

**EPISODE 520**

**[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 Kyle Marcotte. Thanks for being on the show, Kyle.

**[0:00:33.2] KM:** Thank you for having me, man. I'm excited.

**[0:00:34.5] WS:** I'm excited, just by reading your bio and I can't believe you and I haven't met before. But a little about Kyle: He's a 21-year-old multi-family syndicator. While still a student athlete at UC Davis, he was able to syndicate two multi-family apartment buildings. These two deals totaled 119 units and are valued at over five and a half million dollars.

First off, I want to say congratulations to you, Kyle. I know that didn't happen by you just sitting around and thinking about it. You know, I just want to say congratulations and I think that myself included and the listener base, I know are envious of getting started at that age and just want to say congratulations.

But we want to hear how you did it and why don't you know, you got to teach us about how you did that and help the listeners as well to get to that point.

Back up and give us a little more about your background and I want to just jump in to your super power.

**[0:01:29.0] KM:** Yeah. I was a student at UC Davis, I was actually playing division one soccer there as a student athlete and was doing the pre-med route and just wasn't really that excited with school. I've always kind of not been the biggest school guy I guess, I've always kind of want to do my own thing and had my own vision. For a while, I didn't think that that was okay so I just kept putting my head down and doing school. And then I read a book called *Rich Dad Poor Dad* and it kind of – I mean, I know that's so cliché but it really is a book that changed my life.

It put words to those feelings I had in my heart that were just saying, "There's other ways to go about making money. You don't have to trade your time for it." That's kind of my passion is getting people to realize that you don't have to trade your time for money.

You know, I was trading my time to my soccer coaches and my teammates and my school teachers and my class work. I didn't really feel fulfilled by any of it so I wanted to find a way to feel fulfilled and to be – to enjoy life independent of my get money independent of my time and enjoy life and spend time with my family and that's what I've been able to do. Midway through, my sophomore year, I actually pursued multifamily full-time, I dropped out of school, I had no deals at the time and just took the huge risk.

Nobody believed me at all, it was six months of just no money and no prospects and your family doubting you, your friends doubting you, all your classmates doubting you and you kind of doubting you which is the hardest part, you know?

I made it through the six months and got 107 unit under contract with a partner with Jake & Gino Group and you know, was just really a lot of hard work and I was working you know, 16 to 20 hours a day just because I couldn't spend any time alone with myself because I would doubt myself so I just had to keep working the whole time.

I just worked day and night and slept when I passed out because I didn't really want to have any quiet time with myself to realize that the risk that I had taken, to be completely honest.

**[0:03:02.7] WS:** I love that. I love what you just said because I can relate to that. It's like, you just got to keep busy because you don't want to spend time with yourself. Because you'll start to talk too much negative stuff to yourself, right?

**[0:03:11.9] KM:** Yeah, exactly. That voice is crazy. I don't know how to get it to stop but it's hard, man. It's hard.

**[0:03:16.4] WS:** I wanted to back up a little bit, I mean, obviously, you just took such a leap of faith there. It's incredible, I know if I had been the parent, I would have been I'm sure, just where your parents were or whoever and like, "Wait a minute, Kyle. Let's sit down a minute, you know? Let's talk about this, right? Think about our options here because it's just not the safe route, right?"

It's not what we all see, that's not what I was taught that's being safe. You know, growing up. You got to think about that retirement and the income and those benefits, all those things, you know, we all have heard that talk. But I want to hear about your story there because that had to be so difficult, you know? Including parents or family, all these people like you're saying, including yourself not maybe believing in you but how did you get through that?

**[0:03:59.4] KM:** I got through it, just honestly, by I guess sheer determination and just almost like a rebelliousness of "Hey"—I mean, honestly, if people would have believed in me, I'm not sure if I would have actually achieved that. I think it's because of the fact that people kept telling me no and that I was crazy and that I had to do the safe route as you said and I just knew that in my heart that it wasn't the safe route.

Having a job isn't necessarily safe. 2008 prove that quite a bit and several other recessions have as well. The only way to really be safe or secure in the sense to be massively successful in your own individual business that you have some control over. And even being successful in a business, almost doesn't make you that secure. You have to be kind of massively successful as I've been learning.

Recently, you got to have to own your space in the market. So, I realized that you know, it's going to take a quite a bit if I actually do value security and safety, I have to take some serious risk to get to that level because otherwise you kind of get caught in the in between of pseudo-safety, Where you feel safe in times that are good but then when times are bad, you're actually forced into this massive action.

And I figured, “Well, if you’re going to be forced into this massive action at some point anyways, I might as well just start now and always be in massive action so that can at least have this happen on my terms. ”Because a lot of times you know, you kind of play it safe and take the easy route and you do whatever people tell you to do and then all of a sudden, maybe 2008 happens again, you lose your job and now you’re thrust into massive action.

I figured, “Man, I’d rather not be thrust into it. I want to put myself into it.”

**[0:05:14.7] WS:** You and I have so much more in common than we’ll probably even know but it’s interesting. It’s amazing story, I’m just so thankful that you shared that with the listeners and myself.

But tell me the first – how did you have the confidence to take that leap? It’s such a big leap, you’re sophomore, you’re already spent quite a bit of time at the university, obviously lots of time invested by that point. Obviously, your family and everybody thinking you’re going that route and all of a sudden, this big change. What gave you the confidence to jump into real estate though right then?

**[0:05:41.8] KM:** Just because I knew real estate works, right? I figured, it’s just time and task. Because if it was like – if I was starting a tech startup that had never been made before, maybe I would be a little bit more hesitant but I know that real estate works, it’s literally a game of numbers. If I put this much effort into it, I will get this much output.

I just figured, I can make myself work ridiculously hard. I always have been – You know, my dad kind of taught me – A little back story of my dad, he actually cleaned pools for the majority of my childhood. He was just – he lost his job in 2008 and ended up driving down Houston which is four hours from Austin and just cleaning pools and sleeping in his car during the week and then coming home on the weekend.

I saw that growing up and I was like, “Man, you can work hard and make things happen regardless of how bad stuff is.” I figured, same thing, same mentality. I know that real estate works. If I put this much time into it, it doesn’t matter who I am or how much experience or how

much age I have, I will figure this out. It's just a matter of putting the effort in. I felt secure in real estate in that sense.

Yeah, I mean, if you're thinking of starting some tech startup like VR that's something that's never been done before, maybe it's a little different story as far as confidence. But for real estate, you know, it's been around for so long, it's one of the oldest businesses so I figured, I can make this work, people can make this work.

**[0:06:44.2] WS:** Land has been here since before people.

**[0:06:47.4] KM:** Yeah, exactly.

**[0:06:49.9] WS:** That's awesome Kyle. What an amazing story. How did you educate yourself right then though? Let's talk about getting into that 107-unit deal?

**[0:06:56.1] KM:** Yeah, I actually educated myself through a lot of self-reading and podcasts and things like that. And then once I got to a certain point, where I realized, "Okay, I know the basics, I know the lingo, I can talk the talk, I need to get involved with other people in this industry and start building somewhat of a network."

And at that point, I joined the Jake and Gino Wheel Barrow Profits Education Group, which has been hugely valuable. All the deals that I've done has been with partners in that group. I'm still partnered with a guy named Nick [inaudible 0:07:18], who is also in the group. It's been a life changing experience and I highly recommend people reaching out to some sort of a networking group.

Personally, I had great success with that one but I know that there's a lot of good ones out there. And it's really just important to get around like minded individuals because that's how you get stuff done. You really can't do a deal on your own, I found that out. I mean, especially not a 21, but it's hard to do a deal alone in commercial real estate.

**[0:07:40.4] WS:** Yeah, great guys. I know Jake and Gino both personally. Just great guys. Can't just say enough about them. You know, something you were talking about before we started

recording and I love the way you said this. You said, having the courage of telling your authentic story.

And I want to just highlight that because it's difficult. I know when you're young, it's difficult, you're 21, even when you're 35, it's difficult to get people to believe in you sometimes when you're just getting started in a business like this. Won't hand you \$50,000 and I don't blame them a bit, you know?

But, it's difficult, right? I would love to hear more behind that. Just you taken – having that courage to share your story and talk about that a little bit.

**[0:08:19.5] KM:** Yeah, the whole courage to share your story thing for me really came big on the raising capital, that's been my value-add part of the business so far has been able to raise capital for deals and that's how I've gotten, you know, involved in them. And the thing about telling your authentic story that's so valuable to me is like, everyone and their mother knows I'm 21 when they look at me, you know? There's no getting around that. You can't fake that.

And so, I have to own it. I have to be authentic with that and say, "Hey man, I am 21. And 10 years ago, I was 11." It's like, you have to understand that people know that and that you lack perspective and that's something that's true. And owning that and saying, "Yes, I lack perspective. Yes, I'm young and green. Yes, but I'll work way harder than anyone else and I'll be up till 4AM getting your money in a place that where it's safe," you know what I mean?

I will take care of your investment money or I'll die. I'll take that attitude and that's kind of the authentic story you have to tell. Because if I sat there and said, "I'm super well-versed and I will put all your money in this great investment and I know exactly what I'm doing. I have so much experience." No one's going to believe that, you know? You look at my face and you know that that's not literally possible.

I just owned it and I think people really respected that and that caused them to take the leap of faith that was required for me to actually be successful.

**[0:09:24.6] WS:** Wow. You know, give us a little more details about, is there an example of it or a conversation with investor, an investor that you can share or just about that specific thing because I know a lot of listers are having that same push back and they're probably even older than you that are getting that push back and maybe you can help them with that conversation a little bit?

**[0:09:42.7] KM:** Yeah, actually, I can think back to a specific conversation when I was raising money for this 107 unit. It was from a guy named Lalo, who I met at a local meetup in Sacramento and he was a CPA by trade and then he was a VP at a sales company. And we were talking, very experienced guy from Argentina and probably in his 50s and he's asking me all these questions about real estate and I am well versed so I understood how to answer the questions. But at the end of the day he goes, "Have you done this before?"

My answer was, "No, I haven't done this before." And he goes, "Okay, well then why should I trust you with my money?" I looked at him in the face and I said, "I can't tell you to trust me with your money but I will tell you that I will work harder than anyone else that you would ever give your money to."

I looked him in the eyes and I said that with real authentic passion and honestly because I will do that, I know in my heart that I will work harder than anyone else. And that's just the truth, you know, you have to feel that too. You can't just say it with like a sales-y grin, you have to mean it when say it and I really do mean that. I think that that was what got me over the line in that conversation.

**[0:10:35.0] WS:** I love your drive and just your confidence in yourself, you know, just that you can do this and you mentioned that you are in a meetup in Sacramento. But you live in Austin, is that right?

**[0:10:44.8] KM:** Yeah, I was in school, I went to school in the Sacramento area, in Davis. Was still prior to dropping out was still doing some work on the back end then you know, ended up dropping out and then six months later, got my first deal.

**[0:10:55.3] WS:** Nice, tell me about growing your network then through that process?

**[0:10:58.8] KM:** Yeah. I actually have like a little step by step thing to become an authority at a local meetup, I released it on my website. But basically, what I did was the first meetup I come to, I bring a guest and I tell the meetup guy, the first one I don't bring a guest, I just go by myself and I tell them how I found his meetup. I tell him about his marketing strategy. And I get them some useful feedback on his marketing.

And then the second time I'll bring a friend and I'll say, "Hey, I've got a lot of value for my meetup, here's a friend of mine to come check your thing out." Now you've added value again and you're said, number one you'll like his meetup and you like it enough to bring people along and you're talking about it positively in public so that's some serious value.

And then the third time, you come back and you say, "Hey, is there anything I can do at your meetup, is there any help I can give you? Is that nametags, social media? Is that scheduling a speaker, is that et cetera? Checking people in." And I did that for like six weeks of just six meetup events if it's not weekly but it was weekly for this situation. But six weeks, I was just writing people's names on nametags, giving it to them, signing them in and then that's huge value.

And then eventually you'll notice because you're the one scheduling speakers that there's a gap in the speaker schedule and he just looked at and you go "Hey, I noticed that in two weeks you don't have a speaker. Is there any way I could speak for 15 minutes about multifamily here?"

And then the guy's like, "Uh sure," and then you're there and you are now an authority, you know what I mean? Because at 21 I don't look like an authority but as soon as I have a mike and I am on stage, people start taking me a lot more seriously and I think that it is a really easy step by step thing.

It makes total sense. You can just add value slowly overtime and you know about two to three months later you ask them. It is a big ask them, "Can I just speak for 10 minutes?" And boom, you are already an authority and hopefully you knock it out the park and they invite you back.

**[0:12:27.7] WS:** Awesome. I love that how you laid that out and you started by adding value and you built a relationship, ultimately. They're probably going to let you on stage for 10 minutes to share about what you are doing in real estate

But tell me how that progressed? Okay, so you did that and tell me how that progressed in your business and how that benefited your business?

**[0:12:44.6] KM:** Yes, so as soon as I started becoming a speaker, I had a little 10-minute segment after that because I did well the first time and then they called it "You can do it with Kyle Marcotte." I had like a 10-minute segment that was basically a motivational pump up. Neal Bawa ended up sponsoring that meet-up and taking it over. It was the round table and then it became one of his Neal Bawa meet-ups so that also added a lot more credibility.

And he spoke at a couple of them and I learned a lot about how to evaluate markets and things like that and I just started having people reach out to me, come bring their business cards and lining up after the meet-up to talk to me.

Usually I was ignored as the cute kid but after these weeks I was now the center of the meet-up and everyone wanted to give their business card and that just made me have so many meet-ups outside of the meet-up with coffee and lunch and asking people questions. And seeing if they wanted to invest and I ended up just building a pretty big investor list after that. And when I went to these Jake and Gino meet-ups and the national ones I would say, "Hey, I actually had a pretty big investor list and I am out in Sacramento giving these little talks. You know maybe I can raise some money from one of your deals? So, if you get one keep me in mind."

And then I got sent this deal, 107-units, and I actually was able to raise over half a million dollars for it. So just from these connections at the meet-up. So, I really do think that that really simple step by step meet-up strategy can change your business. You just got to become an authority in your local meet-up.

**[0:13:53.3] WS:** Congratulations, again, over 500K for your first raise that's really good. You know getting started raising capital on this business people think they can raise a lot more than

they actually can. A lot of times it is about half of what they think they can raise if they have never raised before, congratulations. That is a big accomplishment.

So, I guess build us through that process a little bit. I wanted to back up though too and say, how did you stay motivated?

You know all of these people that have said, “Kyle this is crazy, you can’t do it. It is just not possible. What are you thinking?” You know all of these naysayers, right? I had to go through the same thing but I wonder about you like how have you stayed motivated even now, you don’t know when the next deal is going to be.

But you know you quit that path that trajectory that you were going to take air bails thought you should probably take and now you are doing this so how did you stay motivated?

**[0:14:35.5] KM:** Honestly, I would say faith. I think that my faith has been really strong and that is just understanding that I’ve been put here with a certain set of skills and if I don’t use those skills then I am not necessarily taking full advantage of the life that I have been given and it is a short amount of time that we’re here and you know it could be even shorter than you think it is.

So, it’s like if you are not utilizing the things that you’ve been put here with and you know, why even be here? And I know it’s been an extreme mentality but it’s like that’s how I feel you know? If I have been given this certain amount of motivation – I’ve always been a type A hard worker. I mean I play division one soccer. I train really hard for that and I have always been driven. So, I figured you know that’s been given to me. That is not my doing, right? I came in this planet with that amount of drive, my dad gave it to me and I just have to use it, you know?

It’s just like someone gives you a deck of cards and I mean it gives you a hand in poker, you have to play that hand you know? You don’t have any hand so I just doubled down on myself and kept going.

**[0:15:24.9] WS:** So, what’s been the hardest part of this syndication journey for you Kyle?

**[0:15:28.7] KM:** The hardest part of the syndication journey probably been just all of everything coming together in one little timeframe and having all of these pop ups that you are not really expecting.

Like for example on the 107-unit, we had someone tried to 1031 into our syndication, which you can do but you just need some heads up because it takes – yeah you just need some heads up right? Because you have to get a Tenant In Common agreement with that person. Because they have to be on the title of both things that they are moving money into the thing they are selling and the thing they are coming into, right?

So, they have to be a tenant in common and they weren't but they didn't tell us in two weeks to closing. So, we had to scramble and then you have to let everyone else know who is passively investing that you are going to do a TIC. So, you just have to get the heads up and we didn't have it but that is honestly on our fault.

You know that is another thing you got to take responsibility. We should have been asking those questions. So now they are in our soft commitment form. It is now it has to ask where is your funds coming from, is it in IRA? Because we have custodians ready. Is it a TIC because we got to get that filed. I didn't know that on the first one so we ended up really cutting it close to closing and getting that. So, it is just one of the hardest things is just juggling at the timeframe.

**[0:16:27.3] WS:** Wow, yes and a little bit of tenant in common is there is other things that they have, you are giving them a lot of rights I would just say that by doing a tenant in common and then partnering that way that you need to ask your attorney about because it is not always the best fit. You want to be very careful about who that person is but tell me, how are you prepared for this potential downturn that everyone is talking about?

**[0:16:46.9] KM:** How am I prepared? I think that I actually have a pretty decent article on timing the market and on LinkedIn. And I just talk about how you should always be buying with enough room and with the strict criteria that you have because you are not getting over your head regardless. And that comes down to debt covered ratio and things like that and having enough space and running the worst-case scenarios not just going off of current status or things getting slightly better or things getting slightly worst.

You have to run absolutely the worst case scenario and then absolutely the best case and then we run all the ones in between and see where you fall and if you feel that there is a likelihood that it is going to be negative like for example what's happening right now, let's say there is a 30% drop on income on all of your properties, are you still going to be able to make that happen? And if you are not then I'd say you are rolling the dice there and taking the chance on something you can't control, so why would you do that?

But it does mean that you maybe close less deals but I would say it is probably better not to do a deal than to do a bad deal, I honestly believe that. So, I'd rather take my time and find ones that have enough room to withstand worst case scenario.

**[0:17:42.8] WS:** Great answer. And what is a way Kyle that you've recently improved your business that we could apply to ours?

**[0:17:48.3] KM:** Yeah, so the thing that I have been recently doing that's actually got me on this podcast was I just been posting way more than anyone else would even think possible on social media. So, I post almost every day. I do post every hour and sometimes twice an hour on social media all day long. I mean I do it myself. I need to probably hire someone to do that. But right now, I am doing it myself because I want to keep the content high right now and the volume.

So that I have quality and quantity and people start to know who I am. But it's gotten me on a lot of podcast you know this one included and I think that that is something you got to do. It is just whatever you think you're doing on social media you have to do it – I mean as Grant Cardone says you have to 10X that. You have to do way more than what is even reasonable because people aren't going to notice you if you're only posting once a day.

You have to realize – Number one it is super competitive on social media and number two, you have the audacity to say that you want people to hear what you have to say, right? Like you want an audience and for you to really step back and think about what that means, you have to be having like a ridiculous amount of value for people to be like, "Oh Kyle said something today, I'm going to read it. I want to take time out of my life to read what Kyle has to say."

Like for you to have the audacity to ask that, you need to put out some serious content and some serious hard work in order to deserve that almost. So those are kind of the two big reasons. But yeah, I just have been posting like probably 10X more than I used to be on social media.

**[0:18:57.9] WS:** So, what are you posting? Is there a specific platform, is there a specific thing you're posting every hour? I am sure the listeners want to know.

**[0:19:04.4] KM:** Yeah, so I post on LinkedIn, Facebook and Instagram. I post on I have some daily segments to keep just some quality going. So, I have a daily definition and today was like the absorption rate and then I'll have the definition of what that is. And I'll have a daily quote at the end of the day. So, start the day with the daily definition and then at the end of day we'll have a daily quote that's motivational.

And then in between I'll have a podcast audiogram, which is the pictures with the little audio file going across them as you know it is a video. I'll put that on across all social media from the podcast that I filmed in the morning. And then I'll have some questions to elicit some responses from people on social media because you kind of have to ask questions on social media in order to engage commenters so that your post can get more reach.

So, a lot like today, my question was, "What deal analyzer do you use if you are in multi-family? I currently use the Jake and Gino model, does anyone use anything else?"

And then I had some questions, some people said they use Michael Blank and so you start getting some engagement that was the one I posted in the afternoon and then I actually have a whiteboard right here and then yeah, so I just keep asking questions and I keep updating people like I took a picture of us on this podcast and I will be posting. So, it's just documenting my life and then asking questions in the middle of the day and then sandwiching out with some segments and then my podcast from a daily post. So that is what I do every day.

**[0:20:11.3] WS:** Love it. You are good at hustling and I love hearing these stories, your story is so inspirational I know to me and I know to the listeners as well because that is the same thing I had to do is just hustle, do something more than what everybody else is doing, right? So, you're

doing it and it is incredible to hear and I love seeing it. So, tell me the one thing that's contributed to your success?

**[0:20:29.5] KM:** Honestly, I think it's just hard work as you said, I mean I do know how to hustle. I don't necessarily have never really been the smartest person in the world. I did not have the greatest GPA in school. I wasn't a stellar student. But I always outworked a lot of people and kind of try to make up that difference and the same with soccer. I was never the biggest and strongest or the fastest but I always worked really hard to get back on defense.

I always work really hard to be there in front of the goal at the key moment and I think that that's just kind of something that my dad taught me growing up, you know I am really blessed to have such a good father who really showed me what work ethic is at a young age. And yeah, it's just been in me for a while but that is definitely probably the thing that's put me across the line.

**[0:21:05.1] WS:** How do you like to give back?

**[0:21:06.8] KM:** I like to give back usually though I mean I go to church pretty often. I go to the Austin Ridge Church here in Austin in the Bee Cave Campus. If anyone is out here in Austin, it is a great church but I try to give back just through either donating some of my time or even donating some of my own money to that. And I really do believe in that cause so that is something that I give back to.

**[0:21:23.9] WS:** Awesome. Well Kyle you have such an inspirational story. I am grateful to know you and to hear it and I know the listeners are thinking, "Man I got to get back to work, you know?" So, I heard naysayer after naysayer just like you and just have to keep grinding and keep pushing and keep pushing, keep pushing until you finally make it and the people that are saying it's too difficult are the ones that are never going to make it.

So, we are always going to say it is too difficult. They are going to find a way to say to not do it right? So, thank you so much for sharing your story. Tell the listeners how they can get in touch with you and learn more about you.

**[0:21:54.8] KM:** Yeah, so thank you for having me on and you can get in touch with me on [kylemarcotte.com](http://kylemarcotte.com) that's probably the best place. It has all kinds of good resources and blogs and things like that. And then I am also really active on social media @kylemarcotte9 on Instagram and then Kyle Marcotte on Facebook and LinkedIn.

[END OF INTERVIEW]

**[0:22:09.6] 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]

**[0:22:49.4] 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](http://www.LifeBridgeCapital.com) for free material and videos to further your success.

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