

EPISODE 473

[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 Jason Wisniewski. Thanks for being on the show, Jason.

[00:00:32] JW: Hey, Whitney! Thanks for having me.

[00:00:34] WS: Jason owns JW Equity Partners, an organization specializing in commercial real estate sales, leasing, development, syndication, and private lending. In 2019, JW Equity Partners' syndications raised over \$15 million for projects in Florida and Texas. JW Equity Partners' commercial sales and leasing services completed over \$5.4 million in transactions.

Jason, thank you again for your time being on the show and with us today. Tell the listeners a little more about who you are, maybe where you're located, and what your focus is.

[00:01:06] JW: Thanks for having me again, Whitney. I love syndication and real estate and networking with folks of your caliber. It's been an outstanding trip.

A little more about my background, I started in real estate about five years ago fairly new to the game still, compared to some of the vets out there. But I really enjoyed myself in the process. I was working full-time as a business development coordinator at an electronics development

company here in Fargo, North Dakota and began building networks because I wanted to do more with my savings.

A lot of folks get into the stock market, for instance, and you find out that you have very little control over your investment. That's what happened to me. I was working hard 50, 60 hours per week for my full-time job and then I wanted to put those savings to work. And I've tried out the stock market. I learned that I just had no control. The bond prices increase would plummet my portfolio all of a sudden out of the blue.

It got me interested in starting an organization of like-minded people in the community to see what they were doing. I started this investment club, which essentially has become kind of an investment fund for its members. Through that, I met some guys who were doing real estate.

Since then, it's been kind of a journey. We started out like a lot of folks, buying small rentals, single-family rentals, small multis. We started a property management company and just started to learn a lot about the business. In the last couple of years, I went out on my own and got into the sales and leasing office and syndication.

[00:02:50] WS: Jason, why move into syndication as opposed to staying with the small single-family or multifamily?

[00:02:55] JW: It's about the time commitment. For me, Whitney, it was the whole reason I want to get into real estate in the first place was somebody told me about the passive returns, and I held onto that word passive and how great that sounded to me, because ultimately, we only have 24 hours every day. The amount that you can earn in that 24 hours is infinite.

But if you're trading your time for money, if you're always trading your time for income, there's only a finite amount that you're ever going to earn. There's only so much freedom that you can earn is spent with your family [inaudible 00:03:35] to experience different things. That was what it was really about to me was, how do I disconnect my time from my income.

I tried the property management. I found that dealing with the leasing, the bookkeeping, the tenants. It wasn't my thing. I quickly burned out because I was also working 9 to 5 at the time.

Then I realized that you also have limited capital. Once I deployed my savings into my initial rental properties, I would have to sit on the sidelines until I built up enough income to invest again.

That's when I learned of the concept of using other people's money. It really felt good to me, because not only did I want to learn about this business for my own savings. I wanted to share what I was learning with my family and my friends. I thought, "This is perfect. I can help them get to an investment, help them learn about real estate, and help them to create the same freedom that I want to create. That's really what led me to syndication.

[00:04:41] WS: Nice. Well, tell me about your syndication business now and your focus in that business and what you see happening over the next year to five years.

[00:04:48] JW: Yup. We work with different organizations across the country to try and help bring the capital to [inaudible 00:04:53] multifamily value-add like I was saying where we can go in asset [inaudible 00:04:58].

Multifamily value-add is what we've been working with. That's where my experience is. We're also getting into some development. We're working on a project for a 30-unit multifamily development that we hope to find some investors to work with. It's been really rewarding, just a great time educating people on the benefits of real estate, the different tax benefits, how [inaudible 00:05:24] works, how you can leverage these assets.

[00:05:30] WS: I get questions every week from people and from a lot of listeners about getting started in this business or potentially through raising capital and partnering with another group and things like that or asking to partner with us. I get that question often as well. Obviously, we can't partner with everybody. It's a very select process.

But tell me a little about how you advise somebody to get started in this business, working with that part of the business anyways, working with investors.

[00:05:57] JW: Yeah. I couldn't have done it myself. I was out there talking to people and I found people that were willing to partner with me that had experience, that already made the

first steps, and they were looking for help. I went to them and just offered time, something in value, time and a willingness to learn. That's what really got me off the sidelines. That's why I always advise folks that I talk to that want to get started that haven't gotten off the sidelines yet. Find somebody that's doing it.

They don't have to be – Don't shoot for the stars and find the guy that owns the multi-billion-dollar REIT in your region. Go to that small guy that owns a couple of rentals, thanks to the college. Those kind of guys, they really want to help, and then you can continue to build relationships and find your niche I think in this industry.

[00:06:57] WS: Did that team or that person that you were offering your time to, did they become like a mentor?

[00:07:03] JW: Yeah, absolutely. We still talk a lot today and work together on deals. Yeah, absolutely. They're lifelong friends.

[00:07:14] WS: Nice. Then tell me about just the progression then. We have talked about often on the show, and I tell people, "Your time is something that's very valuable that even if you don't know the business very well yet, you can offer your time or you probably have some kind of expertise that you can offer to another operator in an area that they need help in."

A lot of times, if you're in a younger generation, and I tell a lot of people this, like you're probably really good at social media and software and all these things that somebody that's been in this business, let's say 10 to 20 years, they are really good at this business. They're really good at this business and have all the connections. However, I bet their website stinks, and they have no social media presence.

[00:07:54] JW: Absolutely. I'm working with some guys right now. I consider myself pretty tech-savvy but I'm only 32 years old. But you look at some of the technologies that the early mid 20-year-olds are playing, and it's different already. Things have changed so fast, and we can't all just keep up with everything. So, we're working on forming an organization where they're going to help me generate leads for my brokers and sales business.

Yeah, there are so many opportunities where you can have either time, expert knowledge, or money kind of the triage. You go to the three resources that everybody has or needs.

[00:08:35] WS: What are some ways that you're working to grow your business as far as working with investors?

[00:08:40] JW: Doing a lot of generating awareness yet. A lot of folks in our network, they haven't been exposed to syndication yet, a lot of folks in our region, our network. So, it's a lot of education right now.

Some folks have done some real estate. A lot of our network has done real estate investing, but they don't understand the structure of some of the syndications that are being presented to them today, so it's a lot of education from that standpoint [inaudible 00:09:08]. How our preferred return works and how the equity splits are going to change, depending on the performance of the property when they can expect their payments. Just that kind of education.

Sometimes, you have to go all the way down to the basics. What happens if the building burns down? How does that [inaudible 00:09:27].

[00:09:30] WS: Yeah, it's important. I was talking to this investor one time, and actually he has a very large single-family portfolio. I mean, he's done very well in single-family and small multis. However, he wanted to start investing in syndications and he didn't understand. He didn't understand the syndication side of the business. He understands real estate and understands the benefits very well, obviously. But he also wanted to teach his – I think his son was 12 years old. He wanted him to learn the syndication business as well.

He started calling operators and he started asking them, "Myself and my 12-year-old is on the line, and I want you to explain and answer these questions."

[00:10:06] JW: He wanted you to explain.

[00:10:08] WS: "So my son can understand." I got to thinking about that and I thought, "Can I do that?" Help me to think through that. Can I explain these things that people ask in a manner that

somebody that has no experience in real estate can understand and very little financial background?

[00:10:24] JW: Yeah. It's incredible. You come across all flavors, the folks that seem like they should know it all already but have actually never been exposed to this model of improved investing. They've just kind of – They came into the wealth some other means and they've been doing it all on their own. Now, they would like to be a little more passive. That's a really great [inaudible 00:10:44] syndicators.

[00:10:47] WS: Is there anything that as you're exposing these investors to syndication for the first time that really stands out that like, "Okay. I have to make sure that I understand how to explain this before I go talk to these investors because I know they're going to ask?"

[00:11:01] JW: Yeah. I'm learning a lot about that right now with this new development project we're working on, because the cash returns aren't as exciting as a value-add multifamily. We're building – it's 30, 40 years old, and you're just going in and you're rehabbing the units. The returns can be tremendous if you can rank the rents of a hundred bucks per unit, a 200-unit property like that.

But when you go and you build a brand-new property, the operating expenses tend to look a lot different, and you start working with tax incentives from municipalities, and that has very big effect on bottom line. There's all these different variables in a new construction that I'm working on. [inaudible 00:11:50] things that I know I'm going to have to address when I present the opportunity [inaudible 00:11:54].

You have to I think get a good idea of the first one or two years of cash flow and whether it is a multi-family value-add or a new development. People want to know, "When is that first paycheck coming? When am I expected to write the check? Am I liable for any future capital calls?"

[00:12:17] WS: What's been the hardest of the syndication journey for you, Jason?

[00:12:21] JW: I think it's the building trust credibility, being seen as someone that investors can turn to for knowledge. I think that's the biggest hurdle that everybody has to get is presenting yourself and the knowledge and your experience appropriately.

[00:12:38] WS: Is there a way that's helped you? Something you've done that's helped you to overcome that?

[00:12:42] JW: Yeah. I follow a lot of podcasts like yours, Whitney, and some of the others out there. I really like what you're doing, and it helps me believe and know and trust in your knowledge. That's the approach I've taken. I've started a blog. I started doing a YouTube channel, social media. Just letting people know that I'm in this space has been huge.

Now, when I'm out and about and I see people or go to family gatherings, they ask me about these things. I have an opportunity to unravel that knowledge in more detail. It's really about presenting yourself. I'm a pretty shy guy and pretty humble [inaudible 00:13:24], so it's been a big leap for me to get over it.

What you find is people love that knowledge, and they're looking for this knowledge, and you have something valuable to share. That's what I would encourage people. Let people know what you know.

[00:13:41] WS: How are you preparing or prepared for this potential downturn that everyone's talking about?

[00:13:46] JW: I am right now being conservative. I've been in the business for the last five years, and this impending downturn has been coming every year over the last five years. But I'm very, very cognizant both 2008, 2009, because that was when I entered the job market and I know [inaudible 00:14:06] and I think there's a lot of young people out there that never – Weren't in the workforce and didn't see that. They don't quite know how quickly things can change and how [inaudible 00:14:17].

I'm just being conservative, working with people who are underwriting conservatively. Deal flow has slowed down through syndications, because I think there's less opportunity out there now.

But I think that's going to turn, because people – Owners are going to have to make decisions if they're going to make that big capital expense or they aren't. This asset is going to create opportunities. The opportunity will be there, but I'm just sticking to the [inaudible 00:14:46].

[00:14:48] WS: What's a way you've recently improved your business that we could apply to ours?

[00:14:51] JW: Great question. Let's see. I recently put a lot more effort into our website and just working with other people to outsource some of our marketing activities [inaudible 00:15:06].

[00:15:07] WS: You're outsourcing a lot of your marketing stuff. It's still hard for me to hear you a little bit.

[00:15:11] JW: Yeah. We're working on outsourcing marketing activities. A lot of that came from me tracking my time [inaudible 00:15:18] looking back at that and saying, "How much time am I spending on these lower valued items?" That's where it kind of stems from.

[00:15:28] WS: Is there a good way you track your time?

[00:15:29] JW: Yeah. I found an app called Toggl. [inaudible 00:15:32] extension on your browser, and quickly it will [inaudible 00:15:43] whatever you're doing.

[00:15:45] WS: Okay. What would you say is the number one thing that's contributed to your success?

[00:15:49] JW: Persistence. Everybody is going to encounter a lot of downturns. A lot of things are going to not go your way, but I always think that the analogy where the guy – I think this is based on a true-life story. A family was digging a gold vein. They ran out and they tried for a little bit to pick it up again and they gave up. They sold the land. [inaudible 00:16:18] dollar. The company came in and they found the gold vein within feet of where the original owner had stopped.

That's just that last five feet that we need to go, and I think just take another foot. Go another foot. Every time I want to quit, I try something new. Persistence and sticking with it, dogged determination.

[00:16:40] WS: How do you like to give back?

[00:16:42] JW: I've recently over the last years gotten involved with organizations that are fast tracking new treatments for anxiety, depression, PTSD, and addictions. I'm a big proponent of the Multidisciplinary Association for Psychedelic Studies, which is fast tracking and testing new treatments, which have been showing just incredible results.

What I'm doing now, tomorrow I'll be going out to the state conference for suicide prevention. It's just become such an epidemic; the opioid crisis, the PTSD in our veterans. It's all coming to a head, and I feel like it's a lot more resources out there that people are aware of right now. It's supporting this organization [inaudible 00:17:27].

[00:17:29] WS: Wow! Well, thank you for giving back in that way, Jason. I appreciate you giving today in your time to us. Tell the listeners how they can get in touch with you and learn more about you.

[00:17:38] JW: Thank you, Whitney, for having me again and for everything you're doing with adoption. Super important. People can find me on my website, jwequitypartners.com.

[00:17:47] WS: Awesome, Jason. That's a wrap. Thank you very much.

[END OF INTERVIEW]

[00:17:50] 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. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to

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[OUTRO]

[00:18:31] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge 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. Life Bridge 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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