

EPISODE 304

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.1] WS: This is your daily Real Estate Syndication show. I'm your host Whitney Sewell. Today, our guest is Chris Salerno. Thanks for being on the show, Chris.

[0:00:32.0] CS: Thank you, Whitney, for having me.

[0:00:33.4] WS: No, I'm honored to have you on the show. It's been great to get to know you over the last – quite a few months now. We've seen each other numerous conferences and a couple of other funny stories that maybe we'll share part of them, I'm not sure. Anyways, we don't live that far apart, either. Great to get to know you and meet somebody that's as motivated and driven as you, that I can learn from as well. But a little back Chris.

He's the Principal of QC capital group. By the time he was 24, had sold more than 40 million dollars in real estate and helped lead the number one real estate team in the Carolinas. Named Charlotte's 30 under 30, Chris's vision has led QC capital, to quickly become a well-respected, high return investment firm. So, Chris, thank you again, you're obviously very qualified to be on the show, we are looking forward to just learning from you and but give the listeners a little more about who you are and what your focus is.

[0:01:24.8] CS: Yeah Whitney, thanks you very much for having me, very excited to be on the show. I live in Charlotte, North Carolina, been here over 13 years. I got my foot in the door by

selling residential real estate. Very quickly, gained a success track record which landed me in the position to leading the number one team, making them 46% profitable in one year, compared to their three years of just being stagnant.

From there, I realized that to reach my goals, you have to own real estate. And we've all played a game and I actually played the game last night with my family and it's called Monopoly. I was teaching the younger one who is six, her name is Chloe, I was teaching her, what you're supposed to do is buy up all the land, put the hotels on it, apartments I like to say, put the apartments on it and then when I land on it, reap the cash flow from it.

So, I realized that that's what you have to do in real life to build that financial freedom and to build the wealth. So, very quickly, I started studying multifamily for about a year and a half before I ended up hiring my coach. And once I hired my coach that's a month later or I got into multifamily full time and been doing it ever since. So, that's a little background story about myself.

[0:02:35.7] WS: Nice. I'll never forget, I think one of the first times we talked, I was impressed to see how driven you were, you know, we talked about how you slept like four hours a night, I think and like you were just able to keep this drive going.

[0:02:47.7] CS: Yeah, very much so.

[0:02:48.9] WS: Yeah. Anyway, it's impressive. But obviously, 40 million dollars real estate, you know, by the time you were 24, it just shows how driven you were. But let's get into a little bit about your focus now, I know you said residential real estate, but now you've moved to multifamily and now you've hired a coach and you know, I've seen your business moving forward and. But now, let's get into a little bit about what market are you looking in now and how are you continuing to grow this through these strategic relationships as well?

[0:03:18.6] CS: Yeah, great question. The market I'm focusing on is heavily on Charlotte, North Carolina. A lot of people don't know it's the second biggest financial district in the United States, right behind Manhattan. We have a lot of job growth and the price of living here is very low.

Plus, I've been here over 13 years and I know this market better than anyone. So, our main focus is heavily on the Charlotte market and I feel that that's an extra service that I can give to my investors. Actually, this Saturday, we closed on property last Friday, this Saturday I have an investor coming down and I'm giving her the whole tour of Charlotte and the property as well.

So, I want to make sure that our investors are getting that full service with me knowing my market. It's also good to live in the market I invest in. One, I'm 30 minutes from each property, with traffic a little more. Also, in a market shift or a market correction, I'm right here. I've been in Charlotte since 2007 so I've been in the last market correction here in Charlotte and living in the market that you invest in, you know what you can do to that property during a market correction.

My main focus is very heavily on the Carolina market but extremely heavily focused down on the Charlotte market because I live here. I think any career we had in the past definitely has molded us for the career that you're currently in. So, with me being in my previous residential real estate brokerage and being a broker. I know how to speak to the commercial brokers that are here in the Carolinas.,

So, I built great relationships with the commercial brokers where they will present us an of market deal and they will give us a lot more information about the property than anyone else. So, the previous property we closed last Friday was off market and was presented to us through broker relationships.

[0:05:10.5] WS: Okay, well, let's dive into that a little bit. There's obviously this broker relationships are very important and relationships in general in this business are what makes it and so, in this case, you're presented an of market 44-unit deal that you are able to close on and because of this broker relationship. Let's back up, you know?

How did you develop this relationship and how did you – how were you top of mind with this broker but let's go way back?

[0:05:35.7] CS: I always think of opportunity and I always like to say, Whitney, if you and I were sitting at a table and I had a Starbucks cup in the middle, you would see that cup differently than I would. So every situation or every opportunity I try to see it from a circle table and each type of

chair. So, I'm analyzing the opportunity or the situation the same or differently to come out with an outcome.

So, we were actually – I was emailing him back and forth, a property came on the market which is 91 units and our criteria is BNC assets over a hundred units. This was 91 units; we were touring the asset. Once we are finishing with the tour, I looked at him and I said, “the adjacent property's at the same owner and all you had to do was just knock down a fence and you can create a path and a two lane path and then you have 135 units.”

He said, “no, it wasn't.” I said, “would they be willing to package the whole deal to make it 135?” He said, I'll get back to you, he got back to me that afternoon, he says, “yes.” Unfortunately, I lost in best and final because I did not feel comfortable moving my all for a price up for our investors, numbers, this didn't make sense so I didn't feel comfortable and lost in best and final in the 91. A couple of days later I called the broker back and said, “is the 44 units still available?” He says, “let me check.”

He said, “yes, it is.” Then we started that process there and ended up acquiring a 44 units actually at a lower price per door then the 91 units and the good thing is that the 44 units are all two two's where the 91 was a mixture of one one's and two one's. We actually got a better deal and very pleased and for our returns for our investors on that one.

[0:07:21.7] WS: So, it sounds like you had an idea here that there wasn't really presented at first, you know, showing you this 91 unit but then you see this opportunity, this apartment complex right next door, this 44 units. You lost in best and final but then what sounded like it was key was also you followed up. What about that one? You know, you start asking questions, right? You know, you had an idea there.

What about that one and you know, the broker followed up and wow, you know, you all made it happen.

[0:07:46.5] CS: Yes, staying consistent and follow up is a very big, even in I've seen it even in the residential side, I used to coach residential agents around the United States and give small

seminars to sales people and the biggest thing I would preach is that follow up and stay consistent with it and you'll eventually get it.

[0:08:04.8] WS: Had you known this broker a long time?

[0:08:07.3] CS: Not a long time believe it or not, but once I started making that transition by studying multifamily on the beginning of 2008, I knew that brokers make the decision and especially when there's multiple offers on a property. The brokers will end up making the decision by saying, "oh, I've worked with Chris with QC capital. They've closed before and it was a very smooth transaction. The sellers will end up more than likely picking our LOI."

So, I knew that I had to build the relationship with the brokers. So mid 2018 before I jumped full time into multifamily, I started building relationships with the Carolina brokers around town.

[0:08:49.4] WS: Okay, let's talk about this specific relationship, he brings you this deal, obviously you see this other apartment complex next door, we went through that a little bit. But what does that relationship look like? How are you staying top of mind with him and you know, and him – you just showing that okay, you're a closer, you mean business, you're not just a tire kicker. What were you doing?

[0:09:08.5] CS: The biggest thing is that, with me being on the younger side, they know these brokers here are also younger in the Carolinas and they know they have the next hundred transactions with me. They also see my drive and my motivation and my positive mindset which I think that was a big help on the final buyer call when I was speaking to the sellers, with my drive and my mindset.

In regards to that. I think that's definitely helped build the relationships with the brokers so they feel comfortable moving forward. Now, because the deal's already closed, I'm following up with them once a week. "Hey, have you anything come across your desk? Let's grab coffee, hope all is well." So, that's the biggest thing is just because that deal is closed, it doesn't mean I'm going to stay top of mind to him when he has an of market come to him. I always like to just email him and actually midway, between that transaction, those sellers brought me another off-market deal but it was the unit, it was just too low of units for me to acquire.

But now, I am in – those sellers are local developers here in Charlotte as well so I've built that relationship with them and then also the broker who I'm going to stay consistently following up with.

[0:10:21.5] WS: Nice, you said once a week.

[0:10:22.8] CS: Yes, once a week.

[0:10:23.9] WS: So how are you tracking that?

[0:10:25.8] CS: I'm tracking it through the old way, excel spreadsheet and the best thing in text message as well. I'll have a notification reminder to make sure that I am reaching out to these certain individuals once a week.

[0:10:38.9] WS: A text message reminder, is that something like you schedule it to yourself or I just wonder, how you're doing that?

[0:10:42.9] CS: Yeah, what I'll do is I'll do a regular meeting reminder, saying I have a meeting with so and so and then you'll all say, shoot him a text or call so I can make sure I stay on top of mind and follow up consistently. Hold myself accountable.

[0:10:56.8] WS: So, you know, other than the – maybe the following up once a week, how are you standing out from somebody else that's maybe contacting the same broker weekly?

[0:11:04.7] CS: Yeah, great question. Really just making sure on top of mind with him by talking to him, seeing if he has any deals building that relationship with him, not just talking real estate with them. Talking about his family, talking about what he's done last weekend, his last week, any new deals, he's come across any issues, he's seen out there in the market in regards to multifamily.

Because in my opinion, these brokers are market experts. It's always great to get their opinion on what other properties will trade for, even though if they're not – if they don't have that listing. Just ask them, "hey, I saw this property trade for 26 million. What's your thoughts on that?"

Just to tap into it and build that relationship. I think I'm very good with building relationships and I've built great relationships with our investors as well. I think that's separates me from my other competition. Also, they know they have a hundred more transactions with me and I'm going to be in this industry for a hundred more years. They like that that they know they can come to me and we have a hundred more deals to do together.

[0:12:10.2] WS: Nice. Obviously while broker relationships are extremely important. Also, this investor relationship piece is just as important and I liked how you mentioned earlier like those investors coming down, you're going to give them a tour of the market, you know, and really allow yourself to shine a little bit, right? And your knowledge of the market and you know, that you're living there and all these things that you know about Charlotte.

But I guess you know, let's go in to how you are nurturing these relationships with potential investors or even previous ones as well.

[0:12:41.3] CS: Yeah, great question. So, my main – I have one main investor who help me acquire this property here in Charlotte, North Carolina. I trust I started just like Joe Fearless with no money down. He actually gave me a personal line of credit of a loan of \$220,000 for my earnest money to put down on this property.

And the funny thing is that when I sold residential real estate, it took me eight months to even talk to this gentleman. I kept up with it every two weeks, I would call him and leave him a voicemail and shoot him a text. But come to find out, he's a high executive and a public company that he just travels three times or three weeks out of the month where he just did not have time to answer my phone call, but eventually did.

Sold him a couple residential rentals and then from there, right when I was making my transition, I started giving him my knowledge about multifamily and he knew that I was a real estate guy here in Charlotte, so then that's when he started to invest with me throughout

multifamily here in Charlotte. So building that relationship, staying on top of it. Making sure and just checking in with the investors as well.

[0:13:53.2] WS: So, I wanted to back up a little bit there. It took you eight months to get to talk to this individual, right? But even before that, how did you know that this was somebody you wanted to spend that kind of time and effort with trying to get this relationship built?

[0:14:05.5] CS: When I was sold residential he was pursuing a higher end type of condo close to a million. So that right there I knew that I didn't know back then what a credited investor was, but I have known him for three years but that right there I knew that this was a serious guy. By the way he typed his email, the way the questions he asked about the property and I knew he was a serious guy. So that is when I started reaching out to him and come to find out he bought four properties from me when I sold residential and he has them all as rentals.

And then when we made that transition he says, "I can't stand single family rentals or condo rentals," and then when I started giving him the knowledge on multifamily and how you can scale on multifamily and the tax benefits because he is a high executive, a light came on and he now loves it.

[0:14:55.8] WS: Eight months leaving him a message over a couple of weeks that is impressive. You know so what was the first conversation like? "my goodness Chris, who are you and why don't you leave me alone?"

[0:15:05.5] CS: I used to get that a lot when I sold residential real estate but yeah the conversation I just, "hey, my name is Chris Salerno and I notice that you were looking at a couple of condos in Charlotte. I wanted to just get a feel for it and see what you're looking for and what needs are in regards to the condominiums." And he gave it to me and he was looking for and he still is for his personal self when he sells his home here in the area and from there, we just started building that relationship.

And it wasn't just a business relationship, his birthday was actually on Monday and his wife invited us out and then he invited us to Asheville in two weeks or in a couple of weeks, he invited us to Asheville, my fiancé and I. So, it is building that relationship more on a personal

level. I have watched his dog, his kids before so we are on a very close personal level that he trusts me also to invest in real estate here very heavily.

[0:16:00.9] WS: Okay, so now he and other investors that you are keeping this relationship going, what are some other things you're doing? So, one thing I say most of us that are in this business are focused on the new leads, right? Growing our investor database, but however we're not very focused on the investors that we already have right? You have to stay in communication with them. How do you do that? What does it look like just in your day to day process or maybe a weekly or every two weeks? How are you doing that?

[0:16:31.1] CS: Yeah, great question. So, I think when anyone gets their business and for a future syndicators, who are just starting off, you have to be hungry and you have to reach out to everybody to grow that database. I have 5,000 friends on Facebook and sometimes when I hit that max, I will go ahead and delete people from high school, I will delete people from college. I will delete people from the past because I am worried about growth and I want all my investors to be top of mind.

And really social media with LinkedIn, Instagram and Facebook, you can leverage that to your benefit. And I have and I speak daily motivational videos on Instagram and from that, any person that follows me or that I friend request and accepts my friend request, they get a personal message from me. Yes, it takes a lot of time, but they get a personal message from me asking to connect and wanting to set up a phone call so I can dig a little more deeper into that person.

[0:17:27.7] WS: So, anybody that connects on Facebook or any social media they are going to get a personal message from you.

[0:17:33.6] CS: Bigger Pockets, any social media platform, they will get a personal message from me and I will dig deep into what they're doing and then I will set up a phone call to build that relationship with them. And then from there, the thing that we just spoke about is staying consistent and following up. That is the biggest thing is staying consistent and following up. So, in a couple of weeks just shooting a text, "hey I hope all is well," you know digging deeper into that previous conversation. So, I think that is extremely important.

[0:18:04.2] WS: Now do you have assistants that are helping with some of that or are you doing all of that personally?

[0:18:07.5] CS: No, personally I am doing all of that but I am definitely going to pick your brain when it comes to it to get the virtual assistance to do that. But I feel that and coming from running a company and training sales people, I know the market better than my assistant does. I know Charlotte, North Carolina better than my assistant does. I know multifamily better than my assistant does. So, when I speak to them, yes, an assistant can help and I can train them to a certain level to get that call, that initial call with them.

But I just feel that it is with me personally, they know that it is me personally and I have that market knowledge and the expertise that they can feel that and they see that one when the message comes across.

[0:18:55.0] WS: Nice, so we will take a pivot here Chris and go to some other questions but would you elaborate on just your buying criteria. You know you are speaking to a broker and they say, "okay Chris" you know obviously they are testing you a little bit or interviewing you a little bit but what's your answer? Are you going to say or they are asking you what you're looking for in your buying criteria?

[0:19:13.0] CS: Yeah buying criteria is over 100 units class B and C value add assets. Like I said Charlotte, North Carolina is a market we are heavily focusing on but we do have Greenville, South Carolina, Raleigh, North Carolina and Greensborough, North Carolina on our radar as well but right now, Charlotte is a flourishing market. It has substantial growth right now and there's no need to step outside currently.

[0:19:39.3] WS: What are some initial deal breakers for you looking at a property, what are some maybe some things that are like, "okay this has to happen this has to happen or this has to be there before I am going to pursue this property?"

[0:19:50.5] CS: Yeah, great question. So definitely it has to be over 100 units. I definitely from doing the 44 units and the headaches that we came across with that, that definitely made sure

that my criteria got very strict. So, it is definitely over 100 units. And it depends on the value and I am taking a look at 201 unit in Charlotte here that is actually tomorrow and that is a full heavy lift value add. So all units will have to be renovated and that right there I don't know if I would want to pursue that just because of the time frame that will take.

Who knows what is going to happen in two, three years with the market? So that one right there will definitely be one I'll take into consideration, but it has to come down to the lift, the value add, the lift, location has to be perfect and knowing my market with Charlotte, I know the location. If you send me the address, I know the location I can say yes or no right there. So, location is really the number one thing when it comes to it especially here in the Charlotte area because you will be able to charge your rent premiums depending on the location that you're in.

[0:20:57.8] WS: What's been the hardest part of the syndication journey for you? I know you had a career and years in residential selling single family and now you moved to multifamily, but what has been the hardest part for you?

[0:21:10.2] CS: Yeah, I think the hardest part I would say is when I first got in is gaining all the knowledge and I think that is very important before you hop into any career, is soak up all the knowledge as possible. When I first got in, there was – I met Dan Hanford. I know a lot of people know him. When I first got into the business that's when I met Dan and his team and I knew that he was acquiring properties an hour and 40 minutes away from Charlotte.

So, what I did was every two to three times a week, I asked Dan if I could go out to his property so I can just soak up as much knowledge and be a fly on the wall to understand the process. So, I think even though it took me to where I am at today, we are still always understanding and gaining more knowledge in the multifamily space, which I like. That is one of the reasons why I love multi-families because it is always different. It is not going to be the same thing each transaction is different.

And I like to see it as each property we acquire is a failing business, not necessarily failing but maybe not as profitable as we'd like it. So, I get to go in there and tweak the little things to make it extremely profitable for our own investors.

[0:22:25.2] WS: Nice and obviously I can't speak highly enough of Dan and it's awesome that you are that close and were able to get connected with somebody like that to help you get started in this business. But tell me, what is another way that you educated yourself that really helped you just quickly understand the lingo or just the business in general?

[0:22:44.6] CS: Hiring a coach. I used to coach and I knew going into and making that transition, I hired my coach actually in December of last year. And I told my coach, I said six months I am done selling real estate and he says, "I am going to hold you to it." And I hold myself very highly accountable and one month later, February 1st, I said, "I am done selling real estate. I am fulltime into multifamily." He says, "are you sure?" I said, "let's go" because the way I see it is I work best when my back is against the wall.

And if my back is against the wall and I am under pressure, I know I will go ahead and reach a 100 people a day or a 100 people a week to get my name out there to talk to people to make those brokers relationships and to acquire the properties.

[0:23:29.5] WS: Nice. So, what is a way that you have recently improved your business that we can all apply to ours?

[0:23:34.7] CS: I would say reading books and just soaking up as much knowledge as possible. Believe it or not, being in all the closed Facebook groups you can just soak up as much knowledge by other people just asking simple questions about multifamily, about what their issue is or anything like that. Just reading through those questions and answers and soaking up as much knowledge as possible, I think knowledge is power and it's key especially when speaking to investors and knowing your market.

So, I would say definitely read more multifamily books, also business books because each property that is a value add and really each property you acquire is its own separate business. So, you have to have the fundamentals to know how to operate a business to make it extremely profitable.

[0:24:21.5] WS: Nice. Do you have a book that you have recently read that you would recommend?

[0:24:25.3] CS: Right now, I am reading *Multifamily Million*. I am reading the book and digging deep into that book and the previous book I read was *Self-Made Billionaires* and that was really honing down on a gentleman did a study on I believe it was a 100 billionaires and personally interviewed them and they all had a couple of traits in common and that's one they never gave up and they stayed consistent with their business and they did not diverse to other paths. They just stayed in their one path and they never gave up.

[0:24:56.4] WS: Who are the authors of those books, do you know?

[0:24:58.3] CS: I can send that to you. I don't know at the top of my head but I can send that to you.

[0:25:01.6] WS: Okay.

[0:25:02.1] CS: Post it in the comments.

[0:25:03.1] WS: How do you consume your books? Is it mostly physically reading, is it Audible? How do you?

[0:25:07.9] CS: Great question, I have to physically read the book. I have to physically read it. Audible I will start if I am driving, I will start to zone out and not listen to it and then I will have to keep rewinding because I heard of something great. So, it is physical. I meditate as well early in the mornings and in the evening times. So right before or right after I meditate, I read the book as well.

[0:25:30.4] WS: Okay, Chris what is the number one thing that's contributed to your success?

[0:25:34.3] CS: Building relationships, strong relationships with you Whitney, with a lot of other business owners. Building strong relationships with them.

[0:25:43.5] WS: Nice and how do you like to give back?

[0:25:45.5] CS: I like to give back my time. I am spending time with kids that are autistic and that need help. Also, with the local Humane Society here. I love animals, I love dogs and cats. I always love giving back my money and my time to them to make sure those little furry animals are still making us happy.

[0:26:06.5] WS: Awesome. Chris you have been a great guest. I can't thank you enough for your time and sharing with the listeners and elaborating on how you have even acquired a property off market recently because of the relationships that you have been able to develop and how you've done that but I know the listeners have learned a lot from you and probably want to reach out to you. So, tell them how they can connect.

[0:26:23.5] CS: Yes, thank you Whitney. You can connect on my website, qccapitalgroup.com or you can email me directly at chris@qccapitalgroup.com. I am on all social medias, I am very heavily active on Instagram where I do daily motivational videos and that's [@chris_salerno_](https://www.instagram.com/chris_salerno_).

[END OF INTERVIEW]

[0:26:42.5] WS: Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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[OUTRO]

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