

**EPISODE 601**

**[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 Brock Mogensen. Thanks for being on the show, Brock.

**[0:00:33.3] BM:** Thanks for having me.

**[0:00:34.5] WS:** Brock is a Principal at Smart Estate Capital. The firm currently has over six million dollars in assets under management. He's the host of the largest monthly multifamily meet-up in Wisconsin. Masters in Information Systems, focused on the analytical side of real estate.

Brock, thank you again for your time, looking forward to getting into this, the analytical side a little bit and your specialty there. It's not always my specialty, just the number side and I love tracking stuff but I love bringing people on that are a lot better at these things than me.

But give the listeners a little more about who you are and what you all are focused on right now?

**[0:01:10.8] BM:** Okay, my name is Brock Mogensen, I'm located here in Milwaukee, Wisconsin area. My background, I've been at it for about – real estate for about two years now. Started with a duplex, that was about two years ago. Did the house hacking model which I suggest everyone a great way to get started and that really just kind of showed me the power of cash-flow, the power of real estate and really how a deal works.

From there, I kind of spent some time deciding which path I wanted to go down the real estate. I quickly realized there's a million different ways to go on real estate and after some time I kind of landed on the syndication model being the one I wanted to go with. From there, I spent six months or so really learning it and chose specifically to kind of learn the underwriting side and you know, the analysis a side of real estate. That's what I really spend time diving deep into.

From there, went out and partnered with two other people that have already kind of done the larger deals and had the experience. Partnered up with them and quickly after that was able to put our first deal under contract which was an 89 unit deal. That was about a year ago exactly. And then, shortly after that, we actually bought an office asset and then also a retail asset. That's kind of what we've done so far. It's been about two years and I've been loving every minute of it.

**[0:02:23.3] WS:** Wow, okay. I'm going to ask you a few questions about some of those things there. We started with a house hacking a duplex, it's interesting, you recommend others do that as well. Were you working a W-2 at the same time?

**[0:02:34.9] BM:** Yes, I was. Yeah, it's just really simple, you know? FHA loan, three and a half percent down, not much to it. But it really kind of shows you the whole process with not much risk associated. And it's obviously risk in every deal but it's just really a good way to started I think and show people the basics of how easy it is really and from there, you can kind of just scale.

**[0:02:56.2] WS:** You said then, you decided to focus on syndication. You had the duplex, you're house hacking, you're getting your feet wet, really in rental real estate, why syndication? Why not grow with more single-families, duplexes and other – wholesaling, something like that.

**[0:03:12.8] BM:** The economies of scale is really what just drew me to it. I knew I wanted to get in something where I could really build a big business out of. Then meant systems that can run the business and it just seemed like the wholesaling, the flipping route is really is going to be – you have to be really commit your time to it and there's not really much ways to build systems around it to where it can run without you bring there. And that's san issue that really drew me to it, obviously with syndication, there's a lot of work you have to be there but I think ultimately, just

the economies of scale and the path that I could see myself getting to of really growing a business is what drew me to it.

**[0:03:45.5] WS:** Okay, you said you spent like six-month educating yourself, what were a few key things that helped you learn the syndication business specifically?

**[0:03:54.7] BM:** I'd say podcasts, books and networking events. I did a few of the paid courses and these were great as well. But really, I think I just spent a lot of time listening to podcast every day, reading a lot of books, going as much networking events as possible meeting as much people as possible, that's what really form the basis of my knowledge I'd say. From there, I obviously kind of chose there's a few different courses that are specialized in different parts. But those three things I really think can give people a lot of value.

**[0:04:21.4] WS:** Then you partnered with two others and I think you mentioned maybe they had some experience in real estate?

**[0:04:26.0] BM:** Yes. The people, one of them actually has property management companies, they manage like 1,400 doors, we already had a pretty big portfolio himself and we just kind of brought the syndication model to what he's already done and we're able to kind of quickly plug that in and already have all the systems in place, so it really worked well.

**[0:04:42.9] WS:** You talked about bringing the syndication model to what he had already done, so he hadn't done any syndications before this point?

**[0:04:48.8] BM:** No, he was just – he got up to probably two, 300 units was buying them on his own and we kind of you know, I think already kind of understanding of what it was. But we already kind of we brought that in essentially and kind of just created this partnership that's worked out pretty well so far.

**[0:05:03.2] WS:** It's just interesting because I don't hear that said too many times where we're just thinking about, "Okay, if I go learn the syndication business now, I understand the business, I understand how syndication works a little bit and how to maybe get that business started." However, it's helpful if you have somebody that's been in real estate but maybe they don't have

to maybe be in the syndication business already but if they've already had a large real estate business, they already have tons of connections and knowhow that's very useful.

**[0:05:26.8] BM:** Exactly, yeah. I mean, essentially, most of it is the same, right? Even if you're buying on your own or syndicating it, there is some differences obviously but the operational side is still owning real estate and managing real estate.

**[0:05:37.4] WS:** How did you meet him and then you know, how did you all form that partnership?

**[0:05:41.9] BM:** It really started from BiggerPockets. So, I'm there and just networking and kind of meeting up for coffee a few times, talking about our goals and then we're able to kind of connect with our third partner and that first deal kind of all brought us together and we worked on that and found that we worked well together. And we were each able to complement on each other's weaknesses and strengths and decided from there, "Hey, let's just kind of create a partnership here and keep buying deals together."

**[0:06:04.7] WS:** Are the other two partners local to you?

**[0:06:07.0] BM:** Yes, yup, same area.

**[0:06:09.1] WS:** Okay, you reached out, I mean, you connected I guess the BiggerPockets knowing that they were close to somewhat close to you.

**[0:06:15.4] BM:** Correct, yeah, same market. Really when we first met, it was just started another casual conversation of what our goals are in real estate but staying in communication with them, just kind of scaled and know what it is now.

**[0:06:26.5] WS:** How long between the duplex to the 89-unit?

**[0:06:31.3] BM:** That was about around a year.

**[0:06:34.4] WS:** Okay. Congratulations.

**[0:06:36.0] BM:** Thank you.

**[0:06:37.9] WS:** That's awesome. But then now you all done an office and retail property, what's your all's focus going to be moving forward or where is it kind of opened all three of those asset classes?

**[0:06:47.1] BM:** I think really, it's opened up to all different asset classes. I think our main bread and butter still is that large multifamily value-add deal but we came across this office in retail asset really within a few months and they were both great deals and have been great so far, even through these crazy times where those asset classes aren't necessarily performing well on a national basis, they've been performing well for us.

But yeah, I think once we kind of got those, we learned how it works, we are kind of attracted to them but like I said, the multifamily still reigns the core.

**[0:07:17.3] WS:** Okay, well, you know, I know one of your super powers is this, supplying data and data science models and it's something you and I had talked about before the show a little bit but applying that to like asset management and some KPIs that you all are able to track and how you have progressed that and kind of your vision for that moving forward, I'd love to jump into that a little bit and just how asset management has helped you all and some of the things that you all are doing to perform and perfect this out of the business.

**[0:07:45.9] BM:** Definitely, I'm a firm believer in using whatever data you have available, use it to your full advantage. So, specifically, and when we buy properties, they'll have access to their property management software, we use AppFolio. I have a direct log in to there. We can see every single piece of data we want and there is so many different ways to analyze that data.

People just need to really find out what they want to track and then build a system around tracking that data so they can make data driven decisions going forward. Because decisions without data are really just kind of aimless decisions. That's really what we do is I've built out – you know a five or six tab spreadsheet that actually constantly improving it and adding to it as time goes on, there's more things I find I want to track.

But I use that as a basis and I actually have that on my website to be able to put that down if they wanted to but –

**[0:08:34.8] WS:** What's on your website to download?

**[0:08:36.3] BM:** That's spreadsheet for the asset management spreadsheet. I put that on my website. Yes, we really take that and then we actually hired a virtual assistant, over time, I was able to train him to pull this data. Every week, he goes in and he has access to our AppFolio as well. He goes in there, pulls his data, put it in our nice report and then sends it out to our whole team, you know, our property management team prior to our Monday afternoon call. We have that property management team.

We'll use that spreadsheet as a basis to talk about different decisions to might make, whether it be leasing, we have a tab on there that talks about, it breaks it down by each channel what our conversion on lease on applications to leases are. We can use that to really double down if we see that like Facebook marketplace has been killing it for us. We can see that specifically in there, Facebook Marketplace, this week generated a hundred leads that turned into two leases or whatever. We can use that to then go make decisions or leasing teams.

That's just one example of the many ways tracking data and specific level really helps.

**[0:09:32.9] WS:** Nice. Could you elaborate a little more maybe on the more specific KPIs that you all have found to be useful to track?

**[0:09:40.0] BM:** Yeah, I think, there's the basic ones, right? Like income expenses, vacancy, all those, which ever one should be tracking. We also, ones that kind of you know, like I said, we'll track down on a per channel basis for leasing. That one's been very useful. We'll track tenant retention; we want to see how many people are renewing their leases. What we did is I found the national average as well as our city average of what national turnover rate is and we want to beat that. We'll track that. Other ones are we track delinquency, that's a good one.

And then we also track unit turns, we want to see how much it's going to cost to flip a unit. It's 1,200 bucks and I see in 2020 and average is 1,200 bucks, we might come into 2021 saying, "Let's see if we can get that down to 1,100 a unit turn." Then over the years, go on, we can track that, we also track how long is it taking us to flip a unit from flipping unit, how long does it take to lease the unit and we can track those days from there and as years goes on, you can look back and say, "Are we trending in the right direction or the wrong direction?" And then speak with our property management team and see, can we cut down on unit turns by a few days? What can we do to lease these out quicker? Things like that are really where data helps you make those right decisions.

**[0:10:51.3] WS:** That data, how long till it flip, how long to lease, some of those things, is your management team, you know, they're on a daily basis, they're putting all that information in? Is that right?

**[0:10:59.7] BM:** They are not. That's where our virtual assistant comes in and prior to that, I was doing it every week and then we're able to bring on a virtual assistant after some training, he's running our report with us every week now. I think realistically, I mean, it might take a few hours to do each week. Realistically asking a property manager – I mean, you might have one that will do it, it's kind of a mundane task, they might not put the top there list ever Monday to do. They probably have a lot more things higher on the list to do each week. But yeah, we kind of used that, able to plug that in and for relatively good cost.

**[0:11:30.7] WS:** I wondered about that because I know our management team man, they're busy, they do amazing job. But I'd be a little hesitant to ask them to track all these things. You know, how did your virtual assistant know all this information exactly? How do they pull that information out to create that nice report for you?

**[0:11:48.7] BM:** It really – the train did take a little while on that, I'll be honest. I used - I recorded my screen and put together like an hour and a half video, the first time on strolling. This is the report, you got to do an AppFolio because there is a lot of different reports in AppFolio where you have to go to this report to pull this piece of information, this one here. So, it may take a while and you reviewing with them saying, "You know you missed this part," but after a month or so now he's got it down. It is now well worth the effort. Now I don't have to put anytime

each week into that report. But yeah, just really training the other person on where to get the information and how to input it. It does help if they have a little bit of knowledge of Excel but overall it is a pretty simple process.

**[0:12:24.5] WS:** And you said this report is available on your website for the listener to find?

**[0:12:28.4] BM:** It is, yep at smartassetcapital.com there is an education tab on there. You will find it there a little short little eBook to explain what each tab means.

**[0:12:37.3] WS:** Nice. I feel like that is great value for somebody that is looking to learn to track all of these things and what is important no doubt about it. Which KPI there has yielded the best return or has saved you the most money or something like that?

**[0:12:49.9] BM:** I would say the breaking down and leasing on a per channel basis. As I spoke about it before, we found out that how much leads and the conversion to lease, we are getting from Facebook marketplace. If anyone is not advertising at Facebook Marketplace for their units, I highly suggest it. It out performs every other channel we've seen. It's free, hopefully it stays free. We just created its own page on Facebook for our apartment complex.

It has its own page on there and then you can just post straight from that page onto the Facebook Marketplace. But you don't have to hook it up to your personal Facebook so everyone is seeing that. But yeah, just create your own business page, post to Facebook Marketplace right from there leads come right in there. You can even do some automation there where – We have our virtual assistant running that as well but if he is not in front of his computer, it will shoot a message back here from nine to five with a response but yeah that is what we found out to the report was, that's a great channel to put more effort into.

**[0:13:44.3] WS:** So what is your resource for finding virtual assistants to do these things for you?

**[0:13:48.0] BM:** So, we actually went through an agency for our virtual assistant. I have done a few other smaller projects through Upwork and that was great and I think that is a great way to go because it is definitely cheaper. It does take a lot of work and when we are looking to bring



on someone full-time, I was a little skeptical of putting all of these hours into finding someone, interviewing them, training them. It is a big-time commitment just to maybe find out I'm going to pay this one person and then has a better offer come up and they leave or something comes up.

So, I went through an agency to do it just because I thought they'd be a little more committed and the VA we've got is great. Honestly, we pay a premium there compared to Upwork, but it has been great so far and I think it is worth that cost.

**[0:14:28.7] WS:** Cool can you mention the agency?

**[0:14:30.3] BM:** Yeah it is Rocket Station.

**[0:14:33.6] WS:** Rocket Station. Okay, I haven't heard of them before. We talked about using VA's numerous times on the show or I have in the past. I have used them a lot personally and I just think it is a great first hire just to get somebody a few hours a week, you know just to start offloading certain tasks that you don't have to do. And I know I love this example too that you all have this weekly call. That is so important with the management team and then every week you can have this nice report that lays this important data out here for you all to analyze every week.

**[0:15:03.4] BM:** Definitely.

**[0:15:04.2] WS:** So, any other ways that you all have used VA's even to help in the asset management side that we haven't talked about?

**[0:15:09.9] BM:** Those would be the main ones. I think running our tenant leads that come in, we found that the leasing team is great but you know going back to Facebook Marketplace again, when you have 50 leads or so coming in a day you can't expect your leasing guy to be there, sitting on a computer starting at it and responding and our goal for every lead is answer every lead within five minutes.

So, we have our VA hooked up to AppFolio as well, actually reach out to the leads that come through AppFolio because that spits out to one different channels. But within five minutes we

want him calling those leads or messaging come back. And what he'll do is just he has all the information in AppFolio, where he can see what units are available, prices and all of that. He has a set schedule each week for when our leasing agents are going to be at the property and his goal is simply to turn that lead into an appointment.

Whether you might only have 50% of appointments show up that is a different conversation. But that is the goal and that way we can just he can put a lot of time into that and just maximize as much leads. And then all leasing agent has to do is that lead shows up at the door and they take it from there.

**[0:16:13.3] WS:** I love that that you have a goal for him. And I am sure he knows what that goal is. That is really good. Yeah, I can't say that enough about how you structured that as well.

And so, you mentioned that when they – it comes to AppFolio your VA has an account where they can log into AppFolio, so they can see all this data but then when a lead comes in does it come through AppFolio like even if it is from Facebook or something like that? How does that work?

**[0:16:40.1] BM:** The Facebook ones will come into the Facebook page but all of the other ones do pop up through AppFolio. So, I know when you put a property into AppFolio, the property management does it spits out to others probably 10 or 15 different channels and then the lead will come through AppFolio. You will get an email notification saying this lead just comes through, he clicks it and it will show the information and then put it on that form for the given channel.

And then you can call him real quick and just say, "Hey, I just saw you came through this apartment. We're interested in doing an appointment."

**[0:17:09.1] WS:** Nice. What's been the hardest part of this syndication journey for you?

**[0:17:12.9] BM:** The hardest part is really getting your foot in the door on that first deal. I think that is really where a lot of people struggle is getting that first big deal done. But really, I think, if you just form the right partnership with the right people and just take a lot of action and prepare

yourself for it, and specifically becoming an expert in one subject of it is really what I found to be beneficial. Is become an expert in one because there is so much that goes into syndication.

And it is really impossible for someone to start to be expert and every piece of it going into it. So just become an expert in one piece of it. Partner with those that lack that piece and get your first deal done.

**[0:17:50.3] WS:** Love that advice. It is very overwhelming if you think you're just going to be an expert in the whole thing. So, what is a way that you have recently improved your business that we haven't talked about that we could apply to ours?

**[0:18:00.8] BM:** That's a good question. I think in the wake of everything COVID going on right now, we're just really increasing our communication with our onsite teams. So, we are almost daily talking to our onsite team in our apartment complex and providing them with resources and updates on different programs they can use with tenants. I think this is something that a lot of people are doing and everyone should be doing but there is so many different programs coming out each day.

We just found that our lender is offering this \$10,000 grant for tenants. So, stuff like that, we want to make sure we're on top of it. We don't want to miss out on opportunity to keep our collections as high as possible. So far it hasn't been too bad for us luckily but I do think it is going to continue at least for the next couple of months and then we are going to do everything we can to stay as close to a 100% as possible.

**[0:18:47.3] WS:** And how are you all finding investors right now?

**[0:18:49.2] BM:** Mostly through just in person connections. I am really starting to open up my mind to digital and trying to track customers through platforms and stuff like that but I can't say I have a lot of expertise in that yet. But that is something I am working on.

But overall, it's mostly just been through the major source has actually been through our meet-up. We actually host now the largest monthly multifamily meet up in Wisconsin. So, we were able to meet quite a few people through there and not specifically having the goal of finding in-

vestors through it but really just ultimately turned out to partnering up with a few good people that have brought quite a bit of equity into our deals.

**[0:19:26.1] WS:** And how are you drawing those people into your meetup?

**[0:19:28.9] BM:** So, the big way is we are doing it is going back to Facebook. This is another thing actually on my website is in different ways that attracts people in your meetup. I will talk about a few of them. So first off, the easy thing to do, 20 bucks, boost your post. So, when you start a meet up you are going to create a Facebook page. That is the first thing most people do. Boost your post on Facebook. It costs 20 bucks put that in there you will get at least a handful of people that show up just from that.

Another thing I have our VA doing is had him join all of the local Facebook. So, there is always a handful of Facebook groups in your local market, right? So, I found the five or six that are the big ones in our market, had him I join that. Go in there and then on the comment, if someone posts a deal or something, a wholesaling of deal, drop your email address below they'll type and there will be 50 email addresses in there. He grabs all of those email addresses and then we put them on a monthly distributions list to let people know about our events.

That and also just try to be pretty active on BiggerPockets. Whenever I see someone post about, "Hey, I am new in Milwaukee. I am looking to learn about the area." I will provide some insight about Milwaukee or say, "Hey reach out if you want to talk about the market at all." And also, just casually mention we host this meet up. Here is a link to our next event, click this and join us if you'd like. I say those are the three things that have really helped us grow into a good average of attendants with probably 30 to 50 people each month. A lot of new people too each time, which is great.

**[0:20:49.6] WS:** What is the number one thing that's contributed to your success?

**[0:20:52.4] BM:** I'd say just commitment. Like I said going back, I didn't just go all in and right away, I want him to choose a path in real estate because I knew I had to have a focus on one thing. And once I found that focus I 100% was committed. I think it distracted with other people coming, "Hey, we should do this. We really should do this. We should start this little business." I

just stayed a 100% committed on that and that is what I am doing for now until I get to the point where I think I can branch out to other things. But for now, it is just 100% commitment on the syndication business.

**[0:21:21.6] WS:** And how do you like to give back?

**[0:21:23.4] BM:** So, far just through providing insight with people whether that be through real estate or local market updates. Just trying to provide as much value to people that are getting started in real estate and anyway I can, has been my goal. So that is what I have done so far. Obviously, I have bigger goals of giving back in the future once I can. But so far, that is what I have been able to do and that is what I have done.

**[0:21:43.1] WS:** Brock, I am grateful for your time. It's been great to hear about your progress over the last couple of years just going from a duplex to actually syndicating some deals now and congratulations on your success and then just the KPIs that you all track even outside of the normal ones that we could all guess and how you have all done that and using VA's as well. But then also the tactics for growing your meet ups. Some great value that I know the listener and myself have gained.

So, I am grateful for that. Tell them how they can get in touch with you and again through your website where they can find a copy of that report?

**[0:22:13.6] BM:** So, our website has all of those reports and that's [smartassetcapital.com](http://smartassetcapital.com). There is an education tab on there. You will see those reports I was mentioning. You can find me on Instagram, LinkedIn at Brock Mogensen or even shoot me an email at [brock@smartassetcapital.com](mailto:brock@smartassetcapital.com). And I appreciate being on Whitney, it's been awesome.

[END OF INTERVIEW]

**[0:22:31.0] 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 Es-

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[OUTRO]

**[0:23:11.5] 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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