

**EPISODE 578**

[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. John Carney. Thanks for being on the show, John.

**[0:00:32.7] JC:** Hey. Thanks for having me today, Whitney.

**[0:00:35.5] WS:** Yeah, honored to have you on the show. A little about John: He's a member of development teams with two new construction projects totaling 100-million-dollar scheduled to break ground in 2020. Author of *Real Estate is a Team Sport* and coauthor of *10,000 Miles to the American Dream*. He's the host of the Real Estate Locker Room Show podcast as well.

John, thank you again, give the listeners a little more about your background. I know it's somewhat different than probably a lot since you've done this in a couple of countries. It's very interesting but I would love to hear a little more about your background and let's dive in.

**[0:01:08.6] JC:** Sure. Well, first of all, thanks for inviting me to share my story with your audience and we'll try and add some value here. You might have noticed there's a bit of a sports theme. I think the business of real estate, no matter where you are and we're both talking about multifamily, we'll focus on that, but it's competitive and that kind of fuels me to be more creative and inspires me to think of ways to solve problems. So, you know, I like that intersection of competitive sports. You pick a sport, there's an athlete out there that is just training harder and

competing and being creative about how he uses his time and energy so that when he does have to get out and compete, he's ready. I like that intersection in business and sports, that's a little bit about the vocabulary I used.

Yeah, you know, we'll just give you a snapshot of last 10 years. I met an Australian and move to Melbourne in 2009. Her mom was unwell. We were going through the big real estate dip here in America, I founded a company named America Property Source in Melbourne with some partners. We are licensed real estate company that enabled Australians to, I say safely invest in US real estate and I had a team in Phoenix and that team in Phoenix helped me build my business and they looked after my clients and I just learned that real estate's a team sport.

You don't have folks to look after the real estate-specific accounting and your real estate contracts, legal and sources of funds and great managers, you're just not going to be as successful, you might struggle. So, I really focused my time and energy on the people I worked with and was very successful over there in Australia. I was asked to come back to the States and did move back in 2016 to work on new development projects in our family business to Landmark Companies with my father and his partner Bob Rains founded here in Cleveland.

They were true real estate entrepreneurs and pioneers. They brought the folks from the suburbs downtown Cleveland in the 90s. There was really just a bunch of empty buildings in the warehouse district at that time. They were part of the repopulation. And now, it's ultra-competitive and dense downtown Cleveland these days so because it's an opportunity to apply that, the team, the whole team aspect of real estate to our internal team as well as our external team.

That's sort of what we're working on that. I'm partner with the Landmark Companies, where we have 214 new apartments scheduled to come out of the ground, hopefully at the end of this year. And we still are working on some of the development intricacies with the city of Cleveland and that's going to join a community that we already own and operate on the Lakefront on East 55<sup>th</sup> Street called The Shoreline Apartments and this is going to be the addition to the Shoreline we're working in separate partnership with the developer here in Cleveland because partners on high end, out of the ground condominium and townhouse deal for sale. Busy folks here.

**[0:04:06.2] WS:** Yeah, no doubt about it. What happened to your Australian accent?

**[0:04:10.8] JC:** Yeah, I know. Well, if I start talking Australian real estate terms, property terms, call me out on that and I'll bring my vocab back to the American.

**[0:04:22.1] WS:** Okay, John. That's awesome and not many people can say they started real estate business in another country and you know, in the US, and been successful.

Let's dive in on that team a little bit. I know you stressed a lot on having the A team, you know, you had called it at one point and so I'd love to hear more about that and finding that team. Maybe list some of those team members and that are most important and their roles, how we need to think about them and let's just dive in to how you found them and how they have been such an important part of the team?

**[0:04:48.9] JC:** I think like here, you know what Whitney? We'll kind of talk about what I think would be the next book, which would be running your multifamily team. The basic people you need to have a real estate business, whether you're investing in single-family homes or fixing and flipping, whatever you're doing mobile home parks, you have to have a real estate focused accountant that understands your state and your part of the market, right? Whether it's residential commercial. That just accountant's accountability.

I've had guests on my show, wish me the most expensive accountant and they're not necessarily off base there, right? You got to have that duck lined up perfect. And you have to protect yourself and in America, that's the legal side and the insurance side. Those folks generally run in the same circle. If you're a golfer or whatever, you want to go fishing, you want to find guys that you can have a good conversation and enjoy company with and can kind of have a relationship outside of business. That's just my personal experience in how I advise people. You could do the New York to LA test, sitting on an airplane, would you be able to handle hanging out with this person for five hours?

Then you really start working on are they competent, do they have referrals, is it their startup company or they kind of coming down in the experience side? That's sort of the one team that you do need sources of funds.

But when we're talking about what's exciting right now and that's competing in with everyone else out there, looking for the residents that you want and your buildings, you're kind of talking about more of your internal team of employees and kind of subcontractors or third-party people. I can elaborate on that if you'd like?

**[0:06:25.7] WS:** Yeah, please.

**[0:06:27.9] JC:** We're all entrepreneurs. We're all – you have to sort of be focused on the product that you want to deliver and the service product and service so multi-family, you know, I look at our product and services as we're providing a safe, clean environment for people to call home. That's like number one importance especially right now during this COVID-19 lockdown. And we're known for that in maintaining that integrity.

But along with that, a little sub-note is community and we're focused on building a community of people that enjoy being there. We want to retain people – we don't want to be, we track that metric, you know, it's a key performance indicator that our property managers are accountable for. Every month is that retention rate.

And we see that it's pretty high, you know, a lot of people come in and live with us for more than the average 1.5 years statistic I always hear. Great, if that's the industry we want to be better than that. How do we always add value? Some of that, won't tell you what the market right now, but having great property managers on your team and great leasing agents and great maintenance people and a great cleaner. People that show up and put on a uniform and are willing to talk to people and say hi, and open doors and enjoy their job, you create a good work environment and your residents will know that. In any type of residential community that you're running.

We're really focus on that. Everybody is family and that seems to be the formula that works as opposed to having real rigid – We don't write rigid rules but we have policies and we're not inflexible. We take everything in stride and it might sound easy on a podcast. But it comes from dedicated employees of believing what they're doing.

**[0:08:10.7] WS:** how do you create that family atmosphere?

**[0:08:13.4] JC:** I don't know. That's a great question. I should have the answer to that. We're just all Midwest folks that want to raise the bar every day in our business, right? We communicate. I think that when you're leading a group of people – I'm always asking for feedback and how can we do things better and what I found was sort of the team we have in place now in Cleveland and Indianapolis is they've got permission to be innovators, right? Go out there and see what's working. The technology that we're using changes so fast, you can't possibly be an expert.

We've gone out and found those experts and they're sort of part of on our team. Like our marketing and PR and SEO and Google pay per click, we're not large enough to have that in house, that function in house so we find the best people in the market that we partner with to deliver that service. I hope I'm not all over the place here.

**[0:09:08.2] WS:** No. It's good.

**[0:09:08.6] JC:** It really does boil down to always be looking for the characteristics in the property managers that we want to do the job. Take us as owners out of the equation for a minute. We focused on finding people that were highly-skilled, looking for a place to call home. You know, we interviewed a lot of people that come up with the team we have right now. Once you select that property manager, given them the freedom to do their thing, that is business success formula. They recruit people for their teams on the maintenance side and on the leasing side to support that community and the community's take on that person's personality so to speak.

If you've got a great group of people and they're having fun and you're not micro-managing them, you kind of trust them to go do their – Run the property and do a great job and have conversations and communicate frequently, you'll be successful.

**[0:10:00.7] WS:** You know, you said you didn't know when I asked that question but then I think you gave a great example, you gave great descriptions of how you found those people or who they are. But I like how you said that you know, they don't have to know everything because we can't know everything but you give them permission to be innovators. You give them permission to go out and find better ways.

Is there a way that you communicate that to the team? Is there a way that you push them to be more creative and to push themselves?

**[0:10:27.6] JC:** What we try and do is always improve how we communicate. I am not a big fan of every time I take a break, coming back and seeing a hundred emails. So, trying to really conscious of people's time and energy so if I'm going to send an email out after our show records. It's an article from the Washington post. I believe is good information for them to have due to the COVID-19 lockdown state that we're in right now in the end of April.

But I'm not sending them every bit of information I receive. Just something I think would be valuable for them to read. And that just like, you know, one way. We have a meeting this, one of our manager's meetings is this week. We have an agenda. We go through all our numbers from the previous month and see where we can help each other out.

You know, we keep our managers and our leasing teams, they've got their own text chains going, we encourage them to lean on each other for health and support, communicating and listening to what they have to say. Giving them the support required to do their job.

We don't have infinite resources but the resources we do have are always available for our team members. And I think that innovation comes when problems arise and right now, we're learning how to navigate a problem and I'm pushing, do things better. How do we do things better as a group? What's working? What's not working? It's a simple conversation to have with people, "What are we doing? What are we asking you to do that's wasting your time? Okay, let's stop doing that."

**[0:11:55.0] WS:** You talked about being creative when there's competition, I love that and there's a lot of people that just give up when it gets too competitive. I think it's a great time to be creative and to figure out ways to push forward. So, do you have an example of maybe a way you all have recently been creative in a time where it is really competitive?

**[0:12:12.6] JC:** Well, just to go back to partnerships in sort of a core value of the Landmark Companies is to support the communities. And so, we'll talk about we're based in Cleveland. The majority of our properties are in Cleveland, we have one property in Indi. So, our business

partners, we partner in the true form, we want to add value to our residents and we want to add value to our community around our properties.

So, we go out to those local small businesses, whether that is a service provider doing massages or yoga or whether it is the local coffee shop or whether it is a Cleveland based founded sports drink company, NOOMA that we partnered with. We find ways to distribute their products and put them, their products and services in front of our clients that is an example of being creative, right? That is the goodwill part of it. And that's what we become known for on the street.

So, we leaned in and we put together gift bags from all the people we work with and had our team distribute that a couple of weeks ago because we felt that it was the right thing to do and it got everybody's mind off from the problem we're in. We are learning how to practice social distancing. And instead of just cleaning and cleaning and cleaning, you know our maintenance crew got together and assembled these bags and distribute them and then the immediate feedback from our community was, "Hey, thanks. We weren't expecting that."

And we are just trying to let people know that we do really care. I don't know if that is innovative or creative but that is just how we choose to engage.

One thing we are doing right now we understand people are at home going crazy. Everybody is. We're all on the same position. We are all in it together and we are communicating that by trying to find running contests on social media every week and having a small prize for people. Getting that community engagement. Pretty soon we are going to be starting to talk about resident amends. We are thinking about there's food trucks that are still providing services with safe social distance practice here in Cleveland.

So, you know it is about what is out there and then how we do take those people and help their small business be successful during the hard time and provide value to our residents. Conversation is just what value can we offer that is more than just a safe apartment?

**[0:14:28.4] WS:** Yeah, what is the example of the social media competition like you have all done? That is interesting.

**[0:14:32.9] JC:** Man, so we had the best view, the best apartment view. It started off the month. We just concluded our best shelter in place buddy and then I think it was the lady who probably was talking to her grandson on Skype or Zoom won that competition at one of the properties. I haven't seen them all yet for last week I think we are going to be doing a take a picture of your work from home set up and then we're going to have like a baking contest. So, we are running four.

And then we have groups of people that have become really good friends in our communities and we just want to make sure people are able to reach out to their neighbors. So, it is just something that we are doing now.

**[0:15:12.8] WS:** No, that is unique. I haven't heard anybody talk about that. So that is really neat to hear that there is social media competitions and even if we can only connect virtually like this or through social media, at least you are encouraging that. How are you all say prepared for this downturn before it happened?

**[0:15:29.4] JC:** When this happened at the end of March and schools were cancelled, it felt like we are running an hour by hour, you know? So, our first focus was on the safety of our team and then the second focus was the safety of our residents. I mean they weren't first or second, they were together and then it was starting to plan for worst-case scenarios. And really, it evolved.

So, I would say we're prepared because we're not a huge corporation. We are pretty flexible. We communicate well and people leaned in and really helped each other out. So, I mean I don't know, people talk about the Midwest – I think people are great all over the world but it is just easier to say on the show, we've got some real hard-working dedicated people. We are very fortunate to have these folks working at our business and working alongside of them is truly a pleasure and they come up with great ideas.

They know their roles in our business better than I'd ever know it and we really lean on them for best practices. And we write it down and we communicate that. And so, we had a plan when someone gets sick. How do we separate our maintenance group into two groups so that they don't see each other? So, if one group gets sick we can still operate our business with group



two. That is just a page I took out of a manufacturing. You know one of my friends who runs a manufacturing business, we were talking about it, right?

Mastermind groups. Making sure that we had a plan that if a resident didn't feel well how do we communicate that amongst our leadership team? How do we communicate that to the residents in the building? How do we get them in, how do we get people in and out of buildings without touching a lot of stuff?

So, I think we sort of settled into a business in this new kind of lockdown normal. The innovation that came out of that were doing tours with FaceTime and other Zoom type apps so.

**[0:17:18.4] WS:** No, that's great. And yeah, I think you all have been very creative and very quick to respond and create processes it sounds like. I love the two teams or the two maintenance teams and how they operate separately so you don't go without maintenance guys or whoever it may be that other team.

But what is another way say you all have recently improved your business that we could apply to ours?

**[0:17:38.9] JC:** We had some people on our leasing team that had to work at home due to looking after family members with compromised immune systems. So, we said, "Sure, absolutely." So, it was looking at, "Well, is this going to be something?" I think it is just a strengthening the team. So, in one of our properties. The property manager lives in the property basically Salesforce is working from home and they came up with a way to still – we still have our CRM.

We are still responding the leads. We are still setting tours but they are virtual tours. People still have to move and if it is an in-person tour, what does that look like so everybody is safe? So that the person on our side is giving a tour and feels safe and confident and so that the resident feels safe and confident or the person who is coming that's interested in our building and so we came up with that. That was created through trial and error and quickly put into a practice and communicated amongst the whole management team.

And then the whole concept of we were getting emails from all of our ILS, internet listing services, your apartments.com and your rent pass where people are giving you more bandwidth with upload videos. And I talked to all of those people, all of our reps from all of our different ILS provider partners over the last couple of weeks said we are actually doing tours but we are doing it with FaceTime.

And people are like 49% more likely the statistic is to take that tour if it is with a real person and sign that lease than they are if you are just showing them a video of unit 506. We have even come up with a better way to do videos.

So, we had a long meeting with the whole leasing team about that. How are we going to go more towards video content, make it personal, satisfy this problem people have? They still have a problem. They want to move somewhere. They want to move somewhere safe, clean in Cleveland and Indianapolis. They have a job. They've got a family. They got some reason why they have to move and that is a stressor for them, especially right now.

So how do we provide, how do you stand out to provide a great service and tick all of those boxes? That's Australian, right? Check out all of those boxes, right? So that you have everybody safe, you're doing the best job you can possibly to mitigate any germ spread, masks, gloves, the endless wiping down or elevators and common areas.

**[0:19:55.7] WS:** Right, wow. John, what is the number one thing that's contributed to your success?

**[0:20:00.1] JC:** Probably making mistakes, I don't know. I like to say that I am optimistic. I am not afraid to throw something out there. If I've gotten enough data to say this concept might work, there is value in it and test it. You are not going to win all of those small tests but you are going to find a new way of doing things better. Taking calculated risks, learning from my mistakes as I age, I am a little bit better at that and then trying really hard not to make the same mistake twice. Sometimes it gets you but no more than twice now.

**[0:20:34.2] WS:** How do you like to give back?

**[0:20:35.9] JC:** There is a number of different organizations that our business supports in the local community through donations and fundraising. One group that I am passionate about raising money and awareness for is Alzheimer's Association. So, we give back that way. I like to feel that having great conversations with you, Whitney, maybe there is someone listening that's going to be inspired to go back to the drawing board and do something a little bit differently.

So, you know through podcasts and blogs and books, I like to be able to put content out there for people to think about and hopefully test out in measuring if I can be a part of someone success that is always awesome.

**[0:21:14.1] WS:** Wow, John, thank you for sharing that I appreciate your time today very much and just elaborating on how you created and A team and created that family environment, even different ways you all have been very creative and successful through this crisis and how you all really kept your tenants and investors in mind through all of that and just your team on the ground as well. It is incredible. And even, I love how you talked about giving your team permission to be innovators and improving all the time. But tell the listeners how they can get in touch with you and learn more about you?

**[0:21:45.1] JC:** Sure, I mean you can reach me, I am on [johncarneyonline.com](http://johncarneyonline.com). My personal email, if you want to send me an email is [jc@johncarneyonline.com](mailto:jc@johncarneyonline.com). That is the platform I use for podcasts and books and speaking. I am not selling any other products or services. But you know the one great thing about podcasting and I am sure you know, Whitney, is it is a great way to meet other likeminded people and create something worthy of giving your time and energy to it at the same time.

If you are interested in learning more about our business, The Landmark Companies, [landmarkmgmt.com](http://landmarkmgmt.com) is our hub B2B site, but there is links to all of various properties in Cleveland and Indianapolis. And if any of our listeners are in these markets and want to chat, by all means track me down and if any of your listeners and yourself included, find yourself up here on the North Coast of the Midwest, track me down, and maybe we could get together for a coffee or a beer. Whatever you fancy.

[0:22:45.2] **WS:** Awesome. Thank you, John. Also check out his podcast, The Real Estate Locker Room Show, don't forget about that.

[0:22:50.1] **JC:** Yeah, well thanks. Well it's been great. It's pretty cool what you are doing. I love it.

[0:22:54.5] **WS:** Awesome, John. That's a wrap. Thank you very much.

[END OF INTERVIEW]

[0:22:57.5] **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]

[0:23:38.0] **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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