

EPISODE 511

[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 Nathan Adams; Thanks for being on the show, Nathan.

[0:00:32.8] NA: You bet, Whitney. Thank you for having me.

[0:00:35.4] WS: Yeah, pleasure to have you on the show. Nathan is the president of Chassy Media, full-service production and distribution company and has more than 20 years of experience in the entertainment industry as a writer, producer and director.

He's a real estate investor. He owns several buildings outside of California and invests in Los Angeles with the local syndicator there. Nathan, thank you again for your time today and tell the listeners a little more about who you are and maybe what you do and let's dive in.

[0:01:00.8] NA: Sure. Well, like you said, we have a production company and a distribution company. So, we make films, documentaries. We do branded content. We also have a distribution company that represents films, meaning we sell them the distributors and go to markets around the world. And we have our own channel on Pluto TV, a lot of the stuff that we do is automotive related, car related.

Like we have three different docs on Netflix right now, all of them have something to do with cars. One's about Carroll Shelby. One is about the Ford Versus Ferrari story called *The 24 Hour War*. One is called *Uppity* which is the poster behind me. About the first black driver to raise in Indie 500.

And you know, I got into real estate investing because there's no 401(k) in my business. You kind of have to create your own. You know, for me, my job, it pays well but it doesn't really – you know, there's not a lot of time. For me – So, the syndication made sense. I do have two buildings in Montana where I grew up. Got two commercial buildings there that I have a friend who manages them for me and I kind of do a little more hands on stuff with that.

But the syndication, I did want to invest in Los Angeles and it's a very complicated market because it's very difficult to find things at cash flow here. So, I had a friend who is an executive producer of *Family Guy* and he'd been investing here since like 2002. He's kind of got a really incredible formula for what he does. And you know, I used to have a really long commute to and from work, 45 minutes each way so I would listen to a real estate podcast on the way to work and on the way home, if I didn't have calls. That's how I educated myself.

[0:02:48.1] WS: That was going to be one of my questions as far as how you educate yourself and made yourself comfortable to jump into real estate. But first, why real estate? There's other things you could have invested in or maybe built your own 401(k) but why real estate?

[0:03:01.1] NA: You know, I've always been a person who you know –especially based on especially based on the field I chose to work in of controlling my own destiny. You know, the field that I work in is extremely competitive, we'll say that.

I just – I've never liked the stock market. I've never had good luck with it and never really trusted it. You know, real estate has always been something that is tangible. And you know, the more that I learned about it, the more that I liked it. You know, I've read a lot and tried to learn about stock market, the more I learned about it, I kind of realized like, you know, if you're not the guy on the inside that knows all the information then you're just sort of throwing darts at a board.

[0:03:51.2] WS: So, learning about real estate though is something that it seems like this light finally goes off for most people. It's like, "Oh, wow, you know, there's so many people that's created wealth in this business." Was there a specific book or something that kind of opened your eyes to it and kind of laid it out your plan for moving forward and investing in real estate?

[0:04:08.4] NA: I started listening to – I just knew I had to do something because you know, like I said, my time is very limited. I have two small kids. I run two companies. I run a production company and a distribution company and I also produce and direct a lot of the films we make. I don't have a ton of time.

You know, I realized that I needed to find something and I wanted to find something I was passionate about and I always liked real estate. I started listening to this podcast, BiggerPockets. And then I got into realizing that, "Oh I need just focus on commercial real estate and multifamily."

And that's really all that I'm interested in. I'm not interested in single-family homes or land or any of that, just want to learn about multifamily. I turned my focus towards podcasts and conversations and things that I could listen and learn about that.

[0:05:01.8] WS: Okay. Syndication and multifamily, it obviously is where we're focused on and on the show as well. You know, moving into that direction as an investor, how did you pick an operator that you knew you wanted to partner with?

[0:05:17.0] NA: You know, Mark – We invested in 25 units in Koreatown in Los Angeles. And you know, I knew Mark's track record and I really –the way that he picks properties made a lot of sense to me. He does a lot of research about areas and you know, growth areas and areas that are big on urban development here.

Because Los Angeles is one of those places where you know, one block you can have a four-million-dollar house and two blocks away, it's almost gang land, you know? It's very interesting in that way especially going through Hollywood and when you start to move east, you get to areas that are extremely wealthy like Hancock Park and then in two blocks area, in east LA and it's kind of dangerous, you know? And then you're in Koreatown and it's not.

You know, it's very sort of street by street here so if you're real good at doing your research and looking at the square foot price of properties and what you're buying. So, I just believed in what Mark had done. And you know, our syndication is going very well, I'm very happy with everything that's happened so far and I really like Mark as a person.

I think you also invest in the person. You know, you invest in what that person has done and has continued to do. And you know, I liked that Mark had been through the 2008 crash and knew all about that and you know, didn't lose money.

He said, he bought some buildings like right before it crashed with the guys who worked on *Family Guy* and he was like, "You know, I don't want to go back to where I have to lose these guys money," but he didn't.

[0:07:05.7] WS: You know, that investor and operator relationship like you have with this operator, how did you all build that relationship? I just wondered if you kind of paint this a little picture because people that are listening that are trying to become a great operator, or the passive investors as well, you know, they're thinking, "Okay, how do I express that to an investor to show that I'm that person that they need to invest with," just like this operator did with you?

[0:07:29.6] NA: Yeah, I mean, the good thing about me was you know, I analyze a ton of properties. I was good with the math. I knew – I know all that stuff and I do it myself so I wasn't just a person who was going to put money in who really didn't know that much about real estate.

You know, for me, I was comfortable because Mark had so much success here. He had a very proven track record investing in Los Angeles which, like I said, is not easy. I know a lot of people who tried and you know, if you don't do it right because there's so much rent control here and it's difficulty with permits and you know, kind of difficult place to invest. I don't really want to invest here. I find it much easier in Montana where I invest.

But you know, you don't have appreciation like you have here. It's extraordinary here how – the laws of buying people out of their units and how that works and the math that goes into factoring, whether it's worth paying them the money to buy them out because it's significant.

Also, I think when you look for an operator, you have to find someone you're comfortable with. The thing I like too is Mark is in my business. Mark, he has a full-time job like I do, but he is also a syndicator. And you know, the other thing that I looked for is Mark puts a tremendous amount of his own money in the deal. So, Mark has a lot of skin in the game, you know?

So, there is not – Mark's not just chasing me down to get my money and invested, he is putting his own money much more than I did in the deal, you know? So, to me that tells me that he 100% believes in this deal.

[0:09:22.3] WS: For sure. Shows a great alignment of interest no doubt.

And so, you know Nathan, you know just going through this the real estate business getting into the real estate finding an operator, investing in a syndication, what's been the hardest part of this syndication process or journey for you?

[0:09:37.0] NA: As a passive investor it's fantastic because I really don't have to do a lot. You know I talked to Mark – The other reason I get it is I wanted to learn more about it. You know I wanted to learn the process and you know the loan approval and what you have to go through and you know just to get some more education, that is part of why I invested. That has been great for me to learn.

But there is also a lot of work in busy work that I know Mark has to do that is great that I am not doing it. Like, I am refinancing one of my own properties right now and we just had our syndication refinanced also and I got a chunk of my money back you know from the refi. And you know that was great that was, "Wow," you know? Because it was literally 12 months after I invested and we had already refied and it was significantly – you know we were fortunate and you know multiple people have moved out rather than being bought out and you know, we just had a lot of fortunate things happen with the properties.

But you know I mean I know all the headaches I am going through refinancing in my own property and burying it. And it is the same thing like these buildings, there's remodeling going on and there is a lot of work going on. And you know talking to contractors and dealing with stuff and

you know that's time consuming and that frankly as an investor, like I am happy that I am giving my money to someone that I trust that I know I am going to get a good return on it and I don't have to –

I mean there is a part of me that depending on how this goes, you know, later I could become a person who did a lot more passive investing in good syndicators just because I don't have that much time. And you know once I do the math in my own investments where if I am making let's say 24% on the deals that I am doing then I am making 18% on just being a passive investor in a syndication, then that 6%, the amount of time that I put in to get that is not worth it.

[0:11:36.5] WS: Right. Nathan is there – I know you said you are operating two businesses right now and is there a way that you have recently improved your business or your operations that we could also apply to ours?

[0:11:47.1] NA: You know I am really trying to – I think the word that I use is systematize and I am really to you know I create a lot of systems in what I do especially in the distribution business because it is a lot of repeating the same functionality to distribute content and deliver content and have content delivered to us for our own channel. So, I am really trying to do that.

And then you know we are growing also and you know I am just being more careful about who I hire and who I work with. I think you know there is a time I didn't realize how important that was you know. And that kind of everyone that you had in your office – Because we are kind of a lean and mean operation. And that everyone that works with and for you is on the same page and kind of working in the same unit.

[0:12:40.3] WS: Is there a way that you have improved your hiring process maybe one thing that you've changed recently that helps you to hire that person that's going to be a part of that unit?

[0:12:49.8] NA: I think I've just learned to ask better question when I am interviewing people and learning about their organizational skills and asking their previous employers about them. And kind of really – For me – Because I am more of a creative person than I am organized. So

organized people help me a lot and I have realized that. It is also a part of realizing a little bit what are you good at and what do you need help with, you know?

In the beginning I used to be like, "I don't need help with anything." That is absolutely not true. You know there is a lot of places that I had to realize like, "Hey, you are not very good at this." Why don't you have somebody that is good at that do that? And then do what you're good at? And getting into that head space a little better and that has really helped me also.

[0:13:39.6] WS: What's the number one thing that's contributed to your success?

[0:13:43.6] NA: Work ethic. I grew up working on a farm and I wrestled for 20 something years all through college and I think the work ethic that I learned as a wrestler and the ability to kind of stick to what I got to do and no matter what. And if I get knocked down, I just get up again and keep going and that is how I do it. And that's been a big – because my business is it's not a business that works like any other business. You know when people tell me or when you talk to people about Hollywood or show business or how this business works, it is a very unique business and I see thousands and thousands of people that come here and fail. And it is just a tough business.

[0:14:25.6] WS: It doesn't matter how much skill you have if you give up.

[0:14:28.9] NA: No and you know the other thing is I see tons of very, very skilled, very creative people, who like you said, some people are going to pick themselves up so many times and some people once they receive a slight bit of rejection, they can't take it, you know? And if you want to be in a creative field, then you've got to toughen up. You can't – I think in any field but you know you have to have a thick skin in this business – because I used to be a writer. And I fixed other people's scripts.

And when you give someone your material, ten people are going to like it. You know two people are going to really love it and three people are going to hate it and think it's terrible. So, you have to understand that what you do and what you have is not everyone's cup of tea and just vice-versa you know?

[0:15:22.0] WS: And how do you like to give back?

[0:15:24.5] NA: You know I do a lot with some organizations called Beat the Streets. For me I try to give back a lot in the sport of wrestling because it gave so much to me. That's how I got out of the small town I grew up in, I got a scholarship and probably wouldn't have got out there without it.

And so, there is an organization here called Beat the Streets, which gives the inner-city kids by giving them a place to go, no gangs, you know they get to wrestle. It is boys and girls and girls wrestling is one of the fastest growing sports in America. So, it's been really cool working with them and I help them make videos for them. You know I don't charge for that I just do it because I love it and I love what they are doing. And I try to help with USA wrestling and those organizations so that is where I try to give back.

[0:16:13.0] WS: Awesome, Nathan, well I appreciate your time today. I appreciate you sharing just a little bit from your industry and becoming a passive investor and why real estate, why syndication, why the operator that you chose and then just how you're moving forward in that as well in the way you give back. But tell the listeners how they can get in touch with you?

[0:16:30.0] NA: Sure. I am on Twitter and Instagram @nateadams26. If you want to contact me, you can hit me up at nate@chassymedia.com. I think that's it.

[0:16:41.0] WS: Awesome that's a wrap, Nate. Thank you very much.

[0:16:43.8] NA: Sure. Thank you, Whitney.

[END OF INTERVIEW]

[0:16:45.4] 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]

[0:17:25.8] 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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