**EPISODE 290**

[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 Jesse Fragale. Thanks for being on the show Jesse.

**[0:00:31.7] JF:** Anytime, how's it going, Whitney?

**[0:00:34.0] WS:** It's going good. I really appreciate your time Jesse. Listeners you've probably seen him on BiggerPockets doing videos and he's helping educate people through BiggerPockets and we appreciate that Jesse. Jesse is a real estate investor and commercial real estate broker. Transitioned from student rentals in single family homes to multi-family apartments and he's a BiggerPockets video contributor as already mentioned.

Jesse, just in case listeners don't know who you are, give us a little more about who you are and tell them where you live as well because that's going to help build is into our conversation a little bit and what your focus is right now.

**[0:01:05.4] JF:** Yeah, absolutely, well, first of all, thanks for having me on, Whitney, it's an honor to be on the podcast, I am in Toronto, Canada for all of those that are wondering, it is not cold at all anymore down here so we're getting some nice 80, I guess for Fahrenheit that would be 80, 85, we're in the 30s now.

Yeah, I guess just a little bit of background for me as you mentioned, I started in student rental properties, that was how I got into real estate. I was living with a buddy in university and his dad owned the place and I was like, you know, I'm paying your dad money, or my dad's paying your dad money and it seems like a pretty good thing you have going on here.

He would rent it out to three other guys, it's five of us living in the house. That was kind of the lightbulb for me to kind of get into real estate, just seeing the passive income, not knowing any of the stuff we know now, as you advance in your journey. But yeah, that was the first one for me. I started with one property and this is a place for an hour, it's called Waterloo Ontario, It's approximately an hour and a half outside of Toronto and it started with one and you know, as I kind of went a couple of years in, I started realizing that you could pull equity out, you could do a cash out refinance and roll into another deal.

I started doing that and I got up to, in Waterloo there were four properties that had got up in Waterloo and you know, like your first car or your first property, you know, every street that they're on and that was kind of the base, kind of what set me for the next phase in my real estate investing career.

That's where I went from student rentals to condominiums and single family homes and as I'm sure, some of your Canadian viewers or even American, Toronto have seen a condo boom for the last 15/20 years and kind of riding the wave of that, I can't say it was all real estate, you know, IQ but you know, we're in an up market and I was basically able to sell those original properties I had and move it towards what I do now and that's just the focus on apartment buildings and buying a rest.

**[0:03:07.8] WS:** I wanted to ask you though, you were in college, you were paying that rent to your buddy's father and it was like, you know, this lightbulb went off. Did you finish college or did you do anything towards what you were studying?

**[0:03:19.3] JF:** Yeah, it's funny you mentioned that. The – I played – usually the story you get in Canada is you play college hockey. I played college football in Canada so that's a little bit of a wrinkle but I did play when I was younger so the reason I bring that up is, I played for two years and then when I had three or four properties, I was like, something's got to give and it's not the real estate.

That's when I stopped playing as a varsity athlete and just said, I have two things to do right now, I want to focus on finishing school or my dad will kill me and kind of pursue the real estate investing career. But to answer your question, you know, eventually, I ended up doing a business focused economics, I did my MBA so I can't say it was specific to real estate but as an agent, as a broker, it definitely brought clients in the door, some of my clients today are ones that I met through my MBA.

My view on education, and I know it's a mixed bag when it comes to our industry, especially investors, you get some guys that think it's a total waste of money and then some guys that think it's valuable. I think it really comes down to the people that you meet, regardless of if it's in a school and if it's in a meetup, whatever it is.

**[0:04:30.3] WS:** No, I appreciate that, yeah, your network is so important to people you meet, that's awesome. You moved past the single family, now you're focused on apartments and then keep going, tell us a little more about what you're doing now to grow this apartment business?

**[0:04:44.2] JF:** Yeah, I did something I said I wouldn't do which was just me being short sighted. For the longest time, I tried not to partner because you just get in that mindset, well, 100% for me sounds great, until you realize that partnerships are crucial and as you see in your business on the syndication side, you can't do syndication without limited partners.

It's kind of the bread and butter of the investors. For me, I was fortunate to meet somebody in my brokerage that focusses on apartment buildings as a broker. He had never invested in his life but he had 10 years of experience in brokerage. He had met all these guys who like I was mentioning to you before, had this 20 million, 30-million-dollar apartment sales. He was brokering these deals but he had never invested in one.

I work in brokerage on the office side so I don't even touch that stuff. I looked at him, he had a nice credit score, no debt and I came in with all these properties, debts, but the knowhow and then kind of – that was another lightbulb moment where I was just like, we get along, we worked together, I said, what if we looked for a deal together? That's when I sold a few of those original places I had.

He had – you know, because he had been working like I said in brokerage for a while, he had saved up quite a bit of cash and we said okay, let's go look for an apartment. To give your listeners a bit of context, the apartment world, we were looking for 11 to 15 – sorry, 10 to 15 unit, we ended up getting as a first one the 11 unit. But our market, Toronto, downtown, you'd be looking at 250 to $300,000 a unit.

**[0:06:18.7] WS:** Wow, $300,000 per unit.

**[0:06:21.1] JF:** Yeah, that would be your high end, that would be your Manhattan and then your average stuff is in the low 200s, mid 200s. That was too expensive for us so we went west about an hour west of downtown Toronto, let's call it a Brooklyn to New York and those started to be a little bit more affordable, you started to see stuff but 100,000 a unit, 115 a unit which for a lot of – I'm sure you're aware, for a lot of American cities, you can get deals much cheaper than that and still has, not be worried about your building and sleep at night.

That was our first one, we went to go see a few places, it's called Hamilton, an hour west of Toronto, this was his first time so like I said, he had never invested before so the first place we came to, it was even though he had toured properties before, it was a bit of a shock for him because you're getting people that you know, are in the areas that you're not normally in. I think the first one we had that sounds terrible but the first one we had, we weren't allowed to see one unit and we realized after that somebody unfortunately had passed away in that unit.

**[0:07:27.9] WS:** Oh boy.

**[0:07:28.8] JF:** They didn't want to take us through. He looked at me and he said, even today, he'll tell me, he's like. I was at a point where it's like, maybe this is the best thing for me.

**[0:07:37.2] WS:** You know – tell me though, the rents that you're getting approximately – $300,000 a unit, do you know what those are renting for?

**[0:07:44.5] JF:** You always hear the 1% getting kicked around, right? Rent to value ratio. Toronto's tough. The way I could describe Toronto, just you know, from all asset classes, whether it's industrial, retail office, multi res. Even residential is really our hottest market. It would have to be compared to San Francisco, Manhattan, LA. Let me give you an example in terms of if you bought. Say a condo, if you bought just to backup for a second. In our market, condos like a lot of cities –

They kind of taken, replaced purpose built apartment buildings and we call it the shadow market and it's basically, you know, people buying condos and renting them out to people. To give you some context, a $500,000 condo in Toronto and I'm not going to go into like fancy areas or bad areas on average, $500,000 condo could probably get you about $2,000 a month in income.

It's tough to make the number work at this stage in our market. But also, we're seeing cap rates institutional multi res' trading, some cap rates have been sub 3%. A lot of them are trading in 3%. If there's something over 4% over four or 5%, it's something we'll take a second look at, not as personally but as a company whereas you know, if you have a fund behind you.

For us, going out to again, give you context, where we were looking, then you start seeing 5%, five and a half percent but it also should be mentioned that you're debt markets are – I think you guys are a little bit higher than us right now. Right now, I could get a mortgage for 2.78 for a home.

**[0:09:22.2] WS:** Wow, yeah, we're a little higher than that.

**[0:09:24.8] JF:** At the end of the day, it really is the treasury bill, the delta between the treasury bill and the cap rate and seeing where that is. You know, the states as always a little bit higher up the debt and you have a bit more on the cap rate, except for your lovely tight markets.

**[0:09:40.2] WS:** Yeah, 300,000 per unit is wow but then you said, sub 3% cap rates. What are you doing with that, you know?

**[0:09:48.7] JF:** That's syndicated.

 

**[0:09:52.5] WS:** All right, we'll back up a little bit and continue the story, somebody just passed away at this unit, is that the unit you all purchased?

**[0:10:00.2] JF:** No, that wasn't the one we ended up going with, just got away from there. It was close, it would have been – I would argue it would have been a good deal, I don't know if you would say that but we ended up – it's so interesting in our industry, it's all about timing and you know, it's sometimes about being in the right place to have good luck.

We looked at a unit that was further down and it's the typical story of you know, if I knew then what I know now, we would have bought a hundred of them if we could. It was a perfect scenario. Anyways, it was 11-unit apartment building, the owner was – had it for a couple of years but he was an older gentleman and I had a suspicion, we both did that, I don't think his health was very good and I think he just kind of wanted to just sell it quickly.

It's not like we hammered in on pricing but you know, you have a motivated seller, the deal, you know, obviously it goes a little bit quicker and you can do things that you kind of somebody, you know, is doing a portfolio sale, you know, could lose it or could not lose it. We really dug into that, made sure we did the usual due diligence inspections, environmental, the one interesting thing, as you know, every deal you get something that you learn for the next one.

You know, no matter how long you've been in this industry, you know, you have 56-year old's in our industry and did something on a last build that they didn't see before, it was a little different example of something they saw before.

For us, we were right beside a drycleaner, so you know where this is going. Yeah. The ground was like this, our apartment's here, dry cleaner's here and I don't know how it works for where you are but in our province, if you have – I think it something like 1965. If the drycleaner comes up in a search prior to 1965, you need to automatically do a phase two environmental.

The reason being is they use some chemicals in these older dry cleaners that you know, for whatever reason, they made, their mighty wisdom, the government made a reason for us to do a phase two. We did the phase one, basically said that you need to do a phase two. That was a fairly substantial cost and that was the only time we ever had to re-trade on the deal at all, we just wanted to make sure that that could be covered by the owner and you know, it's not that we were trying to save money, it was just part of what we needed to do. Long story short, that came up clean and yeah, the rest is history.

**[0:12:30.5] WS:** That's funny, you said it came back clean, you know, that cleaners, anyway.

**[0:12:37.2] JF:** That one was great and then our whole focus not to get ahead but our whole focus after that was rising rents because we could talk about this if you'd like. We do not have the most friendly landlord tenant or I should say, we don't have the most friendly landlord rules in our cities. That's our ability to raise rent is not probably not where you guys are at with the amount of ease that you have.

**[0:13:04.4] WS:** What do you do? Give us a couple of things that – why is it difficult and what do you have to do different?

**[0:13:10.3] JF:** It's basically the only time that you can raise rent when you are in Ontario. We have the Landlord Tenant Act, like most states, cities will have these. Basically it says that it's not dissimilar from some of the New York state policies where if somebody moves into your unit and say they're paying a thousand dollars a month, there is an increase that the – call it the state, the province says, you can only raise and it's usually pegged to inflation.

After every year, we can only raise, this year it's ridiculously low, it's like 1.8% and it's almost, it's so low that you want to really bother your tenant to say 1.8%. The answer is you do because that's your only way over a long time to keep up with those increases.

Now, what we do have, the saving grace is we can mark to market the rents and what I mean by that is when somebody leaves and a new person comes in. Boom, you can put the rents up. It actually creates, it's like anything from the government that is supposed to help consumers, there's always a way that it harms somebody, helps somebody, hurts somebody else and part of the challenge is, you have landlords that don't have the upkeep that you normally would if you're getting market rents.

And then what you have is you have investors that will basically go to somebody and say listen, here's $3,000 in cash, you're paying $1,000 a month, sign this termination agreement. Basically buying them out of their existing unit. Because as you know, if you can arrange something, say, somebody's paying – the building we have is there's somebody paying $570 for one bedroom. One bedroom, they're like three times under market and as you know, if we raise them from 500 to 1,500, you divide that 1,000 by your prevailing cap rate and suddenly you're building value is just gone up a large amount.

That's why you see these guys coming in and trying to basically have termination. That's completely legal, that's what I mean by some of the negative consequences because –

**[0:15:10.5] WS:** You're going to have that in your underwriting aren't you? This is how much we're approximately going to have to pay these tenants to move out.

**[0:15:16.0] JF:** Yeah, if you had to go in with that perspective, but yeah man, that's what I mean by negative consequences, it's unfortunate, you don't want a scenario where you have landlords coming in and bullies, you know, trying to strong arm people out of their place because sure, you know, you could say, well, there are two adult willing parties but let's be honest, if you're going into say a mid to low income area, you're telling some person that spent $700 a month, here's two grand.

You know, they haven't seen – maybe they're paycheck to paycheck and you've displaced them in some way. Anyways, the way we look at all of it, the reason, you know, we talked about cap rates being so low, it's always, in our markets, we very rarely use cap rates aside from comparing properties because the going in cap is never your stabilized cap, right?

If you're doing value like it should be. I guess is a better way to put it. If we go in and we see under market and it's a 3.2 cap but if we had all those rents boosted, it's a seven cap, that's kind of the way we look at it.

**[0:16:19.2] WS:** Yeah, I could see where – I mean, people may never move, I mean, why would they move when they know they've been here for five, 10 years, you know, having such low rent. Well, if I move, my rent's going to triple but then also, I could see them wanting to sublease as well. You know, I could see that being the issue.

**[0:16:38.6] JF:** Yeah, you could have people that do sublease. Really, the challenge that – it's funny, what happened in Toronto is they got rid of this rule that – there was a rule that said, any – I should have mentioned this, any apartments built post 1991 where rent control, no rent control, no rent control. It was in the early 90s trying to incentivize developers who stopped building purpose built rentals in our market.

It was to incentivize them to build them. They briefly, last year, the year before, they tried to bring that back, that new developments had to be rent control. All of a sudden, you had the big – the real cans of the world, the allied, the Brookfield, all of a sudden they're like, maybe we don't want to build these anymore. To try to tackle our crazy low vacancy, they really cut the developers by you know, who do you think is preformatting these models?

It's these guys that if you tell them that there's rent control and they can only have 2% increases, they're just not going to build them. You don't solve the housing problem, that's a whole episode on its own but yeah, ultimately for our purposes was identifying properties where we could get lifts in the rent but the rents were high enough that we could go to a lender and be like you know, can give us a decent LTD on a property.

**[0:17:54.4] WS:** Wow, there's a difference and you and I briefly discussed it and I know you're not an attorney but I'd love for us to at least mention it. How you all hold property in Canada is different than how we're going to hold it in the States and could you elaborate on that a little bit.

**[0:18:07.1] JF:** Yeah, sure. So you said it, I am not an attorney or a lawyer but you know, we've dealt with enough of them whether it is for clients or for our personal. So I guess the biggest glaring thing, the difference between the States and Canada is the LLC. Correct me if I am wrong, LLCs in the United States have the dual positive attributes of being able to number one have limited liability. If you have somebody that slips and falls and sues you.

Or number two, you have the ability to be taxed at your personal rate. I think that would be a general overview. We don't have that in Canada. So you have two options, so without complicating it let's say you and I bought a property. It was a 20-unit apartment building. We could have partnerships as sole proprietors. Now that would have the benefits of us being taxed at our personal rates but we would have no limited liability.

So if somebody sued, you would be personally liable. So the alternative to that is a more expensive alternative but most people, most investors hold their properties in corporations and I think we're talking before, I am not sure in the States if it is a C or S corporation but basically the attributes of the corporation is at that it will have the limited liability protection because it is in a corporation but it is going to have the double tax issue.

So you are going to have passive income in Canada is if you have property held in a corporation this past at 53%.

**[0:19:31.0] WS:** Wow 53%.

**[0:19:32.8] JF:** At the corporate level. So that's not even until you pay yourself out. So your tax at the corporate level at 53% and then the most efficient way and if anybody knows a more efficient way, email me, is that you pay yourself dividends through the corporation and that's the way – there is a bit of a Canadian control corporation if you're paying a dividend, you have the ability to recover a little bit of that costs.

Now the reason a lot of investors, until they get to the level of syndication where you have LPs and GPs and then you have a bit of a different structure, the reason most investors don't care as much about the 53% is as you know, one of the biggest attributes of real estate is you can have positive cash flow and zero tax liability. So for those gents or gals that are making $50,000 of net income per cash flow, they might have an amortization of 55,000.

So effectively, they won't be paying taxes anyways. So that is part of the reason I think that it is not as big of a concern. I know there are a lot of investors that they just show no income because they have their amortization expenses enough to wipe out whatever cash flow they have. So yeah, that's a bit of the wrinkle. The only other thing I will mention that's slightly different and I am really jealous of you guys in the States, is we have no 1031 exchange. That just doesn't exist.

 

So we are, in my opinion, we are a very buy and hold investor community whereas I would argue that I mean, I would like to get your thoughts on it but I would argue that you see a lot more velocity in the States because you have the ability to do this like in cut and exchanges that when you sell something it doesn't mean you're going to be taxed in.

**[0:21:15.2] WS:** That's right. Yeah for sure and for investors as well that are investing with us, they hope for that 1031 exchange when we exit a deal. I mean that is a big game for them.

**[0:21:25.6] JF:** Yeah, have you done one before or have you? I am sure you've had partners that have done them.

**[0:21:29.5] WS:** I have not personally done a 1031 exchange. I have had partners who have done 1031s but it is not the most easy thing to have set up.

**[0:21:37.3] JF:** Yeah, I have heard.

**[0:21:38.2] WS:** You know it may happen or it is very difficult to have investors 1031 and in certain ways that has to be set up. So it is not very easy but it is an avenue. I have seen lots of people grow fast and not so much in syndication as much as when they are buying smaller multies, you know?

**[0:21:55.8] JF:** Yeah and that makes sense because the syndication you just have that extra layer of complication with so many more stakeholders.

**[0:22:01.9] WS:** Right, yeah and what about – I think you mentioned earlier that you are looking for apartments in the US now, is that right?

**[0:22:09.7] JF:** Yeah, so I mean ultimately we love the Canadian markets that we've been able to participate in. It's just that at the end of the day it is just very tough to do deals especially if you are going to want to move into syndication. You know like we said before, you want to pref return even if that means improving a pref to when you sell it. In Canada even our markets that are pretty a little bit looser than Toronto, Vancouver, Montreal is okay.

But anyways, we look at – we kind of identified a few places in the States that we'd at least like to take a look at. I think Memphis, Charleston, Savanah, you know we would make a trip out of it. So we would probably just fly down and grab a car and just check out some of the local markets. Like we talked about, one of the benefits of being an agent is you just call any of the brokers in the local markets down there and say, "Hey, we got a Tuesday" if you don't want to make any money for a Tuesday.

**[0:23:08.3] WS:** Well at least buy a lunch, right?

**[0:23:09.9] JF:** Yeah, if you want. 100% we'll buy you lunch.

**[0:23:12.1] WS:** So how does that change? Can you complete a syndication in the States even though you are not a US resident or would you have an LLC in the States or do you know how would that be structured at all?

**[0:23:21.1] JF:** Yeah, so basically what we did is we talked to – there is a lot of companies in the States as well that deal with cross boarder investing and the long story without getting too into the weeds on it is that 100% it can be done. I don't believe that it is a Canadian that creates an LLC and there's the tax, I think there is certainly a way to get around the withholding tax when you are investing in real estate but like you said, I think for us the most logical way to do it would be to step up to that.

And buy say a 20 unit, 30 unit in an American market, have own that and have my partner and I manage it with a third party management and then kind of layer on the complexity because like we were talking about before, once you are dealing with individual returns, limited partners definitely starts changing the structure and I had a few friends that their GP was Canadian in the States and it was something that they said they'd do again but they really want to make sure that they did it properly.

Because I think it's easier as it seems obvious, if you have a GP that's a local GP, I am sure that you have dealt with the partners, you have dealt with Canadian investors as LP's, which is a little easier than having the Canadian as a GP.

 

**[0:24:35.5] WS:** Yes, it sounds like it would just be easier for you to just move below the boarder, you know?

**[0:24:39.7] JF:** Yeah, I was going to say. Hey, I got a number of family members in New York. So yeah, maybe that will just be easier that way or if you just tell them to, maybe I'll capitalize them and tell them to buy a place.

**[0:24:50.6] WS:** There you go. I just wonder, do you have US buyers that ever contact you looking for property in Canada?

**[0:24:56.5] JF:** Oh yeah for sure. On the broker side? Well first of all, on the leasing side because we do a lot of leasing because we're downtown Toronto. So the bank towers, office towers, a number of clients are American and then investors, a lot of money is coming from Korea right now. One of our biggest developments in Toronto is Korean money, Chinese, Hong Kong, I'm sure people know what kind of background and we have seen a lot of Asian money that has been coming in.

But that's been slowing down a bit I think recently but it is interesting from a leasing perspective and this goes for anybody that has syndicated office, retail, industrial, it's just a very different culture of negotiating like, you guys are much more litigious I think and you guys – not you guys, I don't want to say just you but the Americans that we deal with often times not inviting LOIs, a million things on behalf of the tenant side that we just say no to because we are office vacancy in Toronto is 1.8%.

So Americans come up here and they try to do office deals, how do we miss that deal? It's like the landlord is being too crazy on this term and then "Put this in, we'll get this say this kind of allowance" and then we're like, "We're not going to win on that" and then the landlord just says, "Yeah we're not doing this deal" so it is a bit of a culture shock for them and that is just in version of fact that our markets are so tight right now. So I think we are seeing it all across the spectrum, resi to retail, leasing to acquisition.

 

**[0:26:22.3] WS:** Yeah, well Jesse we're going to pivot just a little bit but tell me, what's been the hardest part of this in this journey to going into the syndication process or at least apartments from where you started and what's been the hardest part of that for you?

**[0:26:36.0] JF:** It's interesting. I have never viewed any of the challenges that I had as being something that has been a negative because overtime, it is just another thing in your tool belt. Obviously you don't say that at the time because you lose a deal it hurts, you have an expense that you didn't expect but I am actually it's this stage in my career, both as an Asian and as an investor that's a challenging time because we have had such a –

The States and Canada, we had such a good run since the recession. It was a bit of an anemic kind of upward trend but we're in a place right now where in the last five years everybody has been saying we're in the 9th inning and trying to find deals where you know that the question you got every time from investors that say, see me on BiggerPockets or something, "Should I get into the market now? Should I wait? Should I get in?" And it is tough to answer that question when we're in such a late cycle.

Or what we perceive as a late cycle and Toronto is a perfect example of that. LA would be another perfect example. If you were in my shoes in Toronto and you have $200,000 of equity with a partner. You're very cautious of putting it in a 3.5% cap rate property because you start asking yourself, "Well how much lower can you get and what kind of growth are you going to have with that type of property?" So anyways, a long winded way of saying it's the time rate now to just I think we really need to be a lot more disciplined.

10 years ago, and I am sure you have seen this in markets that you have dealt in. You look back in time, you'd be like, "Oh man you could go online and you could go on MLS and just find property" whereas –

**[0:28:19.5] WS:** Throw a dart, yeah.

**[0:28:20.4] JF:** Yeah or at least to throw a dart and maybe, excuse my French, it's not a great property but it will have a cash flow positive return whereas now, you really have to be dialed in to make sure that the fundamentals work.

**[0:28:33.4] WS:** What is a way that you have recently improved your business Jesse that we can apply to ours?

**[0:28:37.5] JF:** Okay, so a huge one for me was, this is such a boots on the ground answer, but we had in our building, there was a company that does a full retro fit of all your plumbing. So we had, our apartment was for whatever reason, it was just – it was like a sift. We were spending I think something like $800 a month, 850 a month on water and for an 11-unit apartment building it was way too high. It was eight or 900. I can't remember what the cubic feet was in terms of usage.

But like I said before, for one benefit of being a broker we had access to investors that have dealt with other people on their team. So one of the investors told my partner, he said, "Listen we used a plumbing guy" and he's like, "No, we don't need a plumber." "No, no, no he is a guy that he'll do an audit of your building and figure out" basically you pay him, they do an audit of your building and then they tell you based on their calculations and what they have seen in similar markets for similar buildings what type of payback they would get on doing the full installation of all these retro fits.

So we now came to the first month of after this retro fit, this is probably two weeks from now I'll get the bill but you just saw. I was just looking at our meter reads and it was just firm like it just dropped off a cliff. So I am excited to see what that ends up being but as you can imagine, you know you're getting that kind of help on a 10 unit, 50 unit, 100 unit yeah it was definitely a win because I think people don't realize we are talking about raising rents.

It's always the first thing people think about, they don't think of lowering expenses. Where the value captures is the same.

**[0:30:17.2] WS:** Yeah we're getting expenses out completely that are unnecessary. Yeah that's awesome. Now what about the number one thing that is contributed to your success.

**[0:30:26.4] JF:** This question and the answer I always give and I think it hasn't changed is I've identified a little late in my life, but I have identified things that I am not the best at, the things that I have a challenge with whether it's kind of the minutia of administration or see some other thing in my life, it is just being humble enough to know that that's something that you struggle with and to make sure at least if you are going to be bad at it, know and be aware of it and hire people around you that are good at those things.

And that took me a long time to realize because you get a lot of these kinds of books and you get these influencers that talk about taking things that you are not as good at and strengthening those areas where I think personally, with respect to anybody that has a different opinion, I think the other way around, I think you really have to figure out what things you are very good at, do those 100% and the things that you aren't, build a team that's great at that stuff around you and I think that's been one thing that that acknowledgment has helped me out quite a bit in the last five to 10 years.

**[0:31:27.4] WS:** I couldn't agree more. Yeah, there is so much opportunity loss as well as you are trying to do all of these things when you could have experts around you helping. So Jesse, I really appreciate you being on the show but tell the listeners how you like to give back.

**[0:31:40.9] JF:** I volunteer with Big Brothers in Toronto. I'm sure you know every city seems to have one Big Brother. I was a Big for a number of years and my Little moved to a new town but I work with them, Junior Achievement, I'm not sure if you guys have a Junior Achievement?

**[0:31:56.5] WS:** We do.

**[0:31:57.2] JF:** Yeah, so I just wrapped up a high school project with a bunch of kids who was very conveniently in my office building downtown. So after work it was once a week, that I think is great. Being a contributor on the Bigger Pockets. Although it is not charity, well I mean maybe it is charity in the sense, nobody is paying me, but that's been actually one of those things that's been very fulfilling. You see in the comments people, first of all you see BiggerPocket's reach.

So when I do a video on there and you see 20,000 viewers and you see just a 100 comments, first of all it makes you humble because you didn't do this right, you didn't do that right but there is also people that for the majority are thanking you so much. "Can you do a video on this or I really found something interesting here, could you help me out with it?" and you forget, I think we forget as we get later in our career that the simple things that we now have as habit is new to somebody else and you can do very little to answer a question of theirs.

**[0:32:56.7] WS:** Yeah, well thanks for that. Thanks for sharing that Jesse and how you get back to the videos and stuff as well. We look forward to seeing more of those. Tell the listeners how they can get in touch with you or learn more about you as well.

**[0:33:06.7] JF:** Sure, so Instagram I'll post a lot of the videos that we're about to do or the ones that we just released. So it is @jfragalz and then on the flipside, my name I'm sure you'll have it somewhere in the show notes. They can put that into YouTube that will probably coop all my BiggerPockets videos and what I am doing this week is because there are so many questions about – to back up, I am a commercial real estate video contributor.

So it is a bit more narrow but I have gotten so many questions to touch other topics that I finally decided I'll just start a YouTube channel and I am hoping to post weekly. So hopefully keep that up and the reason I wanted to do that, I wanted to start right from the basics. You know starting to get into investing, building your team, what's a cap rate, you know just from the baby steps to hopefully more season vets. So yeah you can – that is probably the easiest way to find me.

And I mean shameless plug, if you are looking for a commercial space in Toronto, you could Google my name and call me at my office.

**[0:34:10.6] WS:** Sounds good Jesse. Thank you so much for sharing your story and just apartments in Canada and how it works, it is so different from the US or things we need to think about if we're thinking about investing in Canada but anyway, thank you and I appreciate the listeners as well being with us today and every day. I hope you'll all be back tomorrow. I hope your business is growing because of what you're learning on the show and listening to these experts.

And if you have questions that you would like me to answer, I'd like for you to go to the Facebook group, The Real Estate Syndication Show, and where you can post this questions, you can reach out to me and we'll try to get those questions there answered especially if you have a specific guest you would like to hear on the show I'd like to know that as well. Go to Life Bridge Capital and connect there as well and we will talk to each of you tomorrow.

[END OF INTERVIEW]

**[0:34:52.9] ANNOUNCER:** Thank you for listening to The Real Estate Syndication Show, brought to you by Lifebridge Capital. Lifebridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Lifebridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success

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