

EPISODE 626

[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]

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

[0:00:33.3] HC: Pumped to be here, Whitney. Thanks for having me.

[0:00:34.8] WS: I'm honored to have you on the show. Just reading your bio and get to talk to you a little bit. You have some great energy about you and I'm looking forward to just hearing your bio and hoping that the listeners are listening because I think you can help many of them.

He is the author of the bestselling book *Skip the Flip*. I'm holding it up in the video right now. I hope he was gracious enough to send me a copy and I hope you will look him up and his book. But secrets the number one percent, or 1% know about real estate investing. He's partner in two real estate businesses and he was financially free by age 24.

He didn't do that by sitting on his hands, that's for sure. Hayden, thank you so much for being on the show and grateful for your time. Let's just jump right in, I want the listeners to know a little more about your story because I know they're going to be inspired by that and let's just jump in to a few things, how you made that happen?

[0:01:25.5] HC: Absolutely. Well, first, thanks so much for having me and I want to talk a little bit about how I got to where I am by no means in my done on my journey in any sense, but I've done a lot for a 24-year-old. We'll take it back to the beginning. I always knew growing up that I wanted to be a business owner, wanted to be an entrepreneur of some sort, but I do really know what that looked like. I ended up going to college at the University of Georgia being a bulldog and, in that process, I just absolutely despised classes, I loved college life but I hate the classes part, you know?

It really made me think and more and more about why is the system kind of the way it is, "Why did I have to go to an English literature class when I wanted to do business," you know? I didn't really like having people tell me what I had to do just because they thought that was a great idea. I wanted to be able to control whatever it was that I was going to do so one day, sitting in class, a group came around about a start your own business, become an entrepreneur internship and they passed the clipboard around for anybody who was interested in that.

I signed up, somehow I struggled my way through interviews but ended up doing that and you know, it's interesting, they told me, "Hey, you're going to be an entrepreneur, it's going to be awesome, you're going to learn all of these skills," but it wasn't until they got you fully hooked and committed that they told you what it was going to be doing.

A little bit after the fact, they tell you hey, you're going to go back to your home town in the summer and you're going to be painting exterior houses for people and I go, "Wow, that is not at all what I thought I'd be doing with my summers in my life is going back to my home town," which you know, I'm in Georgia and it gets really hot here in the summer so to be running an exterior painting business was not my favorite thing to do.

But I learned in that journey a lot of great things about business but one of the most important things that I learned was actually an interaction I had with a customer. Whenever we'd try and setup an appointment with somebody to say, "Hey, I'd love to paint your house," you know, try and sell them on all you can do form. I had this one customer who said, "Hey, I'd love to paint your house and here's all the benefits, what time can you meet me at the house?"

Most of the time, people would respond with, “I can meet you out there after work, 6:30, 7,” but this guy just responds, “I can meet you out there whenever.” I go, “That’s interesting.” I ended up meeting him out there 2 PM on a Wednesday afternoon or something like that, I was working and apparently, he was working too and I didn’t really understand.

He said, “Oh, yeah, this is one of my rental properties.” That’s when something kind of clicked in my head. I’m like, “Okay, this guy is driving a nice truck. He’s meeting me at whatever time he wants. Nobody’s telling him what to do, I got to learn more about this.” That led me to picking up a little purple book called, *Rich Dad Poor Dad*, which changed the entire course of my life as soon as I finished that book. I got on Google and just typed in real estate investing.

Because I knew I had to learn how to acquire real estate assets that would pay me every month.

[0:04:04.0] WS: How old were you during this time?

[0:04:05.7] HC: 18, 19.

[0:04:07.3] WS: Okay, you were actually operating the painting business at this time?

[0:04:11.0] HC: That was the summers in between college. When I went back to college then the painting business was no more and I was just, you know, I was a college kid. I had two to three hours of class a day and the rest I could do whatever I wanted, you know. A lot of people chose to play video games or hang out and that’s just – I said, “This is not – That’s not where I want to be, that’s not who I am and I got to learn, I got to use this time while I have it because whenever this whole college thing has done, I don’t want to be working for somebody else just like I don’t want to go to class.”

That led me right after I read *Rich Dad Poor Dad*, I got on BiggerPockets, I found this guy local in my town talking about how he had wholesaled some duplexes, bought them back, refinanced them, just made all this money and to me, this just sounds too good to be true. I was never taught anything like this in high school, I was never taught this in my business classes, anything like that.

I just called the guy up and I said, "Hey, I'd love to take you out for a cup of coffee," and he told me, "I don't drink coffee but you can meet me at my investment property in 15 minutes." I said, "I'm getting in my car." I went over there and I met the guy and I said look, "I'll do whatever it takes to learn this business," and he said, "Okay, show up at my house tomorrow." I started working for him for free. I didn't have much money, I didn't have any skills, probably had less than \$2,000 in my bank account, I didn't have any skills whatsoever that could contribute to his business.

But I said, "I'm going to do whatever I can to add value to his business." Every single day, after I got out of classes and sometimes I wouldn't even go to classes, I just go work for him for free. Learning every single aspect of the business. He was doing, you know, flips, whole sales and then trying to 1031 up into apartment complexes. Through that process, I just gained a real world experience of how things actually work in the business and that's kind of how I got started after about a year, he told me, he said, "Hey, we weren't planning on doing this for you to continue the length of time, you just been crushing it, you'd been adding so much value. I can't do anything but make you a partner in this business."

That's how I finally figured out hey, how can I get into real estate with no money and by helping other people at the same time? That's kind of my journey to where I got into real estate. Whenever I took the real estate investment's course in college which Georgia's the number four real estate program. I owned more investment property than the professor teaching the real estate investment's property course.

That's whenever I realized like, "Hey, something is wrong here with this system. They are not teaching you true success, they're teaching you principles but they're not teaching you actions," and that's what led me to go in and write my book so that I could spread, "Here's how things actually work." Because for me to own more investment property as a professor teaching the course, it just didn't make much sense to me.

[0:06:36.3] WS: That doesn't make much sense to me either, not at all. Hayden, I love that the drive that you have, jumping in there and making it happen. You know, I have said so many times in the show, I know the listeners have heard me say, "Go work for free." I know that everybody's not in that position, you know? Where they're in college or where they're able to

actually do that, you know, maybe they already have a family or whatever. I would also say that there's probably some hours through the week where you could work for free. Even if you still have another job and potentially a family, there's probably some time where you could do that or add value to somebody.

Tell me a little bit about though how that relationship progressed and what you actually did for him. Because I know some people are thinking, "Now, wait a minute, how could I add value to this other real estate entrepreneur?"

Maybe they've met somebody and they want to try to offer that same kind of service?

[0:07:19.8] HC: Absolutely. You know, in the beginning, like I said, I didn't even know what a contract was, I didn't know what due diligence was, I didn't know the difference between a single-family house and a flip versus a commercial value-add project. I had no idea about anything but what I did have was the ability to – I mean, I've got a bookshelf and I will read and consume and say, "How can I apply this information?"

But for me, it comes around to a mindset of like value first, you know? You have to be willing – even if you don't know how you can add value, you need to figure out a way to add value.

Examples are: He had a really messy key system for all of his 200 plus rentals, just one day, I said, "Hey, I'm going to reorganize this entire key system process, and you didn't even ask me to do it but I'm going to do it and I'm going to make it effortless and I'm going to take any time you need to find a key, you're going to know exactly where it's at."

He had a contract on a property he needed to get. I had never signed a contract before with anybody. He needed to go to his kid's soccer game. "Hey, don't worry about it, I'll drive the 45 minutes, I'll go get the contract signed, I'll bring it back, I don't know what I'm doing but I'm going to figure it out."

It really comes around to a mindset. A lot of people want to think about, "Hey, I don't know, I might make a mistake, I don't know what I'm doing, I think I should read or consult somebody

first,” and I was just so – I will figure this out and I will make it happen. Listen, you’re going to screw up, you’re going to make mistakes but that’s just part of it. It’s guaranteed to happen.

[0:08:34.6] WS: It is guaranteed to happen. If you don’t make the first step because you’re afraid, you’re never going to get anywhere, right? But I also want to highlight, you know, you said, almost after a year of working with him, tell me about – I mean, a year of working for free for somebody, what was that relationship like? Because some people are like, “There’s no way I’m going to work for free for a year.”

Obviously, it’s paid off for you but tell me about what that was like over that year a little bit, did you do more work, different types of work, was he kind of mentoring you along the way and what did that look like?

[0:09:06.2] HC: Whenever people ask me that, I always think back to the story of – It was extremely hot fall day. All of my friends were at a rooftop, pool party, college party and I was sitting there sweating profusely at this junker flip house in let’s call it a D class area that they were flipping. Painting the exterior of the house because I knew how to paint exterior houses and I didn’t really know how to do much else so I said, “Hey, you know, I’ll paint your house for you for free.”

Here I am sitting out there, all my friends are at a rooftop pool party and in the middle of my day, I’m out here working for free, painting some guy’s house for free and I just – the paint gun breaks on me and I’m just thinking to myself, “What in the world am I doing right now?” All of my friends kind of ask me, “Hey, where have you been? What have you been doing?”

But for me, I had complete conviction that maybe that situation wasn’t the best but the skills that I was going to come out with and the freedom that I was going to gain, it would all be worth it. I just kept telling myself, “It would all be worth it.” You know, there’s a lot of times whenever you’re working for free, especially for long period of times, you start to doubt yourself, you start to doubt your plan but I had to stick to it.

You know, that’s a little bit about an internal fortitude that you have to have if you’re going to follow that game plan and that’s essential to know from the start, you’re going to have doubts, you’re going to have downturns, everything isn’t going to be happy, joy, I’m working for free, this

is awesome. At some point, you're going to really hate yourself and say, "What are you doing, you know? Go get a job and make some money." But the skills, I mean, I read a Robert Kiyosaki quote that said, "When you're young, you should work to learn, not work to earn." I really took that to heart but I was very fortunate that I think it came with the mindset that I approached it with.

That I very rapidly progressed and showed my mentor trust that I could take on bigger and bigger tasks because I wasn't always hey, how do I figure this out, how do I figure that out. Now, without a doubt, whenever I'd have questions to consult and follow property tours and deal management and that kind of thing. Shadowing, I was constantly learning, constantly getting a very firsthand.

And in whatever way I can, this kind of comes back to it, I would find ways to add value and through the process of adding value and figuring out, you get the self-education and you also have someone who has been there and done that saying, "Hey, no, you're going down this path, I've done that before, that's not good, you need to get on this path and those are the things that you really can't learn until you're in the actual situation, you're not going to learn it from a book or anything like that.

It was a great relationship where I would do literally anything for knowledge and in the opportunity to learn and you know, it paid off and I got great coaching along the way.

[0:11:41.0] WS: What about, any push back from maybe family or people that you trusted and say, "Hayden, it's been six months and you're still working for this guy for free, you know, you could be earning some money over here at the Burger King." Any push back like that?

[0:11:55.8] HC: Yeah, 100%. I come from very supportive family but my parents at one point kind of looked at me like, "What are you doing?" You know what I mean? It's like, "You're going to college for a real estate degree, why are you working for free for real estate knowledge?" And definitely some push back but that's where – You're the only one on this journey; these other people aren't really on the journey with you. They can tag along and they can meet you at the destination, but you have to go through that journey yourself. And if it's something you want to

do; you have to be willing to have conviction when other people don't necessarily agree with you.

Even if they're right, even if they say, "Hey, you need to watch out and you need to do this," I think you should take advice but you're also going to have to just do it yourself to learn it. A little bit of push back but nothing that would get me off track, you know?

[0:12:35.9] WS: Yeah, you know, what is it that really gave you that – the figure it out mentality, you know, just that drive and the push-through. You know, that you have. Is there anything that's helped you like develop that mindset?

[0:12:48.3] HC: I mean, I was a football player in high school and on a very successful team. But I really don't know where it came from. I think that during my painting internship which I kind of got myself into something that I didn't really want to get myself into, but kind of being a football player and a sports player, I always knew that I would never quit. I am going to never quit something. Well, whatever that mentality broke into my entrepreneur painting venture and you know a month in, you're like, "This is horrible. I hate my life. I am working 100 plus hours a week." And by the way, the entire summer that I painted I only made \$2,000.

So, I worked the entire summer for \$2,000 and it was awful but I knew that I wasn't going to quit because I am one of those lessons. So, I just think to roll in that mentality and that experience into like, "Hey, if I just keep going," I realized that the biggest thing that I can take away right now is the lessons that are going to make me successful.

[0:13:39.5] WS: Tell us about the first deal that you were a part of compared to maybe the last deal that you have completed and maybe you're focused right now.

[0:13:46.5] HC: Sure, the first deal I completed is you want to hear –

[0:13:49.8] WS: Like what type of property or what was it?

[0:13:51.6] HC: So, whenever I hopped on with my mentor, kind of shadowing him – I have a unique story because I've got to see firsthand the types of deals that he was doing and then

watched him and cherry picked what I wanted to do which is a very useful experience. But I would say the first deal that I watched that I got into myself, it was through a partnership with my mentor, self-storage complex and just below Atlanta that was an owner financed deal that we found off-market. Underwrote it, all of the numbers made sense, value-add and still on that property today for cash flow. So that is the first one that I got into. I mean you know it was a 20,000 square foot commercial facility which is awesome.

And then the last deal that I've done as of right now we are doing about a 100 square foot storage facility development in southwest Florida that is currently in the works.

[0:14:43.1] WS: Awesome, so is storage your focus?

[0:14:46.0] HC: Yes, I love self-storage. I mean I would do other asset classes but as an operator, as a deal finder – You know, back to my journey mid-way through my journey and working for free a little bit after that year, we stumbled across a self-storage facility, really had no idea about self-storage at the time and it came through our deal flow system of normal residential houses and small apartment complexes where we are working.

You know the guy said, “Hey, I don’t want to sell my house to you guys, but I will be more than happy to sell this self-storage facility.” So, we looked at it and it was a compelling opportunity and said, “What the heck? We’ll go for it.” So, we bought that first one really not knowing what we are doing and then just dove in as hard as we could in learning that asset class and you know it’s been awesome. Since that time, we bought 13 facilities in five different states about half a million square feet.

So self-storage is a great asset, in my opinion for a number of different reasons. It doesn’t mean it is the best asset but it has been very good through the COVID situation and the downturns and income has actually gone up through these periods. So, it is a great asset for a lot of different reasons. We could dive into that if you wanted or –

[0:15:47.4] WS: Yeah and you said 13 facilities and how long did it take you all to close that many properties?

[0:15:52.5] HC: From the very first one, it's been probably two and a half years now. So, at one point in, I want to say 2019, we were buying a facility about every other month. So, we are just stacking them up. We gung-ho on it and said, "You know we are going to go all in on this self-storage things," and we might have gotten our feet in a little too quickly. I'd say we dove in head first without checking the depths of the water.

Thankfully it's worked out, but we know a lot more now in making educated decision about it than we did back then. So, there is a lot of things now whenever we analyze opportunities, we go, "Man, you know if I didn't know this, we'd probably be saying yes like we did two years ago."

[0:16:33.4] WS: Were all these with the mentor? The same mentor?

[0:16:35.6] HC: Correct.

[0:16:36.9] WS: Wow, found a mentor, worked for free for a year, pushed through and now, look at the partnerships that's been created since then. That is incredible. And so yeah, tell us a little bit why self-storage and then we'll have to jump into a few final questions.

[0:16:51.1] HC: Sure, absolutely. So self-storage is – It seems like everyone's heard a little bit about self-storage and everyone thinks it's just this goldmine of a business, but what a lot of people don't realize is that it is a lot more like say a retail business than it is a traditional rental apartment complex type business. But it is very, very intriguing for us. One of the main things, the main benefits that I like about self-storage is you can raise your tenants rate every 30 days.

We don't have to wait for a 12-month lease to expire. So whenever someone is up for renewal then our software automatically detects, "Hey, this person is right for a rent increase." And one thing that I really love about it is if you've got a big unit packed full of stuff and I raise your rent from let's say 6%, if I raise your rent from 50 to 53 dollars, you're probably not going to pack up all of your stuff and move out over \$3. Versus if you raise someone's rate 6% and they're renting an apartment at \$2,000 a month, they might be leaving over the rent increase.

So, one of the reasons I really like self-storage is that on a percentage basis you have so many more tenants. Now their income is a lot lower per tenant but you have so many more tenants

that whenever you do actually raise the rents, you can on the same level increase your income, but you have a lot more customer retention which is one of the things I really like about it.

It is a very numbers driven business. We like that about it, we like the diversity in terms of how many tenants we have. On a two million dollar, three-million-dollar property, you could have 400 tenants and that offer is really good diversity for your income. If 10% of your tenants get hit with a job loss that that is not going to really impact you as much as 10% of your call it 200-unit apartment complex or not even 200 units, probably 50-unit apartment complex. So, for that reason it's extremely interesting.

I mean the fact that self-storage does well in downturns. It's driven by people needing to down-size their houses or run into crises that is one of the good things that we can be there to help provide a product that people need, you know what I mean. So, we also love the fact that it is very simple model, you know it is concrete slab with metal buildings and metal doors and there is not much when a tenant moves out. You know there is no toilets, no painting units, nothing like that. It's just kind of hey, grab the broom, sweep it out, throw a new lock on it and let's rent it tomorrow.

[0:19:05.9] WS: Hayden, what's been the hardest part of this syndication process or business for you to get in?

[0:19:11.3] HC: That's a good question. I would say personally for me, my age, you know being 24 years old a lot of people think that I should still be starting my career, figuring out what I want to do with life. You know people tell you, "You're young you will figure out what you want to do." It's like, "No I know what I want to do in my life," you know what I mean?

So just overcoming the obstacle and the barrier of being a young guy who wants to do a lot, who wants to do big deals and overcoming and building that trust with investors to say, "Yeah, he's young but he knows what he's doing." So, for me personally, it's been the, "Hey, do you even have graduated from college yet?" Kind of thing is yeah, I have and check out the track record. So, age.

[0:19:47.0] WS: So, what is a way that you have recently improved your business that we could apply to ours?

[0:19:50.9] HC: Very interestingly, I don't know about apply to yours, but in self-storage it seems like there is always some sort of new product tip or trick that has come out. I would say that we have really doubled down and it's been extremely important during these times when people are a lot harder to spend the dollar to actually become really, really excellent at marketing your business that comes to self-storage and that really comes down to any kind of business.

So, just becoming and leveling up our online advertising and direct response marketing to customers is probably have been one thing that if I were to recommend to anybody, I think marketing can solve all of your problems whether it's getting new tenants or getting investors or whatever it may be. If you can become excellent at marketing and really double down, partner with experts in that field, you will see a big increase.

[0:20:36.2] WS: What is your best source for meeting new investors?

[0:20:39.1] HC: Events. I mean I want to go events, one to learn but also two, to meet the people that go there. I'd say that's probably where my most quality relationships that I have is other people that I have met at events, whether it's been local or national or international events, is I just I love to go to real estate events, capital raising events, business events whatever it may be is my biggest source. You know I had a goal to go to one a month this year and kind of been a little bit wrecked so far this year. So, I got to catch up the rest of the year when things start opening back up.

[0:21:07.9] WS: What type of events outside of say real estate events?

[0:21:11.6] HC: I mean I go to general business events. So, I don't know if you have ever heard of Family Office Club. I love The Family Office Club. They are not just real estate, they focus a lot on real estate but you know they bring in tech investors, they bring in angel investors, they bring in agriculture people, where it is just a mix of so many people from so many different fields coming in and saying, "Hey, I've got this. Hey, I am looking to invest in this," and it is a great

melting pot of high-level people doing deals that you really not going to experience anywhere else. There is a lot of money in the room and there is a lot of good quality of people as well.

So that is my favorite, just general business entrepreneurship capital raising.

[0:21:47.4] WS: And they're all over, right?

[0:21:48.8] HC: They go everywhere. I mean they go from Singapore to New York to Dallas, Texas, so great resource. They host a lot of online webinars that are really good too.

[0:21:58.2] WS: What's the number one thing that's contributed to your success?

[0:22:00.3] HC: The ability to just figure it out even whenever you have internal doubts. If you have a little voice telling you, "Don't do that," then sometimes, maybe you shouldn't do it, but a lot of times your inner enemy holding you down and keeping you from progressing. So, if you are kind of scared, if you're nervous, if you are going to have conversation with somebody and you're a little shaky about it then you should go do it and do it again and again and again until it becomes comfortable.

Because that is how you level up in life, just figuring out where am I uncomfortable and then repeatedly doing that.

[0:22:28.8] WS: How do you like to give back?

[0:22:30.1] HC: Give back, that is a great question. I mean I have been thinking a lot about giving back and what can I do in that regards. I mean I have been on mission trips and I absolutely love that. I need to go on some more but giving back is an area in my business that I don't do enough of. I have a friend that has a great real estate business called Give Back Real Estate, which is a realty business in Athens, Georgia. I like to be involved in helping whatever way I can.

But he has a very unique set up where all of the realtors in that office give back 10% of their commissions to local charities chosen by their clients. So that's been a really inspirational model

over the last 12 to 18 months They've given back about \$350,000 to local charities. That's really cool to see.

[0:23:10.7] WS: That's awesome. I appreciate you sharing that, Hayden, and I am grateful for your time being on the show. I love for the listeners and guys and gals who are getting started and you know some of them have been in that getting started mode for a long time and just love hearing stories like yours where you just jump in there and said, "I'll figure it out and even worked for free if I have to even if it takes a year," and look how that's paid off.

I love that drive and just the figure it out mentality. Hayden, how can people get in touch with you and also find your book, *Skip the Flip*.

[0:23:44.5] HC: Absolutely, so get in touch with me you can email or reach me through Instagram. My Instagram is @haydenkrabtree. You could email me, hayden@haydenkrabtree.com. I really want to invite everyone, the book *Skip the Flip*. I wrote the book not to make money in any way, shape or form. I wrote the book because I wanted to share. I was getting asked every single week from people who wanted to be a real estate investor, who wanted to know more about what I do.

How do I actually do it? What is the strategy? What is all the behind the curtain things that seasoned real estate know that the average person doesn't know and it is not because we're smart or anything. It is just the people are taught these. So, I wrote my book, *Skip the Flip: Secrets the 1% Know About Real Estate Investing*, to spread knowledge. If anybody wants the book or audiobook free, they can get it. Just go to haydenkrabtree.com/freebook and you can download it there for free.

Anybody can have it, if you want the physical copy, you can go buy it off of Amazon. Just type my name in or *Skip the Flip* and it should come up. It's a red book but yeah, so reach out to me, hayden@haydenkrabtree.com and grab the free book, haydenkrabtree.com/freebook.

[0:24:48.9] WS: Awesome, that's a wrap Hayden. That's amazing. Thank you very much.

[0:24:52.7] HC: Yes sir, thanks for having me.

[END OF INTERVIEW]

[0:24:54.3] 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]

[0:25:34.1] 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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