

**EPISODE 610****[INTRODUCTION]**

**[0:00:00.0] 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]**

**[0:00:24.4] WS:** This is y our daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Abel Pacheco. Thanks for being on the show, Abel.

**[0:00:32.6] AP:** Hey, thank you for having me, Whitney. Appreciate the invitation and appreciate all the time and effort you put into putting education out there for others. I think it's awesome so I'm back into the network there.

**[0:00:43.1] WS:** Thank you for that. I'm grateful for your time as well and you being willing to give back and share your expertise and experience with the listeners and myself. But little about Abel in case you haven't heard of him before. He began real estate investing in 2008. Invested in 800 doors of multifamily. 400 passively as an LP and then also 400 in the GP side as active partner as well. While working full-time, I want to add. While working full time as an IT sales leader.

20 years of corporate and entrepreneurial experience including your verifiable 10X track record of sales from five million dollars in 2010 to 57-million of acquisitions in 2016. Been married for 12 years with two beautiful children, two-year-old and an eight-month-old. Wow, congratulations on many fronts there Abel and grateful again to have you on the show.

I want to jump in and highlight your super power, but I want you to tell the listeners a little bit more about maybe where you're from and your focus right now in this industry.

**[0:01:41.3] AP:** Yeah, absolutely. Thank you again for having me on. Yeah, from Corpus Christi, Texas originally, I grew up there and I moved after high school to San Antonio, Texas. Pretty much half of my life in Corpus and half of my life in San Antonio Texas. And yup, we just celebrated the 12 year as you mentioned, actually yesterday so we were super excited and two under two. It's been a good run. My wife is one of my biggest advocates and best partner that I have and she's been there alongside as we've been real estate investing since we were younger and yeah, just enjoyed the time.

We started investing in 2008. We were probably like, a lot of investors, we were investors in single-family houses and slowly but surely, just every couple of years would squirrel away as much as we could and it's enough to put a down payment on the new house and we would slowly just stack properties and we were buy and hold investors. We buy them, make sure that they were nice, clean, comfortable, safe, rent them out and throughout the year as you mentioned, full-time was working in IT sales, sales leader. Started as a sales rep, sales erector, sales leader throughout a couple of different companies, [inaudible 0:02:54] sales was one. Rackspace, IT Hosting was another.

And throughout that career, full time, W-2 job, we would just try to buy properties. The goal was always to retire with real estate and have enough passive income that we could become financially free, have our payments being taken care of by renters and then be able to retire and do full-time real estate. That was always the goal and enjoyed the process.

And 2008, like I said, we bought our first property and it turned into 10 years later, we bought eight, we had a portfolio, we were still managing all of these properties at the same time I had a W-2, the kids came and it made a little more difficult to keep going on this trajectory and found some education at that time, my sister dragged me into like a three-day course, a three day seminar over the weekend and just opened my mind to all of the things that people were doing and signed up for some education, signed up for some course to then went on our run from eight to 800 doors. And just like you said, just invested passively first to kind of see, feel my way

through this process and then now a general partner in a couple of larger deals as well. We focus on B and C value-add properties, hundred unit plus.

So far, we've done only syndication as general partners are active partners and we've enjoyed the run so far. That's a little bit about me. Maybe I'll pause it here for you.

**[0:04:20.4] WS:** No, you mentioned it and correct me if I'm wrong but it took 10 years to get to eight doors, right? But then after that, it's like, something changed, right? I mean, then you're at 800 doors in the next how long was that? I missed it.

**[0:04:32.8] AP:** Yeah, it's been about two years. So, I did my first – or a little under my first limited partner, passive investor and investment was 128 units, we've invested passively from our 401(k), we left one job, we left a W-2 so I was able to transition that to an IRA and then self-directed that into the deal and that was October of 2018. That was my first one and you know –

**[0:04:58.0] WS:** What changed? I would imagine, there's numerous things that had to change but I'd love to know, what change had to take place for you to not just take the action to do it but like, just have the mindset that it was even possible as well? I know that had to happen for me, I know, what about yourself?

**[0:05:16.6] AP:** For me, it was really a job, it was my W-2, it was my day job, right? I had a fantastic run as you kind of saw there, some numbers, led a pretty large sales team of about 50 to 60 sales reps. I had about six or seven sales managers all under me and we had an amazing 10x run, 57 million dollars in acquisitions. And every time, every year, my quota would be reevaluated and I realized, "Man, this is not going to end any time soon." I look back on my 20 year sales history of my career and I pretty much been for the first five to seven years, maybe 100% commission, never had a stable salary until I was an IT professional, an IT sales professional, I had a 50% of my commissions were at risk and 50% of them were my base pay, right?

Always at risk, every year, you put 50% off and I realized, "Man, as I keep continuing to perform, no matter how many sales I made, my quota actually went up." I was rewarded every year with great success with a bare quota which means, we had to sell more, produce more and actually get paid less for the same amount. I was very blessed to have this opportunity 10 year run with

this company called Rackspace, the founders were awesome, the leadership was awesome, my direct leaders were awesome so I stayed there for so long.

But I just realized, “Man, there’s never going to be a time where I’m creating this return, this profit, this wealth, it’s never going to be mine unless I actually put it into something that’s going to create some income generation for me and an asset that would produce when I was asleep.” That was kind of the mindset and it was a slow transition to commercial multifamily real estate but since 2008, that was the goal.

I just didn’t realize back then that I could actually go buy an apartment complex. It did not click in my mind to later I had a friend and partner and somebody locally that I’d worked with and he’s done a lot of business and I looked and I go, “Man, he’s just like me, he’s a normal guy, how are people doing this?” And I started taking education and classes to feed that so you have that doubt, that fear, that worry, that anxiety of actually moving forward on a big commercial project.

What allowed me to overcome that was added education. With more competence, it basically gives you confidence and it removes some of that fear and anxiety. And then you just keep taking one action after another.

**[0:07:53.1] WS:** Love that, added education gave you confidence. No doubt about it. When you don’t know, I mean, you’re fearful, right? You don’t know what to expect or what’s going to happen or how to do something. How did you educate yourself, give us a couple of tips there before we move on? That gave you that level of confidence?

**[0:08:07.9] AP:** Well, I’ve done – let me see, first was the action to go do deal on my own. And I think that was the one benefit from single family was I could save more dollars, hard-earned money for a couple of years, put 25 or 30 grand into a deal, paper work, education was back then talking to my mortgage broker, getting a good team behind me, having a good property, was it the realtor who was helping me and actually going through like education on how to pick the property.

I applied that same mindset for 10 years. My single-family team to my multifamily team and I said, “Well, that’s got to be something to that.” And I realized the team has a lot, it feels like a lot

more expertise, there's a lot more people but basically did the same process. Who do I need for a lawyer? Who is going to help me analyze the numbers, who is going to help me underwrite, who is going to help me make sure the asset was good? That education came from asking people that I knew were successful, they were doing the same thing that I wanted to do, I asked them for their referrals. And then I also signed up for –

I probably signed up for about four to five educational courses. I did spend a good chunk of money four courses later. I probably traveled to 13 to 14 cities, many multiple weekends, I did this while my wife was pregnant and we made that decision said that if I'm going to do it, you're going to be alone on the weekends because I had the full-time job, I have to go travel every Fridays and return Monday, that was a grind, probably for my first year, really educating myself hard.

I went to multifamily seminars, multifamily conferences, I went to commercial classes, specifically on commercial, the overall world, not just multifamily, some underwriting classes and I just kind of, I signed up for and paid for as many courses as I could throughout the year. That was a fun year.

And then every time I was back home, call it Monday through Friday, if I wasn't at work, during lunch, washing dishes, outside in the backyard, just podcasts, I don't even know how to count, how many hours of podcast I've consumed.

You know, then after that, it was well, the voice I kept hearing and I know somebody said I didn't come up with this, I won't take credit but they said, "Hey, education without action is just entertainment. "Unless you take action, none of that education can actually help you. They say knowledge is power but implemented knowledge, that will change your life. And so that is the kind of those mindsets that I said, "I've got to apply and I've got to go do something. I got to invest in a deal, I got to learn from it and so that was kind of my education."

Obviously now, I'm still learning every single deal, every single opportunity, every podcast, you know, we haven't been to a conference in a while, I don't know how often these are going to come back during our time where a thousand of us are going to be shaking hands but I'm trying to do these Zoom events now and started a meetup, that's helped me through my education,

people ask me questions, started that one locally and now we're on to webinars and doing these live webinars every couple of weeks so all of that has kind of forced me.

Well, I'm going to be giving education, I better learn it myself. That was kind of the progression of education where I still feel myself – I'm going to still continue learning as much as I can and every day every week, every month.

**[0:11:25.5] WS:** You know, you mentioned going to conferences like many weekends and obviously while you're working full-time and you've got a wife who is pregnant at home so you're gone a lot, obviously, I mean, I've lived it a few years now myself. I understand, but I love to find out, because I think it's so important, it's not talked about too often but the family unit is so important and the support at home is just crucial. I'd love to – if you can elaborate at all, to help the listener who is thinking about fixing to go down this journey and I know I didn't realize it but they don't realize just the sacrifice, the whole family has to endure.

Just how you all held it together and kept pushing through?

**[0:12:03.3] AP:** Yeah, at the core of it, me and my wife we're both Christian. We're married for those 12 years and the reason I say she is my partner, right? Throughout this business, whether or not she feels like extremely active, she's my main partner and the main strategist throughout everything. I can act, I can put it together but at the end of the day, it was those knee-to-knee hand conversations, kitchen table, kids weren't there yet, right?

We're planning out our future. And one year, three year, five years down the road and every once in a while, you have those conversations where it's like, "I'd like to sit down, talk tonight, grab a piece of paper and pen and let's talk about, this is really what I want to go do." And she goes, "I agree, that's why I supported you because I want to go do what you're going to do as well.:

Talk about the sacrifices that are going to have to be made and we're said you were going to be pregnant, it's going to be nine months, I'm going to have to go to these courses and I'll probably even go up to these courses seven or eight months, stop travelling around this time, we'll have

a break and then I'm going to have to get back to it. But we kind of mapped out the fact that we have two kids under two, right? As we mentioned.

Be both said, "Well, even then, it's not going to stop, it's going to be two, three, five years old." But we're thinking of elementary school, we're thinking of middle school, we're thinking about as they grow, there's only one shot that I was ever going to have to be with my children and to have that time to rally help grow them up right, right? And so, this was our opportunity. So we said, there is going to be sacrifices, budgeting, saving money, trying to figure out the best way to continue to invest to have their education. She now stays home. She is able, thank you Lord, to stay home with the kid's full-time but that is not an eight to five. That's a 24 by seven 365.

And so, you know, just thankful that she wants to go do that and now is the best part of the process is like having a good, solid partner to help you through it and are we always a 100% in line? Not a 100% but pretty damn close and then when we start to say, "Hey, let's pray together and figure it out" And then we end up coming right online, right on track and I think that is a big part of it is talking about what we want to do and making sure those goals are in-line. And then put it on paper.

That is one of the most important things and review those six months, every year and make sure you're on board. Are we still going to do this? and now we were just talking a couple of weeks ago. I said, "I really think we should write a book," and I said we, I mean I but it is going to be our story and she's like, "Yeah, you know what? I think that would be an amazing sacrifice to do so and let's help others and there is probably a great avenue for our own education. And to serve back our listeners and our community."

And we were already talking about, "Well, how should we position this and what should we write about it?" So that is part of having a good partner and looking at it not only business partner but life partner. Life is first, me, my relationship with God, my relationship with my wife and then our kids and then after that everyone else the larger family. So, I think that was kind of paramount for success.

**[0:15:13.4] WS:** You know one thing, I love that you mentioned there is that ultimately you sat down with your wife but you talked about your vision. You talked about where you want to go,

where you want to be and really expressed your why. You all discussed your why and she was behind that why, right? I mean she could envision herself there, she could support that why and I just think that is so important. It's been important for myself personally.

So, I mean my wife is not directly involved in real estate but I tell everybody just like you said, she is the biggest partner in the business because I mean she is doing everything in the house while I am working all of these crazy hours going to conferences and speaking, doing whatever like you are talking about. You know she plays a big role in this business. But it is because our why and our mission that she can stay on board too and support it like she does.

And so, I appreciate you sharing that. But Abel, what's been the hardest part of this syndication journey for you?

**[0:16:04.1] AP:** I would say up until now, it's really finding the right opportunities. Part of it is the mindsets I have in single-family, which is if I am going to find a property, I need to go off market and I need to canvass either mailers or make cold calls or do the outbound in the single-family side because I have done a number of wholesale deals and a number of opportunities, where we have been able to do that two to three single family transactions a month.

But taking that mindset and pushing it aside a little bit, I know that it can be done, but it feels like the brokers are the better flywheel if you can prove your surety of close. If you can show them that you can close it, now you are going to be a recognized from the broker and say, "Hey, I'd like to send you this deal. Where are you?" First on the line, fifth on the line or you're 10<sup>th</sup> on the line? But try to figure out how to get closer to that deal flow, right? It was probably one of my biggest hurdles, my biggest obstacles up until this point.

**[0:17:04.9] WS:** Wow. What's been the way that you have recently improved your business that we could apply to ours?

**[0:17:09.7] AP:** I would say this is really pulling back from my ten-year track record of building sales teams, of building successful engines, of building successful revenue-generating models. I always love recruiting, hiring and training the right team. Having the right team will absolutely position you for success and the ability to scale, keep growing it and not have to micromanage



everything. My ability, I think, to choose leaders that I thought were either better than me or were going to be better than me in the future was just such a pivotal mindset for my long-term success.

I think success is short-sighted when you are only hiring people that are not as good as you or you are fearful of hiring them up because they could be better than you. I was the exact opposite and I always thought, "Man, if I could just hire somebody better than me, how do I find that person?" Then, we're all going to benefit us on the team. So really, I look at that same mindset and that's what I think of as a flywheel and especially in commercial real estate.

Is if you just find the right team members, people that are better than you at whatever skill or expertise you need, any deficiency you can overcome of the right team member. So, if you are not a good Excel guy and you're not really good at pro formas or underwriting, I can go find somebody that's way better than me at that. If I don't have any deal flow, I can find out, "Well this individual has a ton of deal flow." If I am not the capital raiser, I can't generate millions of dollars well, who is the right person that can help with that?

And so, I would say that's really what's helped me on the commercial multifamily side is I am always looking for partners to raise my game because I'm at my peer level so I can see what other people are doing. I am looking for partners that are a couple of steps ahead of me and then I am looking for education or mentoring or coaching from people that are thousands of units above me. So, I think if I can always have those mentors and coaches.

And build that team that's really what's helped my business grow very, very quickly, very rapidly is just wanting the right team members and that I think is a superpower of its own.

**[0:19:24.7] WS:** For sure and how do you connect with those people that are thousands of doors ahead of you?

**[0:19:28.7] AP:** Yeah, well up until the pandemic, I think a great place for them is the real estate conferences and I would spend a lot of money on education. Part of it was being there in person to get the education, but I think the bigger part of it is networking. And so now, let's say during the quarantine, whether we come out, the show will come out later. So, like now let's say, this

comes out in June, well, we may be more open up but it's probably going to still a little bit difficult to put a 1,000 people all together in a room shaking hands.

There is something very valuable to face to face. But now man, LinkedIn is an amazing platform. It is an amazing asset. I would say you probably don't want to do IM, instant message only. You probably do want to follow somebody, have some good information or nuggets about their background, send them a thoughtful message, like some of their posts on LinkedIn today.

Engage with them, try to provide value to what they are doing and then at some point ask for a phone call. See if you can set up a time then really learn more about them and come in advance prepared to show them how you can bring value. So, if we do get back to conferences, much easier, you can literally go to somebody at the front of the room that's talking shake their hands, introduce yourself and stay in contact with them.

But if we are still in this state, where we don't come together as much in person then that is the way we are doing things right now on LinkedIn and I think it is helping and –

**[0:20:59.7] WS:** I was going to ask your best source for meeting new investors and maybe that's it, you know pre-COVID and post as well.

**[0:21:06.5] AP:** Yeah, pre-COVID definitely conferences. I think getting together with like-minded individuals that all want to go do the same thing. I am a passive investor first. So, I passively invested in 400 doors. I put a good chunk of change and myself two deals and my wife in a deal herself. And so, being a passive investor allows me I believe to relate to somebody because I know what they are feeling. I did that first, right?

So even just relating to a potential passive investor, just try to learn more. If I can help fast track their learning by providing value and education without any kind of agenda, I think people naturally say, "Well, man, Abel's pretty helpful. How do I stay in contact with you? Well are you doing deals? What market are you in?" And now I get the questions back and it was a great source for passive investors.

And now post-COVID that is why I think I tried to transition to live events, webinars where I am getting a little more strategic on the information and putting in a good subject. We got a meet up page where we have driven people there. It was a live event. It was in person here in San Antonio. We had about 50 to 60 people that would come to our meet up once a month and so we have transitioned that and said, "Hey, come join us here until..." And we have done two of these. We did a lunchtime event and then we did an evening event to catch maybe somebody at work, some in the evening and then create your landing page and ask people to come talk to you afterwards, if they want to learn more.

And get the topics with that high-level top 100 level to try to attract somebody that's maybe in a single-family and they are trying to figure out, "How do you even invest in a multifamily? I don't even know the first place to start." I told them to start them and now I am also a coach for apartment educators, local group, the same team.

Started an education platform and I have been coaching there and I think we are really starting to build an ecosystem that attracts both passive investors, multifamily active investors, maybe other people that maybe consider as your competition. No, the world is big enough. We are not going to be in a competitive standpoint. If we can all get together and say, "Hey, we are here in San Antonio and we are drawing traffic."

Now, with the webinars I think we are going a little bit past San Antonio, which is cool so it pushed us I think post-COVID. So that is the way we're attracting investors today. And then just have conversations with people. People ask me on Facebook, "Hey, how did you do that? Hey, I am looking at single-family property. Hey, what do you think about this land?" And I have never bought raw land you now up to date. Actually, I take it back. We've done it once. I wouldn't say I am an expert in it. But just try to help somebody through the process.

And then pretty soon they ask me, "Well what do you do?" I am multifamily syndicator that is what I do and the conversation ends up headed that way so.

**[0:23:45.3] WS:** So, what is the number one thing that's contributed to your success?

**[0:23:48.2] AP:** I think the ability to take action. Fear and worry and doubt are definitely always part of I would say of being a human, right? And that fear worry and doubt a lot of times will hold people back and what I think is helping more than anything is just the ability to analyze the risk, look at where the situation that I am in, have a good situational awareness, make a decision and then act on it and I think most people get stopped.

They orient themselves to what is happening, they make a decision but never act and I think that is probably the biggest layer of impact for me that's allowed me to have the most success.

I am not always right. I am human, I make a ton of mistakes but when I make it, I am going to take the next action to correct it. It is never a freeze of, "Man, this is what happened what is the next action? What is the best next course or a path?" And let's keep moving forward. And a lot of times my biggest obstacles have been my biggest opportunity. So just keep taking action.

**[0:24:56.3] WS:** How do you like to give back?

**[0:24:57.8] AP:** I serve today at the house, at church, I am a deacon there and I just enjoy doing that. I like sharing education and information, providing coaching, guidance, I have been doing that for 20 years whether you call me a formal coach or not. I was a sales leader. And so, all of these individuals would come up and they want to figure out how they can obtain success. I like sewing into people, telling them of the knowledge that I have acquired.

And not all of it a 100% but this is how I got here and if you think this is a good path, do the same thing because it is a repeatable process. I love helping others. I love that.

**[0:25:33.9] WS:** Well I appreciate you giving back in that way. You know what? I hope many people reach out to you that were in your shoes and that you can help as well. Tell them how they can get in touch with you and learn more about you?

**[0:25:43.4] AP:** Yeah, you can go to my website. It is the number 5tcre.com and you can put in your contact information. You go to 5tcre.com/invest, there is a landing page. You can put your name, your phone number, there is a Calendly link where you can schedule time on my calendar and I love to talk with you about passive investing, active investing and then eventually, I'll

have some kind of a book that probably won't be until end of 2020 or '21. So, it would be some-time. But come visit my site and set up a time. I would love to have a conversation with you.

**[0:26:20.8] WS:** Awesome that is a wrap, Abel. Thank you very much.

**[0:26:22.9] AP:** Hey, thank you Whitney. I appreciate the time and wish you the best.

[END OF INTERVIEW]

**[0:26:27.3] 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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