States.

He is the author of the book Dirt Rich: The Ultimate Guide to Helping You Build Passive Income. And he is the host of the top-rated podcast The Art of Passive Income.

Mark, welcome to the show.

Mark Podolsky: Matthew Bowles. I'm such a fan, brother. It's good to be here.

Matt Bowles: You know, this particular historical moment is significant for us. This is the 10-year anniversary of the first time I appeared as a guest on your podcast.

Mark Podolsky: Yeah, it's crazy. And you were in South Africa and I was so enamored with you and your lifestyle. Like one day I want to grow up and be Matthew Bowles.

Matt Bowles: And sure enough, you are now traveling the world yourself, spending a month in Bali, a month in Europe and doing all the things with your real estate passive income. And I want to start this conversation just giving folks a little context. Before you became *The Land Geek*, can you give a little background on Mark Podolsky, where you grew up and then how you initially got into your very first real estate investment?

Mark Podolsky: Yeah, so I'm originally from St. Louis, Missouri, the Show Me State. Even as a kid, I was entrepreneurial. I was about 11 years old when I had a lemonade stand, and by the time I was 12, I was going door to door with what I called the Big Guy Cookie Company. It was all profit because I was using my parents' and our neighbors' ingredients, and people would buy from us because we were cute kids going door to door.

Then I became the corsage mafia in high school. If you wanted to get a corsage or boutonniere, I had all the florists locked up. You had to order through me, and I got a commission. So, I've always been entrepreneurial.

And then I went to college, became enamored with business, and got a job as an investment banker specializing in mergers and acquisitions with private equity groups. Matthew, I hated it. I don't know if you remember the story, but I had a 45-minute commute to work and back. I was micromanaged, and I wouldn't get the Sunday blues anticipating Monday coming. I got the Friday blues because I knew the weekend would go by really fast and I'd be back at work on Monday.

So, my firm hired this guy, and he said that as a side hustle he was buying raw land for pennies on the dollar, flipping it online, and making a 300% return on his money. Matthew, I'm looking at companies all day long, and a great company had 15% EBITDA margins or free cash flow. The average company was around 10%, and many were even below that. So, of course, I'm from Missouri. I didn't believe him. I had $3,000 saved up for car repairs, so I went with him to New Mexico. I bought 10 half-acre parcels at an average price of $300 each. I flipped them online, and they all sold for an average price of $1,200 each. It worked.

So, I took all that money and went to another auction where I lived in Arizona. Again, this was in 2000, and there was no one in the room. I was buying lots and acreage for practically nothing, and I made over $90,000 from that one auction.

So, I went to my pregnant wife and said, "Honey, I'm going to quit my job and become a full-time land investor." And she said, "Absolutely not." So, I said, "Okay." It took about 18 months for my land investing income to exceed my investment banking income. Then I quit, and I've been doing it full-time ever since.

Matt Bowles: Can you talk about that journey and how you went from that very first deal to actually scaling it up to the level where you were able to leave your job and do it full time?

Mark Podolsky: Yeah. So, I really thought that when I started my own business, I had a business. And so, I got to meet my buddy his name is Orey, sold his company for $365 million to Experian. And so, we were talking about business, we were out for coffee and I said something about how great my business was going. And he said, "Well, walk me through what you do all day."

I said "Well, I do this, and I do that..." Then he like said stop, he said, "You don't have a business." Like "What do you mean?" He's like "What happens to your so-called business if you're not doing all these things?" I'm like, "Well... but I make my own hours." He said, "So what? You have a better job than your investment banking job, but you still don't have a business. A business is something that you build that's bigger than yourself."

At the time, Steve Jobs was still alive, and he used him as an example. He asked, "Do you think if Steve Jobs dies, Apple is going to die?" He said, "No." He said, "What happens to your family if you die? You have no business." So, I asked, "Well, how do I create a business?" He said, "You've got to create systems. You have to build a team, and you have to delegate. Then you're the CEO, and you have something that's bigger than you. That's a business." I'm like, "okay".

So, step by step, I started meeting and having coffee with Orey, and he walked me through how to do it. It took five years of building systems, making mistakes, and getting business road rash before I finally reached the point were, like now, I'm literally working about four hours a month in my land business.

Matt Bowles: So, can you break down the anatomy of a deal? So, a lot of people listening to this for the first time in hearing this are probably going to be like Mark Podolsky from St. Louis the first time he heard about this, right? 300% Return. That sounds crazy. If that was possible, everyone would be doing it. That sounds like more than Warren Buffett is making. So, what's the deal there? What is the anatomy of a deal? How do you get those types of returns? What, what types of risks likely come along with that, that people need to mitigate? Break down for us how you are doing these deals.

Mark Podolsky: Okay, so let's use you as a case study. I'll walk you down step by step. So, Matthew, where do you, you're currently in North Carolina, right?

Matt Bowles: Right.

Mark Podolsky: But I don't know where you live, so let's just say you're in North Carolina. And so, let's assume you own five acres of raw land in Colorado, and you owe $200 in back taxes. So, you're advertising two important things to me. Number one, you have no emotional attachment to the raw land. You're in North Carolina, and the property's in Colorado. Number two, you're financially distressed in some way because we don't pay property taxes on things, we don't value in the same way. As a result, the county treasurer keeps sending you notices saying, "Matthew, if you don't pay your property taxes, you're going to lose that property to a tax deed or a tax lien investor."

So, all I'm going to do is look at the comparable sales on your five-acre parcel for the last 12 to 18 months. I'm going to look for the lowest comparable sale. Let's use easy math and say it's $10,000. Then I'm going to divide that by four, so that gives me with what Warren Buffett would call a 300% margin of safety. So, I send you an offer for $2,500.

Now, you accept it. Why? Because for you, $2,500 is better than nothing. In reality, 3% to 5% of people accept my "top dollar" offer. But now that you've accepted it, I have to go through due diligence, or in-depth research. I have to confirm that you still own the property. I have to confirm the back taxes are only $200. I have to make sure there have been no breaks in the chain of title and no liens or encumbrances.

So, I outsource all of that to my team in Jamaica, and it costs about $11. They're connected to an American title company, and they do all the title work for me. Now, if you say were worth more than, say, $5,000, I wouldn't take any title risk. I'd close traditionally through a title company. But this is only a $2,500 purchase, so I'll take a little bit of risk.

Let's assume everything checks out. By the way, while they're doing my due diligence, they're also creating my marketing package at the same time because I'm getting the aerial maps, the satellite maps, and the plat maps. And I'm understanding everything that's going on with that piece of raw land.

So now I send you a check for $2,300, I send the county treasurer a check for $200, and I own the property free and clear. And now I myself sell it within 30 days or less and create cash flow similar to a rental home. So Matt, I have a built-in best buyer. Do you remember who it is?

Matt Bowles: Who?

Mark Podolsky: The neighbors.

So, I'm going to send out neighbor letters saying, "Here's your opportunity to protect your privacy, protect your views, and know your neighbor." So oftentimes, the neighbors will buy. If they don't buy, I'll go to my buyers list. The buyer’s list doesn't buy, then I'll go to websites you may have heard of, like Meta or Facebook Buy& Sell Groups, the Marketplace. I might go to Craigslist. They know little land; Land.com, Landmodo.com, LandandFarm.com, LANDFLIP.com, and LandCentury.com. These are all platforms where people buy and sell raw land.

But the secret is in the pricing. So, all I'm going to ask for is a $2,500 down payment, and then I'll ask for a car payment—let's say $249 a month at 9% interest for the next 60 months. So, I get this one-time sell, I get the money out on down payment, and I could even be profitable within six to ten months. After that, I'm collecting $249 a month at 9% interest for the remainder of those 60 months.

Matthew, there are no renters, no rehabs, no renovations, and no rodents. And because I'm not dealing with a tenant, I'm exempt from Dodd-Frank, RESPA, and the SAFE Act. So, the game is to create enough of these land notes so that my passive income exceeds my fixed expenses. Then I'm working because I want to, not because I have to.

Matt Bowles: All right, is Mark Podolsky buying all of the land that's available in the United States under this model, or is there opportunities for other people to use and replicate the same model? And is there enough to go for everyone? I know you have trained and taught some people how to do this. Can you share a little bit about that process? How big is the universe of opportunity here? And then what would be the very first step if somebody wanted to get into this game?

Mark Podolsky: Yeah, it's such a good question. So, it's 2011, and I'm on vacation when I get a call from this guy, Tori. He's on my website, and I think he wants to buy a piece of land from me. He's like, "No, no, I don't want to buy a piece of land. I want to learn how to do what you do." I'm like, "I don't teach people how to do this." He's like, "Well, what if I pay you this?" I'm like, "Oh, okay. Well, let me get back to you."

So, I go to my wife and say, "Honey, this guy Tori wants me to teach him the land business." She's like, "Absolutely not. Why would you create your own competition?" I'm like, "Good point." So, we put on our investment banking hats. What's the first thing an investment banker looks at? How big is the market?

So, as I did my analysis, I realized there are billions of acres of raw land available. Even within my niche, you, me, and a million other people could all be in this business, and we'd all run out of money before we ran out of deal flow.

There are no private equity groups. There are no hedge funds. There's no big institutional money in it because they simply have too much capital. These deals are too small for them. I mean, our average purchase price now is around $5,000. So, there ain’t too much money.

So, to answer your question, it is a massive market. You also couldn't think of a more boring real estate niche. You're not going to turn on HGTV or the DIY Network and see Flip This Land. The before picture is raw land, and the after picture is... raw land.

And so, if we went to a REIA conference—a Real Estate Investors Association conference—there might be a hundred people there. Most of them would be landlords, flippers, and wholesalers. You and I might be the only land guys there.

So, it's a massive market, it's an inefficient market, and you can't just go on Zillow and instantly figure out what a property is worth. So boring. So, you’ve got this massive opportunity for people that got it and understand it.

Matt Bowles: You wrote a book; I think you've now written more than one book. Dirt Rich.

Mark Podolsky: Dirt Rich.

Matt Bowles: I know, man. The sequel has come out.

Mark Podolsky: I've got the third one working on it, too.

Matt Bowles: Is it Coming?

Mark Podolsky: Dirt Richer is about striving, how to strive like a duck. So to be calm above and peaceful above the water, but still paddling furiously below.

Matt Bowles: So, talk about your first two books, the Dirt Rich and Dirt Rich 2. What are they about? And how can people get a copy?

Mark Podolsky: So, Dirt Rich is where you want to start. And to answer the question of how people can get a copy, I've got a special link for your listeners where they can get the book for free. They just have to pay for shipping, so that's the best place for them to get a copy. I'm happy to do that. So, Dirt Rich is really about the model, the basics, and the fundamentals of land investing plus my story and, you know, serves as a bit of a cautionary tale about what not to do, as well.

And then Dirt Rich 2 is, once you've got a few deals under your belt, how do you avoid making the same mistakes I did and accidentally build yourself another job? How do you really scale this and make this a business. And then, when Dirt Richer comes out, it'll focus much more on mindset.

Matt Bowles: I am excited about that. Well, I want to ask you, you have been in this investing game for well over 20 years and have made over $20 million in profit. But I want you to think back over that entire time period and think about the *Top Three Lessons* that you've learned. Of all of the mistakes you've made, all the education you've gotten, all the learn by doing that has gotten you to the point that you are today. If you were to go all the way back in time and give Mark Podolsky three lessons that you wish you knew when you were starting out in this investment game, what would those be? Can you start us off with lesson number one?

Mark Podolsky: I think the first lesson is to get your mind right. And I know it seems so cliché, right? It's like, "Oh, meditate," or "pray," or whatever it is. But I think that if I was younger and understood the mental game—the inner game of investing—then I would have been so much more joyful in that process.

I wouldn't have been so anxious, so stressed, or so attached to whether this deal or that deal going right. I would have seen it for what it is—a game. And you know, deals are like buses, right? There's always another one coming down the pipe.

And I think I suffered a lot when I was younger because I was so attached to success, money, and deals. There's a great book by David Brooks called The Second Mountain. Have you read that book?

Matt Bowles: No.

Mark Podolsky: Okay. So, the first mountain is egoic, and it's a very important mountain to climb. Don't get me wrong.

Usually, in your 20s and 30s, you're climbing this first mountain, and you're doing what culture says to do. You're doing what your parents say to do. You get a good education, you get a good job, you get the house, you get the cars, you have the kids, you take the vacations—you do all the things that you're supposed to do.

You accumulate all of that stuff, and then you get to the top of that mountain, and it's empty. So, then you move to the second mountain. The second mountain is other-focused. It's about love and intimacy in your relationships. It's about your faith and spirituality. It's about community. It's about your vocation. This is no longer just a job—it's your calling.

It's a much harder mountain to climb, but there is no top to it. And usually, around middle age, that's when people begin climbing that second mountain.

Matt Bowles: Do you have any tactics or techniques that you have discovered along the way, maybe that you're using right now to get and keep your mind right?

Mark Podolsky: So, I've been a long-time meditator, and I would say that for about 10 years, I was that person who would meditate for an hour a day—or at a minimum, 20 minutes a day—just to be still, just to watch my thoughts, and to create that space where I realized, "Okay, I'm not my thoughts. I'm not my feelings. I'm just the one witnessing all of this."

Then there comes a point where you almost graduate from that in every moment becomes a meditation. Right now, us talking is a meditation. It's about being totally present with the conversation, being fully aware, and noticing when my mind starts to wander. When you're saying something, am I really listening, or am I already thinking about the next thing I'm going to say? It's about observing all of that, being curious about it, and not taking any of it too personally.

I also did a darkness retreat in Oregon at Sky Cave Retreats. I spent seven days in complete darkness. It was just me and my thoughts. Total darkness—I couldn't even see my hand in front of my face.

And in there, you kind of realize the thing that words can't really explain—that everyone watch. Then you forget it. I had it, and then I forgot it, and then I remembered it again. But basically, it's about allowing. Just allowing everything to happen without judging it and without creating a story of it.

And that’s it. You realize that there's peace and there's freedom available in every moment, but it takes a long time to get there. Unless you're one of those really lucky people who either seem to have been born with it, or with such suffering that had some kind of mental thing, like Eckhart Tolle did.

Those are the lucky ones. The rest of us, I think, just have to keep working at it every single day.

Matt Bowles: All right, Mark, what is lesson number two?

Mark Podolsky: Lesson number two is really you're growing in your team, right? Like, it can't just be you as far as, like, your business is concerned and really growing a team and managing that team. So, one of the big mistakes I made when I was growing my business was, I'd abdicate and not delegate. So, I would just give it to the person and say, go and do it. And there's just no leadership involved in it. There was no accountability involved in it.

And then I would get really upset. Like, wait a second, this Dudogen's reports not correct. Or, you know, you didn't follow up fast enough on that lead. Like, speed the lead. This is important stuff. And I'd be super frustrated. They're like, well, I didn't know. You just gave it to me.

And so, stepping back, I realized, okay, to do this properly, you have to have scorecards. You have to have accountability. You have to have standups. You have to have leadership. You need to have a why. They need to understand why they're doing this. And when that happens and everything clicks, getting back to the freedom part, then you become free, and then you can really delegate properly and grow the business.

Matt Bowles: All right, and lesson number three, Mark, what would that be?

Mark Podolsky: So, business is like hockey in the sense that you're going to get your teeth knocked out. And so, do you love what you're doing enough to get back up?

And so, I think that ultimately, whether it's real estate or any type of endeavor in life, you need to have that grit. You need to have that persistence. You need to have that internal fortitude to keep going.

So oftentimes, I think that it's like building a bridge, right? And how many times have you seen people build half a bridge? They're like, "Oh, this is hard, building a bridge." And it's brick by brick by brick. Then something happens. You're like, "Wait, I want to go to this other bridge. This one will be easier." And then they're like, "Oh, wait, this one's hard, too." And so, you've got to have that grit to build a bridge. And then you get to the other side of it.

Matt Bowles: Well, I also want to ask you about your podcast, the Art of Passive Income. This is an incredibly highly rated podcast. It is one of the longest running real estate podcasts that I know of. I've been on it a couple times. You are a spectacular host, my friend. But for people that may not yet be familiar with the show, can you talk about the podcast and what people can expect from it, how they can listen?

Mark Podolsky: Yeah, so, of course, the Maverick Investor was one of my favorite guests. What we're doing now is something different. We're streaming it live on Tuesday nights via Facebook and Instagram, I think X. So, we're, like, on the socials, streaming it live, and it's called Nightcap.

So, you come with us live, you bring your drink of choice. I'm usually drinking a prebiotic soda called Poppy, which is delicious, by the way. But the other guys who are land investors, they're drinking beer and scotch and other good stuff.

So, it's really fun. We spend about an hour interacting with the audience, and we'll talk about something land-related as the topic. So about 30 minutes of education, and then 30 minutes of answering questions live and having a good time.

Matt Bowles: Well, I want you to share a little bit as well about your lifestyle. Now, you sort of alluded to how you have been able to reduce your work hours and facilitate both your location independence and your time freedom and what you are doing with that now, traveling around the world and everything. My friend, can you give folks a glimpse of basically the end game, why you got into land investing in the first place and what you're now able to do with that passive income business?

Mark Podolsky: Yeah, so my whole goal was to work when I want, where I want, and with whom I want. And now that my kids are grown, I can work where I want. So, I'm in Scottsdale, Arizona, which I absolutely love, especially this time of year. But summer, it's super-hot. So, every summer I go and I travel. And this year we did two months in Europe and then a month in Bali.

And I got to say, like, working in Europe is amazing because if you have to work U.S. hours, you wake up and the U.S. is asleep, and you have from like, you know, 6:00 a.m. to 2:00 p.m. to do whatever you want. And then at 2:00, people are waking up, and I would work till like 10 o'clock. And it's still light out till like 9. You know, maybe squeeze in a nice dinner around 8, and then you go to bed at 10:30. There's no wasted time.

In the States, I would get tired around 6 o'clock, like, oh, what are we going to do? You know, watch Netflix. It's terrible.

So, I love working European hours. I was complaining to you about Bali because that was really hard. So, you can't work in Asia. So, I set it up where I worked very little and just kind of checked in async.

Matt Bowles: Do you have any favorite places that you've been that you just really connected with? Were amazingly impactful and you just still have incredible, incredible memories and think about those places.

Mark Podolsky: So, Bormio in Italy, in the Italian Alps, was really special because I went in June. It was shoulder season, so it wasn't that busy.

So, picture like Aspen, with the mountains and the beauty and the creeks. And if you hike or bike, it's like Mecca there to be in that nature. And then you're exhausted from it all, and you get like the best pizza and Italian food in the world. It's there in these little charming places.

It's a 2,000-year-old Roman village. It's small, it's quaint. You get to know the locals. Everyone's, you know, kind of friendly after they see you enough times. And so really immersing myself in Bormio was super special.

I've been to Bali now three times. I just love the Balinese people. I think they're the best people on the planet. I just love Bali. Picture Hawaii with amazing people at a third of the price.

Matt Bowles: Amazing. Well, you are living the life, my friend. This is exactly why, this is the why we ultimately get into real estate investing, so that we can have more control over our time, travel the world if we want, have the location independence to be where we want, and do what we want. And you are an amazing example of that.

And your podcast also, I want to highly recommend to people, The Art of Passive Income. Wherever you are listening to this podcast, just type in *The Art of Passive Income*, and that will come up. You can subscribe to it. Definitely encourage people to check that out because you are an amazing host, and you do a fantastic show.

How else can people come into your world and learn more about what you're up to? We're going to link up the link in the show notes for where people can get the free book Dirt Rich, but are you on social media? How else can people find you?

Mark Podolsky: Yeah, I'm on the socials. I'm, you know, The Land Geek. I'm everywhere as at The Land Geek. And then, of course, at thelandgeek.com, you can learn more. We've got the podcast, and I've got a blog. And if you really want to go deep, you can learn more about how we train you and how to do that.

And if you're, by the way, I'm helping rich people now. So, if you're an accredited investor, I can make you wealthy. We're actually partnering with people and have a done-for-you land program as well. But you've got to be an accredited investor.

Matt Bowles: All right, we're going to link all of that up in the show notes folks, so you can come into Mark Podolsky's world. And what an amazing world it is to be in. Super fun to chat with you, my friend, to be in your ecosystem. And I'm just thankful that we've been hanging out with each other for over 10 years now. Thank you for coming on the show.

Mark Podolsky: Matthew's so great. I'm just curious of all the places you've been now, if I said you can't leave, you can have your friends, your family, everyone can visit, but you can't leave this one place, where would you hang your hat, man?

Matt Bowles: That's an insanely difficult question. However, I am about to go to Brazil for the rest of this year and one of the reasons that I'm going to Brazil is because it is an absolutely uniquely spectacular country and it's completely massive. Like literally 50% of the population of South America lives in Brazil. I mean, it is an enormous country and its super diverse and it has so much stuff in it. So, if you said I need to be confined to one country, I feel like I might pick Brazil. It is one of my all-time favorite countries. But also, there are so many different types of experiences you can have all within Brazil without leaving. I think I go with that one.

Mark Podolsky: All right, I'm packing my bag.

Matt Bowles: Come visit. I literally gave you my dates and my info so feel free to come through my friend and we can hang out in Brazil. I'll buy you a caipirinha and show you around. This was amazing my friend. Always a pleasure talking to you. Thank you for coming on the show, Mark.

Mark Podolsky: Thanks brother.

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