

EPISODE 437**[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]

[00:00:24] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Anthony Walker.

Thanks for being on the show, Anthony.

[00:00:32] AW: Thanks for having me.

[00:00:34] WS: Yeah, no I'm looking forward to this conversation, and I know many of you listening are trying to figure out how to work with that broker that you're trying to get in touch with. An Anthony today is going to help us to navigate that and because he is a broker and I'm going to tell you a little about him. But that conversation or that relationship, you know, is something we're all trying to work on right now with properties that are difficult to find, deals that are hard to find, right? And so that relationship is so important.

Anthony is the CEO and managing broker of Buckingham Investments, where he assists his clients with achieving financial independence and retirement security through investing in multi family income property, teaches seminars on many aspects of investing, and has been an avid guest speaker at multiple educational institutions and trade organizations throughout Southern California. Practicing the investment philosophy he teaches, he has also developed an

extensive portfolio of income property, the vast majority of which is located in the local Greater South Bay of Los Angeles.

So, Anthony, thank you again for your time today. Give the listeners a little more about who you are and let's dive in.

[00:01:42] AW: Sure, thanks for having me, again. So, like Whitney said, I am the CEO of Buckingham Investments. We're a local multi-family brokerage company here in the Southern L.A County area, and my story with the company actually is kind of interesting. I started as a client with them initially and bought a little investment property. They helped me learn how to do that. And then over the years I've expanded my portfolio. Eventually got my sales persons license, started helping other people do the same thing.

I've been involved in a few syndications with partners and friends that I've met along the way, both as a limited investor and as a sponsor. Over the years of slowly taken on more responsibility with the company, became a broker, opened our Torrance office and then took over as CEO about three years ago now.

[00:02:33] WS: Nice, nice. So, you know, Anthony, I know you're working with probably lots of people that are looking for multi-family properties, and you're working through those relationships, and I'd love for you to just dive in a little bit, and obviously I'll have questions. But,, you know, just about that relationship and and the best way for syndicators to work with somebody like yourself. You know, maybe the do's and don'ts, right? You know, and whether they're brand new or whether they're very experienced, you know. we'll hit some of all of that.

But, you know, just get us started on on maybe some best practices for somebody to develop that relationship with somebody like yourself.

[00:03:09] AW: Absolutely. So, you know, being a broker's and actually really difficult job. I know brokers get a bad rap in a lot of the industry for a number of reasons. Some probably deservedly so. But there's there's definitely good ones in the stack. From our perspective, we get calls every day from a variety of different people, and a lot of people kind of come in with this preconception that, you know, the broker is going to try and rip me off, they only want a

commission, they're only here for the sale, and people tend to feel kind of entitled to, you know, waste our time and treat us accordingly.

So, you know, I can't tell you how many people call me and they've never talked to me before and all they say is, "Here's what I want. Send me your off-market deals." That's a really fast way for me to either just delete your email, throw your business card in the trash, and never talk to you again, right? Because as a broker, first of all, you know it is all about relationships. Our whole business is about relationships. I need to know that whoever I'm going to work with, if I do have a particularly interesting deal, it's going to go to the people that I enjoy working with, and it's going to go to the people that I know can close.

So, you know, working within those two constraints I'd say best practices are you've got to develop relationships with people in your local area that are doing a lot of business that are more than just calling around and asking for their deals. They're not going to send them to you. You know, we don't get that many that are, you know, a perfect fit for a lot of syndicators criteria and have the returns necessary to deliver what you need to to your limited investors. And there's probably fewer brokers that actually understand how indications work.

So, you know, try and identify the people that are doing a lot of volume in your area in the asset class that you're looking to do and, you know, rather than calling up and asking for deals right away, try and start a relationship. You know, for the people that call me and want to get coffee or want to come into the office and just chat and get to know each other a little bit and share experience, I practically never turned down a meeting for people like that. You know, and there may or may not be a way for us to work together. But once we've established that there's two real people at both ends of this conversation and you're trying to get stuff done for your investors and, you know, I'm trying to run a brokerage business here, we're in a really solid footing and you're going to have a lot more success.

That being said, definitely happy to help with people that, you know, understand what they're looking for, have their criteria in place. I've been on the sponsor side of syndications before, so I know how that works. I know every deal doesn't work and, you know, there's there's a lot of people out there like me, and there's a lot that really have no idea what they're talking about.

[00:05:50] WS: Yes. So that leaves me with numerous questions here. But one, you know, you mentioned that, you know, maybe a lot of brokers don't understand the syndication business. And so can you speak to that a little bit? Because I think, you know, as an operator, you know, we may be talking to a broker, and we really just assume that they understand probably what we're talking about, or, you know, how we're going to structure this deal or what we're looking at.

So maybe could you elaborate on, you know, how the different depths of understanding across the board that may be different brokers may have. But how we how even approached that to know their understanding and not insult them either.

[00:06:24] AW: Right. So, I mean, definitely a lot of brokers have a lot of experience and they know exactly what you're doing, first of all. So, you know, hopefully you can work with somebody like that. If you don't, a lot of people get started and the focus when you start in brokerage is really on, you know, sales training, database development, and generating leads not on understanding every, you know, pro forma and how your deals fit together and your investment criteria.

So for what you're looking for, try and simplify your metrics and your criteria down to a level that anybody's going to be able to identify a deal that might work for you. Now, obviously you're going to have to explain a little bit of capital structure, your experience, you know, your resume, and your schedule of real estate is going to help you get to the get to the top there. But, you know, a lot of brokers kind of stop at cap rate, and that's what they understand. They know how to calculate that. They'll talk about price per door, cap rate, price per square foot and that's it. Especially if they're getting if they're if they're getting started. They're not really clear on the rest of it.

So if you can keep it to just explaining, you know ,what kind of upside you're looking for what sort of year of construction, unit mix, specific area that you like that's going to make it a lot easier for people to find what you're looking for. If you send somebody your, you know, ppm or something like that, they're not going to read 80 pages of what you're trying to offer to your investor. Try and keep it as simple as possible for people so that they can think about you and try and present yourself in a way that you're going to be really, really easy to work with and maybe show some other example deals.

[00:07:59] WS: What about picking that broker? You know, say we're going into a new market, you know, picking the broker that we want to work with. I know we can, you know, find some of the most active brokers and a lot of times, you know, let's say for the person who is just getting started, it may hard to, you know, hard for them to get a meeting with that individual, you know? But I've heard other people say, "Well, if I find a broker who is really just getting started also, you know, then I'm going to be more likely to developed a relationship and get more deal flow from them as they develop their deal flow. You, so what's your take on that?"

[00:08:30] AW: I think that's a great idea, actually. We definitely see that in our market. You know, that the really powerful busy brokers have their database already. They know it was going to be able to close. They're going to go to the tried and true people that they worked with before, and it could be really hard to break into that. A lot of people I know in the principal space and in the sponsor space, like to just try and work with a listing agent so that they can not work with the buyer's agent, maybe make a deal a little bit better for the seller. You know, get off-market deals. And so they end up calling all over town to every single broker to try and see what deals they have.

Well, from the other side of the table, we can tell on the first phone call if that's what you're doing, and if that's what you're doing and you're not actually interested in starting a relationship with me, I'm not really going to put in any effort to send things to you. Yeah, you might go into my email marketing database, and that's about it. On the other hand, if you call me and you say, "I'm looking to start a relationship with a broker over a long period of time, let's develop what the deal's look like that I'd like to see, and I want you to be my buyers representative whether or not it's your listing," I think you're going to get a lot better service and that broker's going to work a lot harder for you.

And to the same, to your idea about working with maybe somebody that's getting started, a new broker, especially if you're getting started. That's a fantastic idea. We have lots of new agents in our company. They are hungry, they're out there, they're going to put a lot more work into finding deals than somebody at the top of the totem pole who's got the repeat clients coming back to them over and over again. I think that's a fantastic idea. You're going to get great service out of that person, and they're going to work really hard for you.

[00:10:00] WS: So I thought too I would elaborate on what you said there or highlight, you know, you said, calling them and telling them like, "I want you to be my buyer's agent even if you're not the listing broker," you know? I mean, that does, that's going to help you to stand down a little bit. And you're saying, "I want to exclusively work with you?"

[00:10:16] AW: Yeah, absolutely. And keep in mind, you know, especially like in our community, just because there's a buyer's agent involved doesn't mean that you're not going to get deal flow from a variety of sources. I know in our local market here, a lot of the brokers we know you know which companies are likely to perform, who kind of knows what they're doing, who's got a good team under them and so we get deals that aren't on the market yet that aren't our listings all the time. And, you know, we share back and forth with other brokers that are doing the same thing.

So if we know if we've got a long relationship going with somebody, we know exactly the type of deal it is that they're looking to do, it's very likely that we're going to be able to get people into a deal that they wouldn't — they might find by calling around elsewhere, but they might not get sent to them because they're new and we've got a long relationship with that other broker, even if it's not our listing.

[00:11:05] WS: All right, so earlier you mentioned like deals were going to people that you like that, you like working with, and that you know can close. So I'd like to break that down a little bit, you know? So how do we get on that on that "liked working with" list?

[00:11:19] AW: Sure. So I mean, it's all about trust, you know? Ideally, you could start with the deal, but show us what you've done in the area. If you haven't done stuff in the area before, try and give us a reference to somebody that maybe have worked within another market. That's not one of our competitors. It goes a long ways to just, you know, sit down in person and talk to people about what you're trying to accomplish. If you can show, like, maybe how a specific deal went in the past or are you were working with how the financing went down, how you're capitalized. You know, that's going to be really easy. But most of all, it's all about doing what you say you're going to do! So, we had a lot of people that would like to, you know, write an

aggressive law for good and escrow and then ask for a giant reduction 10 20% off the purchase price. You know, call that a re trade.

That kind of behavior is probably not going to get you in the like category with the brokers because they're going to put a whole bunch of work in on this deal. And then you know what you sold him as your ability to perform is not going to come through, and that's going to frustrate him and waste everybody's time. So, you know, if it's not the right deal for you at the price that you're getting into contract with, be honest about that up front. Try and be as straightforward and transparent about what you're doing. People that I that I sense are hiding what's going on behind the scenes are not likely to get very far with us.

So explain, like, who are your investors? Where did you raise your funds? Are is everybody committed? If I'm on the other end of the phone and we're talking about a deal going through my head, "I'm thinking how many other decision makers are here? And is this person the end decision maker? Is this going to be easy? Is this what I'm actually going to be dealing with? Is this going to be smooth?" You get on the phone and you're super aggressive with me, and I can't really tell what's going on behind the scenes that you'r deal's not going to happen.

[00:13:02] WS: Now that's some great stuff. I mean, I just took I don't know how many things, or notes down. It's all about trust, like you said, and doing what you say you're going to do. You know, you mentioned some good stuff too. Like showing you what we've done in another market showing you how we're capitalized, who are investors is everyone committed? You know, and you said too like, "Who are the decision makers? Are you the decision maker?" Because you're going to feel like you're not going to get very far and I'm closing a deal if you're talking to somebody who is not the ultimate decision maker, right?

[00:13:32] AW: Absolutely.

[00:13:33] WS: So what about, you know, I've heard other people say, "Well, I may take a deal that's, let's say, 50 or 60 units in a market just to break into that market." You know, they'll make sure that it's a good deal for their investors, but ultimately it's, you know, their criteria may be 100 to 150 units or more, normally. Is that going to speak, you know, to getting into your market

or, you know, to you, if I say, "You know what? We just closed on a 50 unit deal there, but ultimately we're looking for 150 units or more."

[00:14:01] AW: Yeah, absolutely. To me, it's all the same. Our market, we have a lot of smaller buildings. So, you know, 50 units are actually very rare here in Southern L. A County. It's more like, you might call somebody and say, "I did the six unit deal, but I really want to do like a 20 unit deal." And absolutely, because from my perspective, I know on those deals the lending relationships of the same, you're going to the same places. The conditions of the property are likely to be the same, the area quality matters. We know if you're comfortable with that, you're comfortable with the tenant mix in the area. You've probably seen the insides of some units. You've managed the building for a little while. So sure, that goes a long ways.

[00:14:36] WS: Okay, so you mentioned a word a minute ago that we that we try not to mention much, and it's called — it's "re-trade". So, you know, obviously there's times when it maybe it has to happen. You know, there's certain things that come up during due diligence that just can't be overlooked or, you know, you just had no idea about during due diligence. You know, we try to know about these things ahead of time, so we're making you an offer that's that accounts for those things, you know? So it's not — there's no surprises during the due diligence or as few as possible. But I mean, ultimately, there's things that sometimes you just don't know about until you to really dig in. And and so can you give me an example of maybe of a re-trade when it's acceptable?

[00:15:19] AW: Right. I think you hit the nail on the head. When it's truly something that's a surprise to both parties, it wasn't disclosed, it wasn't something that could have been anticipated going into the deal, it wasn't something that could have been part of your underwriting or your market rents, or your financing picture, or anything like that. If it really is a big surprise on inspections or something like that, of course, you know you're going to have to have a conversation about price, and in that case it's all about support.

If you get estimates, and they're reasonable and they're from local vendors, and it's what's actually going to have to happen to the property, the seller's going to look at that, and they're going to think, "Well, this issue's going to be present, whether it's with this buyer or the next buyer. I'm going to have to disclose the issue now that it's been brought to my attention. I'm

going to have to you to adjust the price accordingly or find somebody that's going to take the property for the same price with these deficiencies in place." You've got to be realistic.

Instead, you go in and you think, "Well, I'm going to I'm going to make a list price offer when there are six other offers on the table so that I can lock this thing up in contract and then my intent, because I know this deal in the works, you know, at a 20% discount. My intent's to get it in the contract and offer a wave all contingencies if you give me that reduction. Just cause my numbers aren't there, that's that's the kind of re trade we really don't want to see. That's the kind that we know could have been avoided at the beginning.

[00:16:33] WS: Okay? Yes and you know what about other other don'ts that, you know, things that you see people do that are just like, and maybe we even start with the first conversation. You know when somebody's calling you. Anything else that, and it doesn't even have to be something that's common, but something that immediately says, "Okay, this is not somebody that's worth building a relationship with."

[00:16:54] AW: Yeah, I think a lot comes down to attitude with people. You know, if you — I think I mentioned it in the very beginning. But yeah, if you're calling and you're super aggressive or you're disrespectful with people just because you feel like we're the salespeople, right? And so you don't — I don't know? People don't like brokers and salespeople for that reason, that's a really bad way to go about things. Other than that, I think, try to be like I said before, as forthcoming as possible. Again, as a broker, if there's questions in my mind about how this transaction is going to go, then there's questions about whether I'm going to accept an offer or not.

So I see a lot of people that tried to keep all of their cards really close to the chest. So, you know, when they're explaining, they're not explain their financing, they're not explaining what they really want to say, put down on a deal, even though it's in the contract and so forth. I don't get like, a really good proof of funds. I don't know where the money's coming from, all that kind of thing, or they're kind of, "Yeah, we'll figure it out. We close out two deals. Don't worry, it's fine." Or, "Yeah, the money's coming from overseas. And, yeah, we're good," you know? Like that kind of thing really makes me wonder if the deal's going to close and it rubs me the wrong way.

If instead you call me up and you say, "I've raised a \$1,000,000. This is what I have. This is what I intend to finance. You know, let's dive into the details together. We know how to do underwriting. We can look at the debt coverage ratios. We may even have lenders that can give you better terms than you might be working with already, because we're in this market every day." And then if you're working with those people and everybody's kind of above board and transparent about what's going on, I get a really good — I'll worked pretty hard actually to make sure that you can close the deal, even as obstacles come up. It's when people are secretive and they kind of hold everything back until that big ask comes, you know, 30 days in that's when we get into a lot of trouble.

[00:18:43] WS: Okay. Wow. How much can't — does the broker normally have, or the ability to say sway the seller to pick one buyer over the other?

[00:18:52] AW: Tons. You would think that sellers, in any case, are, you know, shrewd investors. They know exactly, you know, the pros and cons of each offer that comes in there, you know, the broker's just a middleman and they're just there to market the property and the seller's going to pick the best offer. That, in most cases, is not true at all. You know, a lot of sellers have owned these properties for a really long time, and a lot of sellers have a long relationship with the broker that they use in the area. And they put a lot of trust in that brokers feel both the buyer and the buyer's agent if there's somebody on the other side of the table.

So, you know, it's almost like that, you know, letter that everybody writes when you try and buy your home about how you want your kids to go to school there and everything like that. That kind of stuff really matters in the multi-family space, too. If you haven't worked with somebody before, you know, write that letter, make sure that your buyer's representative or whoever you're working with is really painting the best possible picture for you. So that broker, if they don't already have a relationship with you, can go to the seller and say, "I haven't really good feeling about this person. They're a little bit below this other offer, but these other people aren't returning my calls, they haven't explained what's going on behind him. I think we're going to close with this group, and we're not going to close that this group. So we should take it." Nobody wants to put their property back on the market and have a cancellation. So it's huge.

[00:20:28] WS: Nice. So, you know, Anthony, what's really the hardest part about being a broker?

[00:20:24] AW: Wow. So many difficult things. I think the hardest thing is you never know where the next one is coming from, and people's attitudes towards brokers can be really difficult at times. We people just for some reason, feel absolutely entitled and free to waste our time and I know all of our agents, all of our new agents feel that when they're trying to go out and create relationships. So, you know, from the other side of the table, if you're a sponsor, or a principal or just somebody trying to buy a property, if you can come at it understanding that the broken you're talking about, they have had their time wasted over and over again that day, probably already and you cannot be that person, you're going to be way ahead.

[00:21:11] WS: Okay, so that's pretty much coming in with a plan, right? I mean, being prepared and not wasting your time.

[00:21:18] AW: Even if you don't have a plan, then don't come in guns blazing. That's totally fine. Instead, just come in, try and establish relationships, ask a broker what's normal in their market, what they would expect to see from a strong offer. And, you know, you might not be working on a deal with them right away. Like, "What are you seeing for financing? What do you want to see from me? I'm interested in doing this with you," and that's going to go a lot further

[00:21:39] WS: So I know that, you know, and some of this we've talked about. But I know, you know, we want to gain your trust. We want to establish that relationship. We don't want to waste your time. You know, let's say we're doing those things, you know, when is it when you know we're going to start to see more of those, you know, "off-market deals: that everybody's wanting to see? Or pocket listings or, you know, those deals?

[00:21:59] AW: I think you could see that at any time, depending on who you're talking to. You know, again, those deals are not necessarily that common everywhere and they're not necessarily going to be the best deals. I see a lot of off-market deals that are not particularly good. I see a lot of on-market deals that are. However, I think, you know, again, it depends on the broker you're working with. If you've got the top producer guy and he's been there for 20 years, you're going to be pretty deep down on that database. So, you know, if that's the person

you're talking to, maybe try starting with a smaller property, maybe one of their smaller listings, that their top clients probably I'm going to be with, you know, interested in. On the other hand to our earlier conversation, if it's a newer broker and they don't have a lot of relationships. If you seem like you're easy to work with and you have a good relationship, there's no reason that you can't get one of those deals right off the bat. As long as they're comfortable that you're the right person to take it to. They're going to go to the very top first on their list that they think is likely to close.

[00:22:57] WS: Okay. So, I mean, that's pretty standard, you would say? Like they're going to take it to the top person they think in close. I mean, that's how you get paid, right? I mean, you've got to make a living.

[00:23:05] AW: Yeah, we don't make a cent unless the deal closes. And so we're going to the top person that's going to close. But, you know, our assessment of who that top person is is not purely financial based. You know, it's based on like I said, you know, who you like, trust, you're going to work with these people.

[00:23:23] WS: So what's a way that you've recently improved your business that we can apply to ours?

[00:23:27] AW: Oh, great question. We've gotten a lot better. I mean, you guys are probably way ahead of us on this already. But we've gotten a lot better with trying to create more original content and writing and doing videos and podcasts like this, of course. I think what we've done over a number of years that's been super super effective is more in person networking at events. Our company, which is kind of different from a lot of other brokers, holds tons of seminars where we invite people that are interested in investing to come and just learn sort of in a no pressure environment. And then you're immediately starting a face-to-face relationship with people.

A lot of people in our industry really prefer the phone and, you know, they just call existing owners. We do it a little bit differently. That's been super effective for us. So I think whether you're a syndicator, whether you're raising funds, you know, whatever you're doing, especially with regard to all the SEC regulations and stuff, you need to have a relationship with people, get

in person in front of others. The stronger your network is of in person people that are doing business locally, the better off you're going to be. So get out there, shake some hands. You know, you really can't do this on the phone and over the email. That's for closing deals. Once you're already there.

[00:24:37] WS: What's the number one thing that's contributed to your success?

[00:24:40] AW: The people around me. This is all about relationships. I would never be able to do this without the fantastic team at my own company, great relationships with my clients that we've established over years, and strong relationships with the other professionals in our market. That's hands down. I think I got out there early in my career and started meeting people and that has been 100% attributed of my success.

[00:25:06] WS: Wow, I couldn't agree more. It's all about our team. You know, before we have to go, tell us how you like to give back?

[00:25:13] AW: I'm involved with the Loyola Marymount University. Actually, that's where I went to business school here in LA and through my experience there. I was actually introduced to the company I work for right now, so I'm really grateful. And we've recently started a real estate advisory council to give back to the school and help students get more exposure to the real estate industry and so that's been really gratifying to help try and raise funds and create more opportunities for students there.

[00:25:41] WS: Wow. Well, hey, Anthony it's great conversation. I know the listeners and I both have learned a lot just about this delicate relationship that's so important and what we're doing right now in this business, it's so important. So thank you for your time and sharing. Tell the listeners how they can get in touch with you.

[00:25:55] AW: Absolutely, thank you. You can reach me at anthony.walker@buckinghaminvestments.com or just Buckinghaminvestments.com. If you Google us here in the L A area, I'm sure you'll find us. We've got four offices around town, and we would love to see you.

[END OF INTERVIEW]

[0:26:10.6] 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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