

**EPISODE 551**

[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 Alpesh Pamar. Thanks for being on the show, Alpesh.

**[0:00:33.3] AP:** Absolutely, Whitney. Thank you for having me.

**[0:00:35.9] WS:** Yeah, my pleasure. A little about Alpesh: He owns over 100 residential rental units and markets like Dallas, Atlanta and Birmingham. Also, invest internationally in markets like Belize, Panama on India, he hosts the famous investing podcast, Wealth Matters. He is also the coauthor of Amazon number one bestselling book, *Resilience: Turning Your Setback into A Comeback*. I like that title.

Alpesh, thank you again for your time and let's jump right in. But tell us a little bit about what you're doing in real estate and let's jump in.

**[0:01:09.9] AP:** Sure. Yeah, I started when real estate around 2011 when I became accidental landlord, right? Started picking up real estate slowly and then in 2015, I drank the cool aid by reading *Rich Dad Poor Dad*, right? It changed my mind. So, since 2015 started investing in real estate and I started investing in syndication in 2017, that's how I found out about syndication and crowdfunding because I am also coming from IT background about 19, 20 years of IT experience.

I also understand tech startup et cetera, but wanted to get out of IT at some point in my career. And so currently, I invest actively as well as passively so I invest on my own, raise capital as well and you know, if I like the deal, I'll invest in other syndications too.

**[0:02:01.7] WS:** Nice, I know something that is important to you is being diversified. I'd love for us to go into that a little bit because I think – there's different ways to think about that, whether it's the asset classes or markets or active, passive. Even in your case, you're investing in different countries as well.

I'd love to dive into that a little bit. But get us started, somebody that's just thinking, "Well, I'm just going to start investing in real estate," this might be way out of their thought process just yet, you know? Get us started in why maybe we would want to think about diversifying like you have and then let's dive into some ways that you have.

**[0:02:33.7] AP:** Sure, real estate diversification works same as stock market. And why I like that analogy because you know, we are being told by fund managers or 401(k) when we have 401(k), right, that you got to diversify. But just looking at the stock market, we are still tied to Wall Street, right? At least in real estate world, there are so many ways just by going to asset types. Let me just name them and I know I have been listening to this show as well so I know most of your listeners are very savvy but you can start with single-family residences to multifamily which you and I do a lot, self-storage facilities, mobile home parts, office buildings, triple net investments, shopping centers, parking garages.

I've met all kind of investors who have been doing all these and I was even surprised as well as baffled that you can invest in a laundromat, you can buy an automated car wash, right? Or, if you just want to do something passively become a private money lender, right? Or something actively wholesaling, right? There are so many more ways for you to get started in real estate. But even on top of that diversification real estate works by market.

I started studying real estate in 2015 but I went back to 2009 as well as 2001. Because I migrated to US and I call this country as my own now. I became citizen five years ago. But I immigrat-

ed here in 2001. And I saw the cycle that 2000, 2001 as well as 2008 and nine and I realized you got to be diversified, right?

Real estate markets, went I followed, I saw that even real estate markets don't go together, right? They have their own cycles. It's not like stock market were something happened in Iran or coronavirus in China and we started crashing, right? Because I lived in San Francisco Bay Area, Our market was the first one to go down residential as well as multifamily, everything else in 2008 and nine. But then I looked at taxes, the market barely moved and now I look at New Jersey or east coast market, they have not even gone back up to the 2006 side. But whereas California are especially big, it's double and some areas are triple the 2006 higher picks, right?

That showed me that real estate markets have their own cycle and some markets may not even deteriorate, some people like to play the appreciation game and some people like you and I play both cash flow and appreciation hybrid game, right? I prefer to invest in different asset types as well as different markets, right?

But, on the flip side, as one person, or even as a team, how many markets can you operate, right? It's very hard because I was following about 20 markets that I flew to Dallas market Atlanta, Birmingham market, build my own team and bought from single family all the way to duplexes, fourplexes and I own a couple of nine units on my own now in those markets. And then I realized, I cannot do that process, I cannot go through the entire thing again and again in different markets. I'll be stretching myself in managing the property as well as keeping track of all the markets.

Then I started looking into syndication and I realized there are other big players out there who can do that job far better than me, right? I enjoyed investing in real estate so I kept investing in myself. But I liked other markets. Like let's say Las Vegas so I invested with the syndicator, right? Because I did not want to get in that market myself and buying a 200-unit apartment building was not my cup of tea.

Why not go with someone who knows that market as that asset type? Also, then I invested in the self-storage syndication with another big player and I'm happy with that investment because

they have self-storage in Raleigh market, Charlotte market. Those are some of the markets I love but I cannot go in that market by myself.

You know, again, as I said, I cannot build team in all of those markets. That's how I look at diversification in real estate, right? Big different markets which you love as well as asset types but some of those assets will go up fast but will also come down fast so you want to then have some resistant assets like self-storage and mobile home parks, right?

Which may not go up and down a lot but will give you a pretty nifty cash flow, right? My recently deal I'm working on is senior housing facility. People will think that I go after shiny objects, yes, I do but I also play calculated risk, right? A senior housing, I have been looking into it since 2017. I could not find any good opportunity in my local market. And finally, I met a couple of big players and instead of me trying to buy a 16 or 24 bed, we are buying 132 bed, 86-unit facility for 15 million, right?

I couldn't have been able to do that on my own and I'm raising capital for that senior housing.

**[0:07:44.3] WS:** I like how you think about diversifying even from active and passive. That's a way to diversify. Syndication business is such a team sport. It would be impossible to build a team in every city that you potentially want to invest in but as you can invest with teams that are already there and that are already established and even said, they're going to know the market better than you anyway. That makes a lot of sense.

And a lot of operators that I know that say they just want to do single family and that's fine but they don't even realize that there's this opportunity they can diversify so much more and invest in other markets and real estate with other operators so I love thinking about it like that. But is there a certain percentage of different asset classes that you like to focus on or like, "Okay, I've got enough in multifamily now. I'm going to put more in self-storage like you talked about or I'm going to look more in India," or something like that?

**[0:08:29.6] AP:** Right, I also was following [inaudible 0:08:33], Ray Dalio and lot of those guys, right? They always talk about coming recession and what not in US, right? Or untying your risk to US dollars and of course, most of my earnings, most of my savings or investments are in US.

So, when I started investing about 2015, 2016 or 17, I started looking outside as well so I acquired a small single-family in India because I'm basically from India, Of course for last 20 years, I lived here and I call this country as my home now. I invested there.

But I also was looking at other countries and realized that there are so many other opportunities like agriculture farm, which did not mention, right? I ended up buying a small coffee farm parcel in Panama. I went there and I liked the operations and I ended up acquiring that.

So, then I ended up investing in a result in Belize as well, that was part of syndication. I also invested in a chocolate farm in Belize and bought an orange tree farm in Paraguay, a parcel as well. And I love agriculture, I did not mention that I'm a vegan so I consume a lot of fruits and vegetables and I know, us Americans, and Europeans, we cannot live without coffee and chocolate as well, right? I think that would be a good investment long-term, right?

That's my diversification untying also some of my asset from US dollars, right? Those are again passive investments, more like syndications. But it's going to give some legacy investment for my kids.

**[0:10:05.4] WS:** Tell me, besides diversification which you definitely would be, what are some other benefits of investing internationally like that?

**[0:10:13.0] AP:** Definitely, diversification is first, second is untying your risks from US dollar as well because you never know the US dollar has been going up, for almost last 20 years about last 15 years, it's been going crazy. And are to a lot of time, Indian Rupees or some of the Asian currencies and I remember in 2008 or so, the Indian rupee to US dollar was about 37 Indian rupees. One US dollar was 37 Indian Rupees.

Today, US dollar is 77 Indian Rupee, right? It's been going up but there will come a point in a time where the US dollar is going to go down and especially what we are seeing with coronavirus as we can tell it may act as a catalyst, right?

So, it is just untying yourself as well from US dollar and having some other asset types as well because some of those assets may be expensive and may not give you enough cash flow if

they are in the US right? So, if you look at agriculture then you may not get the same kind of cash flow if it is outside US.

**[0:11:17.3] WS:** So how about finding that international operator? You know I never had anybody really talk about that. But how do you find somebody that is investing or an operator that is purchasing property or even a farm like that in another country, how do you vet somebody like that and find them?

**[0:11:30.9] AP:** That is a great question. So, I attend lots of conferences that is how I learned about syndication and real estate because when I realize that I want to get into this industry and because I come from IT background. And I speak at a lot of conferences on my IT side that is the best way for me to go and learn as well as to network with likeminded people, right? So, I went to tons of conferences like [inaudible 0:11:55], Michael Blank, Real Estate Guys Radio, Syndication event, Joe Fairless's event. I know you have been there as well and started learning about what others are doing right?

So, even as us syndicator, so real estate investors we always want to look in at other assets how they are performing. And that is how I found some group of people. They were investing in Panama. At that time the company was small. So, I could directly talk to CEO and the vice-president of operations. Then of course I made the trip out there, looked at the operations and that is how I started building and once I realize this is how this people are operating, I started trying to find other operators in similar space but in different country as well as in different agriculture right? Coffee, chocolate to orange tree, I love all three of them. Orange juice is I can't live without that right?

So, to vet someone I would say of course do your own due diligence, go with your guts but also try to find reference points, right? Network with likeminded people. Always a set of eyes are better than your pair of eyes, right? So, always run those investments by someone who you know and trust, right? So again, in the end it may go back to education as well as mentoring. If you need, go work with an expert, find a mentor, I think that money spent on education or mentorship is worth every penny.

**[0:13:20.3] WS:** Most of the time I would agree.

**[0:13:22.0] AP:** Yeah, not those gurus where they promise you something for 30 grand or 50 grand, but yeah.

**[0:13:27.8] WS:** Mentors yeah, you got to have one everybody needs many. I know I do. What's been the hardest part of this syndication journey or process for you?

**[0:13:35.5] AP:** Syndication – Because I started investing in syndication and that's how I understood that oh there is a business out there especially because I wanted to scale up. So, I thought, "I cannot buy 50 houses a year, right? There is no way I'll buy three or four and I'm done," and I wanted to go fast.

So, I heard of an African proverb that if you want to go fast, go alone. If you want to go farther, go with the team, right? Go together.

And I invested in the syndication. And then I thought, "Okay why shouldn't I do this?" right? Because this is a syndication so it does make money for everyone. But also, it gives me satisfaction that I am giving other people a chance to invest with me, right? It is not just that – Because when I try to teach my friends about the investing then I have to teach them one by one but whereas this thing I can say, "Okay I have this senior housing bill. You know I am doing 8% deferred" and you can pretty much do 1.5X of your investment in three to four years when you re-finance right?

So, the hardest part was getting out what comes first, the chicken or egg, do you need a deal or do you need money, right? So, I started working on deals. I started working with brokers and all and when I had deals, I didn't have money. So, I realized I think for me personally it is very important to start building your list. Start talking to investors, your friends and everyone and start talking about what you do and I will shy about it even though I am an extrovert.

But I just did not feel comfortable telling them I do real estate investments and I can help you invest or diversify in real estate but I learned my lessons and now I focus more on building that trust relationship, grow my network first, have the capital ready before I have the deal.

**[0:15:23.7] WS:** Okay, since you are diversified like you are, I ask a lot of people like how are they prepared for the on turn that's coming. But now that we're in the middle of this big mess that we are in now, I wonder like – Since you are diversified like you are which asset classes or markets or countries are performing the best for you right now amongst what is happening?

**[0:15:41.5] AP:** Great question. And I think yeah, I have heard that question before as well and I think we are already in recession. As soon as we see the Q1 and then Q2 numbers, we can tell that we are already in recession, right? So, there is no doubt about that.

I am still digesting all of the information available on Yardi, CoStar, Marcus & Millichap etcetera. But for now, I am going to keep some hard cash. I am going to need to dry powder when there are deals, right?

I would wait until start of Q4 before deploying any capital because I think Q2 and Q3, they are going to be slow as hell and we are going to see unemployment up to I would say 30%. So, I will just wait a little bit. Of course, we are closing on a deal this month so I want to finish that senior housing deal and on the asset class, I would say self-storage and mobile home park would come out unscathed. Or pretty much they will lose some.

Multifamily is resilient as ever. All other asset class I am definitely worried about them for now. I think medical office building though, sorry to interrupt. One thing on the office buildings, I don't like but medical office buildings they'll do good.

**[0:16:51.2] WS:** How does a coffee farm or an orange tree farm perform during something like this?

**[0:16:55.3] AP:** I think we still got to eat and drink coffee, right? Actually, people sitting at home they will eat more chocolate. I was listening that our president was saying that we may see more suicides because of just people staying at home and not used to that environment. What I tell myself is that there are at least no bombs outside. There is no war outside. I can enjoy my home without worrying about anything, right?



So, I think coffee and chocolate they will do good. I am not too worried because it is again a long-term investment. And I tell my friends as well as your listeners that if you are just looking at long-term investment, don't worry about the short-term effects.

**[0:17:32.4] WS:** What is the one thing that is contributed to your success?

**[0:17:34.7] AP:** One thing that is contributed to my success is that I don't quit. I don't like to quit. I don't give up. I always set my goals higher than what I should so that I just don't want to give myself a pat on the back saying, "Oh I had a lower goal and I achieved it and I am done," right? So, I would prefer to miss a goal or target. But at least I would know that I tried and I gave my best.

**[0:18:03.5] WS:** So how are you finding investors right now?

**[0:18:06.5] AP:** So of course, I have my podcast, Wealth Matters, as well as I now talk to my friends. I attend lots of conferences, meetups. Now most of them are virtual, right. But I always talk about what I do as well as I try to guide them and not only just talk about syndication, I actually ask them to go buy a single-family property and learn themselves of how much work that is, right? Then only they will understand the syndicators and why they're making money because they have some work to do right?

So even if some turnkey provider tells you that, "Oh yeah it is a passive cash flow when you buy a single-family property," it is not. I try to advise them on that as well so they realize that I am not just pushing them to invest money with me. My goal is that they understand and anyone diversifies I say invest actively and passively in real estate.

**[0:18:57.2] WS:** You helped them get some hands-on experience and they love the passive then right? So Alpesh, how do you like to give back?

**[0:19:03.1] AP:** I support and organization called Pathshala. Patshala means school which provides food, shelter and education to more than 100 underprivileged kids in India. I am always also available to help guide anyone wanting to learn about investing in general or even wanting to stay physically fit.

I didn't mentioned, but I turned vegan about six years ago and I have finished about 10 Spartan or Tough Mudder races. I love working out. I love talking about how to stay mentally and physically fit. So, I am always open to anyone wanting to chat with me about real estate, mentally, physically fit, I am available.

**[0:19:39.7] WS:** Well tell them how they can get in touch with you and learn more about that?

**[0:19:42.4] AP:** Absolutely, you can visit my website, [wealthmatrs.com](http://wealthmatrs.com) or they can email me at [alpesh@wealthmatrs.com](mailto:alpesh@wealthmatrs.com).

[END OF INTERVIEW]

**[0:19:56.1] 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]

**[0:20:37.0] 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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