

EPISODE 585

[INTRODUCTION]

[00:00:00] ANNOUNCER: Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[00:00:24] WS: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Dax Ferguson. Thanks for being on the show again, Dax.

[00:00:32] DF: Thanks for having me. It's great to be here.

[00:00:35] WS: Dax was a previous guest, and it was show number WS316. I was just telling him I think 316 seems like so long ago, but that was just September of last year. But grateful to have you back. I'm grateful for your time and being willing to share your expertise.

A little about Dax, he's been married 24 years. He's a father of nine boys and been in multifamily since 2008. He has a superpower of just construction and due diligence and he has an amazing team where they can help anyone in the country. Is that right, Dax, or nearly anywhere?

[00:01:04] DF: That is right, yup.

[00:01:05] WS: Yeah, through the due diligence process. If you don't have that figured out, he's a great person for you to connect with to make sure you do proper due diligence on a property. They can do the whole thing for you and give you amazing reports and all kinds of stuff that you need to know. But he's got some other skills and other knowledge of systems that they're using to help during this time right now, and I'm looking forward to getting into this.

Dax, any updates right now as far as what's happening with heritage, construction, and consulting or anything like that before we dive in?

[00:01:33] DF: We're really just super blessed this time and staying really busy. We expanded last year into 10 different states. Tennessee has been a great market for us, Florida, Georgia, Mississippi, and Texas. We're just really strong in those areas right now. We're having an exceptional year, even with all of this that's been going on this year with the corona. Just really blessed and we have a great team behind us. I definitely am not doing it alone. It takes a team to make this happen, so just excited about what we're doing. As we continue to grow and change things and bring new things to surface, I want to share it with everybody because I find that it helps people be better at what we all do.

[00:02:13] WS: That's awesome. Expand to 10 different states. You and I were talking about you all are growing a lot right now. It's great to hear. That means people are buying properties too, right?

[00:02:21] DF: People are buying and looking.

[00:02:23] WS: What's your prime customer or size of properties and things like that?

[00:02:27] DF: I deal with properties typically between 30, and – one of the properties we're doing right now in Tennessee is 568 units. All B and C class properties. There's some value-add, whether it's through adding amenities, painting, roofing, taking care the property. It's just kind of all over the place, depending on what they're wanting to do. But it also depends on the market, and that's been what's interesting to me, is learning the new markets. Just because it's good in Texas, it doesn't mean it's good in Florida or Tennessee or Arizona. So learning the markets as you're doing the work has been the fun thing that I'm getting to do last year.

[00:03:05] WS: Nice. You found most of the customers. Are they not as experienced doing due diligence or they just want somebody that's much more experienced or they just don't have that team yet to do those things and that's where you all just fit a really good role there or what is that normal dynamic?

[00:03:20] DF: It's really both, people that aren't confident in what they're doing. They probably know how to do it, but it's just not confident enough to tackle it by themselves. But what I'm really seeing a lot more of is the people that are well-versed in multifamily, they just know what we offer has so much more detail than the other guys or themselves even, and they don't want to take the time to do it, so it's much more valuable just to have us come in and knock it out for them. Then they take the report and get all the information that they need. It's really both, but I would say more of our customer base today and the growing number is the experienced buyer. They're just looking for some ways to save time, and we're one of those ways.

[00:04:04] WS: Yeah. I know you've showed me some of the reports and the amount of detail is incredible – photos, and everything that you could possibly want to know about any of the units or exterior or anything. But I want to jump in because I would encourage the listeners to go back and listen to show 316. We talked a lot more about just due diligence, the due diligence process, and what Dax's company can do to help you through that process, and then how they're unique in a good way.

But, Dax, there are some other things that you all are taking advantage of right now to help guys that are in this industry. Let's dive into a few of those.

[00:04:34] DF: Matterport is something that's been around for a long time, and I would say that people in the A class use it more so than the B and C class, but even they are not using it to its full capabilities. What Matterport is, it's a 3D virtual walk-through or filming of a unit. You have a rehabbed unit and you want to show it off. You want people to tour it so that they'll come to your property.

What we do is we go in and we set up a camera and we walk every five feet. We set the camera down, and it does a 360 tour of that spot that we do it in. We get the whole unit filmed, and then what happens is on the computer you can log into the – Maybe it's on your website or maybe it's on a Facebook ad or something like that, and you can walk through that unit. There are these circles that are on the ground, and you just go circle that circle. As you do that, you can rotate 360 and look at that unit. You can look at the detail of the stove, the refrigerators, the flooring, anything that's in there. You can get a really good understanding of what's there.

How people are using that today is they're able to show a unit that may be occupied. Let's say you're 95% occupied and someone goes, "Hey, I want a two-bedroom. I want to lease that room from you." Well, I don't have a two-bedroom today but I will in 30 days, but they're looking to lease today so that they know what they're getting into. Well, you can show them, "Hey, I've got this Matterport I could show you. Get on the computer." They walk through the unit and they're like, "Oh, my goodness. It's exactly what I want." Then you can pre-lease that unit now, because they have that there.

That's one of the great things that it's offering on that piece of it. If you're a real techie, I have a couple of guys. They're real techie and they get the virtual reality goggles, and you can put on the goggles. Literally, they can walk through a unit, and it's pretty cool. Don't get me wrong. It's really cool and it shows, "Oh, we're innovative. We're new. We're fresh at this community." We're seeing that take effect as well.

[00:06:33] WS: Is that live, something live? They have the goggles on, and somebody else is watching? Or is it like they're videoing, and it does it in a way that then somebody else can actually see that?

[00:06:41] DF: No. Yeah, they put the goggles in and they're walking like they're walking through a unit. It's all recorded like our other units are. It just imports into the virtual reality goggles, and so they're walking around the unit just like they're walking through it in real time. Nobody's filming them. They have the remotes in their hand, and they're going from point to point and making it happen.

[00:07:01] WS: In case the listeners are not familiar with the Matterport, it's just like if you went to Zillow and looked at a single-family home, and you can see the 3D outlay or you can jump from circle to circle. It's really neat. I mean, it's so impressive that it gives you such a better sense of the place, doesn't it?

Tell me about the relationship with property management. You all come in and make that video. I assume it's then up to the owner or us to post it to a website or send it out to people, to tenants, and things like that.

[00:07:28] DF: Yeah, that's it. I mean, there's a couple of different ways to do it, right? We can transfer that to you if you have your own Matterport account, because you'll create it if you have a large number. Or we can service the account for you on a monthly fee. But if we transfer it to you, web designers take it in and they integrate it into the website and they use it there. It's used a lot in the marketing. So if you're doing a lot of social media marketing for your property, it goes out there, whether it's Facebook or Instagram, any of the other ones that you're using. It gets the attention of the crowd, and they go and they start looking at it. Then they're like, "Oh, my goodness. This is where I want to live. I mean, look at that granite. Look at the flooring. Look at the appliances," or whatever it is that their hot button is. It's appealing to them and then they come to the property.

We've had some really cool success on that side of it. But the other thing that we've been able to do for your B and C class properties, a lot of them don't have the dimension floor plans on them. The Matterport actually produces a dimension floor plan with labels, like your kitchen is 11 by 7 or whatever it is, and it shows it on this floor plan your living room and bedroom so that they can know how they're going to place their furniture and do things like that. That's been beneficial, but the additional benefit is if you're going to rehab your property and you've done this on your like units, so you have a one-one, only one side of a one-one. You can go measure your cabinets and your countertops and do all that and get ready for your rehab after you purchase the property. If we do it in due diligence, then you can have that information for when you go to rehab.

It's really helped people in a lot of different ways. We try to take technology and make our lives easier on the construction side. I share that knowledge. Hey, there's a lot of different ways you can use it. You've probably only seen it used like you saw on Zillow, looking for single-family and you didn't know that it did all this other stuff. But for multifamily, it helps you immensely knowing all this data going into it, and you can kind of have your whole plan together before you even purchase the property.

[00:09:28] WS: Doing the Matterport video, does it have to be, say, the exact unit? I know that would be best. When we're showing tenants, I've heard different people ask this. Well, if I have

some different floor plans, things like that, maybe I have one video like this of each floor plan, is that normally acceptable in the industry?"

[00:09:49] DF: What we do is we tend to go in and do one Matterport per floor plan. The only difference that we ever do multiple of a floor plan is if you have like a second story with a vaulted ceiling to give them the feel of the vaulted ceiling and the feeling of the lower floor. But really, we only do one of each of the floor plans, and that gives them what they want. Something that we pride ourselves in when doing rehab is the finish out of your office is the finish out of your unit. The granite that's in the office is the granite that's in your unit or the countertop. The flooring that's in the office is the flooring that's in your unit. The reason why is if you can't take them into a unit, you can still show them and let them feel what it feels like, and so gives them the whole idea of this is exactly what I'm getting, and they know what they're getting before they get there.

[00:10:39] WS: I keep going back to the Matterport, and we're talking about that and how it does the floor plans. It's so impressive that you have that kind of technology. What kind of timeframe for something like that and when should we – I like how you said you all will do it even during due diligence, and it helps in so many other ways as well. But if we already have the property but we're thinking, "Okay, this could really help us with renting the units, especially right now during the COVID stuff." What kind of timeframe?

[00:11:05] DF: It takes to do a unit depending on the complexity and how big it is 15 minutes to 30 minutes per unit to actually film the unit. Us coming out, I ask that you have a few. You don't just have us come out for one, because then the cost is going to be exceptionally different than it would be if we came out and did several. We have a couple of cameras and we travel around. While we're doing due diligence, it makes it easier. But you are going to want to see the finished product later as well, so we can come out and do five of them and knock them out in a day.

We were not too long ago went down to San Antonio and did five different properties, and we did 20 units in two days. We knocked them out, and he had them to use in the market. So very pleased with the turnout on that and how that all goes.

[00:11:52] WS: I know I've seen some units advertised where – We've done this and I'm trying to remember how they did it. But ultimately, they can like make furniture look like it's sitting in there and things like that. I can't remember now if this was the same type of video or not.

[00:12:08] DF: Yeah. They don't do it in Matterport specifically. That would be more of an AutoCAD setting to where they put in the floor plan. They could add that. However, in the Matterport, you can get the architectural drawings from that because it dimensions those and send them over to someone who can place the furniture in them called the MatterPak and which is a little bit additional cost. But you can get that and you can get all the dimension drawings for the whole unit.

[00:12:34] WS: For the operators I know we were discussing too, you also have some like exterior stuff that you all can do.

[00:12:39] DF: We do. We have a 3D virtual exterior where we take a series of pictures of the exterior, and it will show roofing, siding, brick, whatever, windows. You can go and you can paint the exterior if you're going to paint it. You can change the roof color. You can change the color of the trim or the shutters that may be on there. You can really get an idea of what this is going to look like once you're done with the property.

I'm very big on setting a vision board in your office for your new potential tenants or even your current tenants that are coming in and saying, "Hey, I know you hate construction, but this is what we're doing and this is what it's going to look like." Well, whether it's a digital vision board on a TV or if it's a true hardboard that you've placed in there, getting people's buy-in. This is just one way to do it and say, "Here's the building, here's what paint color scheme we're going with, and this is what it's going to look like when we're done." People really enjoy seeing that, and you get a lot of buy-in from the tenants when you're doing it. We've offered that, and people really enjoy it.

Some people are visual and they can see, "Okay, I know this place is red and brown right now or whatever." They're like, "I'm going to go grays and whites." I can see how that's going to look, but all the people that are brought in are my limited partners, and I want to share that vision with them, so we create it for them there. They take that piece and show it to their partners and go,

“This is what we’re going to do in their property,” and it helps everybody see what's going to happen and the end result.

[00:14:10] WS: I really like the idea of like having it on the TV in the lobby, in the leasing office, or even a print out like you’re talking about, so tenants can see that as well. I know construction gets old to them for sure. The truck’s there all the time or just whatever materials lying around. It’s hard for me sometimes too just like to visualize what it's going to look like, right? I think if you can already paint that picture for them, they tend to overlook some of the other – Just the time to get there, filtering through all the construction stuff.

[00:14:41] DF: It’s been fun to bring that. I'm big on technology. I have somewhat of a technology background, so I'm always looking at ways to make our lives easier. We brought some technology into our office over the last six months that had just really streamlined us as a company for our growth but also with communication with customers to making sure we’re all on the same page. That’s kind of what I was looking for originally for is, “Hey, you said you wanted gray and white. Is this really what you want?” and getting them to sign off on it. Well, I have a paint supplier that we use that was doing it, but it was taking them two weeks to get it to us. I don’t have that kind of time. We’re ready to roll, and so I would just do it with this and literally do it on the screen with the customer through a Zoom call or whatnot. I would say, “Hey, this is what we’re looking at.” They’re like, “Oh, that’s exactly what I want,” or, “I don’t really like that color. Let’s try this one.”

It’s fun to walk through that. Then also, we can just give it to you and you can play with and try to run it if you want to, and then we’ll fix it later. But it’s just a tool to make us communicate better, and so communication being key. That's what we’re trying to do.

[00:15:47] WS: What’s some of the other technology maybe even in office that listeners and myself could benefit from?

[00:15:52] DF: TeamGantt is something that we brought in. I'm sure you’ve heard of the Gantt chart. What that basically does is it gives us a timeline of our projects, right? We’re going and saying, “Hey! To do the exterior painting, we’re going to do,” let me come up with something, “A building a week and it's going to take us 25, 30 weeks to do this property.” Every Friday, our

project managers update that and say, "Okay, this is where we're at. We're on schedule. We're off schedule here. We had rain delays."

When you're talking to your contractors, you say, "Well, what's the schedule and all that?" Then you have a lot of email exchange and text exchange and phone calls. Well, I'm trying to streamline things, so we update this every Friday. You know as my customer you're going to have this updated every Friday and you're going to look at it and you can go, "Okay, I see where we're at." Now, questions may come from that, but it will give you an idea of exactly where we're at every week. It's, again, just trying to help streamline that.

[00:16:49] WS: Any other software before we run through a few final questions.

[00:16:52] DF: No. I mean, those are kind of our main ones that we're bringing to the table. I'm always looking for a few more, so I have a few more in my back pocket that haven't released yet or talked about. Technology is what's going to keep us moving forward. If we've learned anything over this time with the last couple months, it's how to streamline your business and make sure you stay in communication with everything. We're always looking at that. Open to ideas if you all have them out there too.

[00:17:16] WS: What's your top communications software or the software that helps you all to communicate the best, whether it's amongst your team or with the customers as well?

[00:17:24] DF: We have a inside office, which is our quoting software and things. It would be your CRM if you will. It's AccuLynx, and that's where we do our quoting from. All of our email exchanges with our customers go through that, so it's logged per job. Then TeamGantt is our communication for project timelines. Then we Dropbox still for photos. We found that that's the best way to do it, so everybody can have access to it for all pictures and things like that. Those are our main ones we're using.

[00:17:53] WS: What's the one thing that's contributed to your success?

[00:17:56] DF: A strong wife that helps me do what I'm able to do each and every day, as you and I talked about it. Having nine kids is not an easy task, but having a strong woman that can help facilitate the home life so that you can focus on your work life makes life a lot easier.

[00:18:10] WS: You're a blessed man.

[00:18:11] DF: I'm a very blessed man. My faith has carried me a long way through it, because through the downs you always have to have something to look forward to. Big on my faith and just being ethical and helping people do the right thing always.

[00:18:26] WS: How do you like to give back?

[00:18:28] DF: I give back a lot of different ways. I'm involved in a few things in our church and the things we do there. I really just like to help people, whether it's in this business – help people be better, right? If I have tools, I don't hide my tools. When people ask, "Why? Are you afraid to share or they're going to steal your ideas," that's fine. People are going to steal your ideas, but I don't worry about that because I really have peace that if I'm helping somebody, people are going to come to me and know the source of where I came from, and they're going to utilize me when they can.

[00:18:59] WS: Nice. Well, I appreciate your time today, Dax, and I hope the listeners – if you have units that are vacant right now, maybe you should consider the Matterport or you can get the video and be able to send it to potential tenants and they'll almost a virtually walk the property without having to actually be there. Great information about that and just the 3D models of the exterior. I love that option too. You can sit there through a Zoom call and show somebody right there what the color change is going to look like. That's so valuable. You talk about the time loss. I mean, that's incredible to be able to make decisions just right there on the spot.

But, Dax, how can people get in touch with you and learn more about the Heritage Construction and Consulting Services?

[00:19:38] DF: You can email me at dax@heritageccs.com. You can call me. I still give out my cell phone and I still answer it. It's (469) 261-1190. Follow me on Facebook. Whether you follow Heritage or me personally, we're coming out with a video series. I'm going to do all the teachings that I typically do in my classes that I do teach. I'm going to do a whole video series on those, so you guys can watch those as well. Just learn how we help people and what we do at Heritage. Due diligence is obviously one of those that we're going to be teaching. You get to learn a little bit more about me.

[00:20:12] WS: Awesome. That's a wrap, Dax. Thank you very much.

[00:20:14] DF: Thank you. I appreciate it.

[END OF INTERVIEW]

[00:20:16] WS: Don't go yet. Thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook, so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show. Subscribe too, so you can get the latest episodes. Lastly, I want to keep you updated. So head over to lifebridgecapital.com and sign up for the newsletter. If you're interested in partnering with me, sign up on the contact us page, so you can talk to me directly. Have a blessed day, and I will talk to you tomorrow.

[OUTRO]

[00:20:56] 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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