

EPISODE 697

[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]

[00:00:23] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Collin Placke. Thanks for being on the show, Collin.

[00:00:32] CP: Thanks for having me.

[00:00:33] WS: After a decade of volatility working in the oil and gas industry, Collin was drawn to the stable income and tax benefits of real estate investing. After building a portfolio of large multifamily assets, Collin started the Rigs to Real Estate Community to help other oil and gas professionals utilize real estate to smooth out the volatility of the oil and gas industry. Collin, thank you again for being on the show. I'm looking forward to hearing. Tell us about your background, a little bit about how you've used that to get into this business and how you're helping others do the same now. Give us a little more about that, maybe about your background in oil and gas and why real estate and let's jump in a little bit to how you've created this business now in real estate and how you're helping others.

[00:01:14] CP: Yeah, sure thing. Once again, thanks for having me here. My background is I graduated from Texas A&M with a petroleum engineering degree in about 2010. I have roughly 10 years of experience in the oil and gas industry, in various financial and engineering roles. After about six years in the industry, I've been through a couple ups and downs, and that's one thing. If you're not familiar with the oil and gas industry as a whole, we tend to go through these boom or bust cycles. It's never just smooth growth, or anything like that. It's either volatile

growth, where you're working 80 hours a week, or you don't have a job. I mean, those are your two windows.

[00:01:48] WS: I don't know much about oil and gas, but I know that that's what I've – over many years, that's what I hear. It's either up or it's down. I mean, it's all or nothing.

[00:01:56] CP: Right, right. There's actually something called the oilman's prayer, which is, “Lord, give me one more oil boom and I promise not to screw this one up.”

[00:02:04] WS: Interesting.

[00:02:05] CP: I mean, that's a microcosm of what our industry is like. Anyways, around 2015, I found myself out of work for a couple months at a time. Oil was at an all-time low. I think it was around \$26 a barrel. What I found then was I thought I had done well when times were good, putting money away in the stock market, making sure I had that rainy-day fund. What I found was that the stock market was – the stocks were useless when my income dried up. To keep the bills going, to keep the lights on, I had to sell those stock investments and they were no longer there.

To add insult to injury, I owed taxes on that capital gains taxes on those stock investments when I've ever had to sell them to keep the lights on. Then the investment's no longer there. I realized, there had to be something – a better way. Something that I could keep my capital working for me and maybe use income from it, or cash flow from it. I didn't know that term at the time. I had to go figure that out on my own. That's where I discovered real estate, because it checks all the boxes that I needed; tax benefits, cash flow. It's where I can use that income towards growing my investments when times were good, or diverted back if times were bad towards keeping the lights on and everything like that.

That's how I discovered real estate. It checked all those boxes. Like most people, I went ahead and got started in single-family. There was a couple of reasons because of that. Number one, the vast majority of information out on the Internet is circulated around single-family. Two, it was just in my comfort zone. I was like, I can take one unit at a time and really take my time and

everything like that. that probably should have been my first red flag. If it's in my comfort zone, it's probably not going to be the best path towards growth.

Sure enough, what a lot of people find in the single-family when they make it to multifamily is it's just not scalable. I had a certain monthly income that I wanted to reach. To do that, doing the math of how many houses I would need and how much time that would take, it just wasn't going to fit into my goals, so I started focusing on multifamily.

[00:04:10] WS: Nice. Are you still in the oil and gas industry now as well?

[00:04:13] CP: I am. Yeah, I'm still actively employed. Everything I do with multifamily is either passive, or on the side after hours.

[00:04:20] WS: I know a lot of listeners are in those same shoes I was for a very long time and just really having to hustle and spend all the hours outside of the day job to make it happen. I love to hear other stories about that and just encourage the listener in that as well, that it can be done. Keep moving forward. Give us a little more about what you're doing in multifamily right now exactly and let's jump into how you got started in that.

[00:04:45] CP: Yeah, for sure. My focus is larger multifamily units in the southeast. Anything, 100 units or bigger. Most of the stuff we do is 150 to the upper 200s. Again, the southeast, we want to look for landlord-friendly, job growth, wage growth, those types of – all the things that you look for in a good market, that's what we're focused on. What I bring to the table, the value I bring is investor relations and also, raising capital to close these deals as well.

[00:05:12] WS: You're in the oil and gas industry. You figured out, okay, real estate is going to help me. It's going to provide some income. It's going to provide some tax benefits, more so than the stock market ever has. Then you needed to figure out, "Okay, I need to scale this. I got to get to a larger scale and it's going to be very difficult to take a long time to do that with single-family." Getting to that first deal, building your brand a little bit, can you walk us through that a little bit and help the listener think through that as well, how you did that, how you got to the point you are now? Maybe the first deal or so is always the hardest, typically. How did you do that?

[00:05:44] CP: The big thing when I got to the realization that multifamily was going to be the answer, I went through the thing of like, “Okay. Well, I’ll start with five to 10 units.” A big thing that I’ve used in my career in the oil and gas industry is if I don’t know the answer to something, I’m going to go ask someone who’s been there, done it and is doing it and hopefully, learn from their mistakes first.

I went and started talking to people doing five to 10 units and they said, “Yeah. Sure enough, it’s just as easy to close five units, as it does one single family home. I’ll never go back to doing a single family home.” Then they say, “But.” This pattern showed up. They’ll say, “But, I can’t wait to sell these five to 10 units to get 20 to 40,” because they run so much more efficiently. I was like, “Okay.” I started talking to people that were doing 20 to 40 units. It was the same story. They were, “20, 40 is great, but I can’t wait to get to 85 units and above,” because your property management is lower, your expenses are lower. It’s just they run more efficiently, the bigger you get.

I’m thinking in my head, I’m like, “Great. Where do I take a duffel bag of 10 million dollars and get on Zillow and find these properties?” There’s no way I can take on a project, or have the funds to do something like that. It turns out I didn’t have to, because once you get to that 85-unit above level, everything becomes a team sport and you really focus on what’s your strength. Then you partner with people that can make up for your weaknesses. That’s really what I did.

I started networking like crazy with people that were finding success in that multifamily space of 85 units and above and started partnering with them. Being an engineer, my first thought was like, “Okay, I can underwrite deals.” Underwriting [inaudible 00:07:19] assets and underwriting multifamily assets are actually, surprisingly similar things. I thought that would be my superpower. A buddy of mine who invested in real estate full-time, he said, “Okay. Just because you’re good at that, will that excite you to wake up each morning?”

Well, my full-time W-2 job is working in Excel. Would it excite me to after-hours come home and work in Excel and underwrite multifamily deals? The answer was no. Then on top of that, I didn’t really have time to hop on a plane on a Tuesday and go play golf with a broker in Atlanta. That’s really the types of things you have to do to stay in front of brokers. I knew that that probably wasn’t the right route for me, but I did waking up each morning and getting people excited about

multifamily investing and passive investments, was something that appealed to me. I just took that and ran with it.

[00:08:12] WS: Nice. Well, I appreciate your just dedication and making it happen too. I wanted the listener to know, it's 6 a.m. right now we're calling. He is up and making it happen. I just like to point that out, because I did that as well. I mean, I'm up at 5 a.m. taking investor calls. Who would call me at that time while I was still working a full-time job as well? Just appreciate your dedication going in.

[00:08:33] CP: On top of that, I have a four-week-old. Sleeps at a premium right now. 6 a.m., 4 a.m., it doesn't matter. I'm probably up.

[00:08:40] WS: Congratulations on that. Tell me some of your success secrets, though, of being able to raise some capital for that first deal. Maybe you can tell us about that first deal a little bit, how you met these investors and walk us through that process a little bit.

[00:08:54] CP: I ended up joining a mastermind out of Dallas called Think Multifamily. It's run by a gentleman named Mark Kenney. He probably, any given day, the number changes, but he has around 6,000 units under management. Really, I was just networking with a lot of people in Denver, Dallas, Phoenix, those areas, markets that I wanted to be in and asking around who's doing what.

I was talking to a lot of people. I ended up at lunch one day at – Rod Khleif had a bootcamp in Denver. The people that I went to lunch with, I had no idea, but four out of the five people were all in the multifamily group. One of which was five years younger than me and he was approaching 750, or 800 units that he had closed themselves. I was like, this guy is five years younger than me and he's making it happen. I asked him, what's the secret. How did you guys get started and scale so quickly?

Really, it's partnering with the right people and having the right network. I think that's the biggest thing that joining a mentorship program is great. Mark's an incredible mentor. The network of people that are in there and want to work together and we can all pair each other's strengths and weaknesses together, that's been the most explosive thing for my growth. The first raise I

did was in Memphis, Tennessee. It was 276 units there. I think it was a 2.9 million dollar raise, so roughly a 9 million dollar total investment there.

[00:10:16] WS: Nice. Nice. No, that's awesome. Was having that dinner with those other individuals and seeing how many of them were in that specific group, was that enough to sell you on that group? Did you do any other, say due diligence on some other mentors, or anything like that?

[00:10:31] CP: Yeah, I definitely did. There was a couple others that interested me and were in best and final. Ultimately, it came down to the people that were in the group. I really felt like I related and gelled better with the people in Think Multifamily. Yeah, I definitely did a lot of due diligence, because that is a big investment early on. I will say that I'm highly, highly positive about mentorship programs. I have been in the oil and gas industry, and also in this industry as well. I mean, there's a lot of knowledge out there and a lot of people are willing to share that knowledge. You can really skip those timelines of learning those tough early lessons, and also just explode your growth from there.

I think the important thing is to choose the right mentor. That's a big part of this, getting that good education and everything like that. What's also just as important is the networking within that group as well. You want to make sure that you can relate to and gel with the people that are in that group, because ultimately, those are going to be your partners. Obviously, I can partner with Mark Kenny on a lot of things and I do, but the people in the group are going to be your biggest springboard towards growth.

You want to focus on making sure the people in the – the mentor is great. Make sure he has a great track record and is going to do what he's going to say he's going to do, but also make sure that inside that group, you like the people that are in that group, because ultimately, those will be your main partners.

[00:11:53] WS: Yeah, I know Mark personally and many people in that group and can't speak highly enough of him. Just great people and just a great group that he's created there and just wildly successful. They've done very well in helping a lot of people get started to successfully in this business.

Collin, let's shift a little bit to how you used your industry that you're in to really build a – you're building a brand now around that. Let's elaborate on that a little bit, or you talk us through that a little bit, so the listener can also maybe open their eyes to maybe they're in a totally different industry right now working and how that could help them to build a brand and get started in this industry as well.

[00:12:30] CP: Yeah. Really, I went through several iterations. When I first got started, I was going to get on the Internet and I was like, “Oh, I could just buy Facebook ads and tell people that I’m investing in multifamily and get them excited about it,” and that was a complete failure. People didn't know me. They didn't like me. They didn't trust me. They didn't know who I was. They're scrolling on Facebook looking for, to click like on their nephew's photo that he just posted or whatever. They're not really wanting to be bombarded by investments. It's a cool audience. It's really almost a cold audience.

After floundering with that for a little while, I started thinking like, “Okay. Who can I talk to that will listen?” Really, that was the biggest breakthrough for me, was talking to my people in the oil and gas industry. I’m speaking their language. I’m going through the same pain points they are. There is a reason I got started in real estate in the first place and there's a reason it makes sense for them to as well. That was the biggest breakthrough for me was talking to my people and also, switching from Facebook over to LinkedIn. That's a secret, I think a lot of people still think of LinkedIn as this is just a website when I need a job. I'll get on there and poke around and see who's hiring.

That is not what LinkedIn is anymore. When you look at the statistics, the average household income for a LinkedIn member is a \$115,000 versus \$28,000 for Facebook. Then also, the biggest thing is the mind frame that people are in when they get on LinkedIn. They're not going in there to click like on their nephew's photo. They're going in there to network. They're going into to talk business.

When you're posting content and stuff like that, it's just well more, or way better received on LinkedIn, I think. Now the thing that I think that people get discouraged about and maybe why they quit doing stuff on LinkedIn is the engagement is a little bit lower. You may post something

and get two likes, whereas on Facebook you got 56, or 105 likes or something like that. I want to encourage people, do not get discouraged by that, because people are still seeing what you're posting. If you stay consistent with that and really tell your story and why you're doing this, people will reach out weeks, months down the line.

They may have never clicked like. They may have never commented, but they'll shoot you a DM and say, "Hey, I've been watching what you're doing. It's really exciting. Tell me more." If you would have quit after week two, you would have never known about that. That's my advice on LinkedIn. Just stick with it, stay consistent.

The other breakthrough I had was instead of trying to create all this content, create content, I just started documenting what I was doing. If I'm doing due diligence, I'm going to document it and just write a little post about it. If I'm networking, same thing. That I think was another big breakthrough.

[00:15:14] WS: Can you just give an example of what that post was? You said you'll just write something about it. I was trying to help the listener think through, to make it as easy as possible for them to get started on LinkedIn. Because I agree. I've heard this so many times on many interviews now, a lot of people say, you got to get on LinkedIn. You got to get on LinkedIn for the exact reasons you just said.

I mean, getting past that hurdle of making posts and talking about what you're doing is difficult at first, I think, and for a lot of people and it was for me as well. Can you give us some examples, so the listener can visualize what you were posting on there?

[00:15:45] CP: Sure. Yeah. I like to mix it up between posts about oil and gas, or trying to build network within the oil and gas industry, and then also, switching it up to talking about what I'm doing with multifamily. An example of multifamily, two or three weeks ago, some partners of mine were in Arkansas doing physical due diligence on a property. Obviously, my kid was due at any moment during that time, so I stayed home, but I was able to go in virtually and walk the property virtually with my partners out there.

I just took a little 15-second clip of one of my partners walking the property. Then what I posted about it was the importance of physical due diligence and what it does for making sure our business plan is still valid after we go through and see what the property actually looks like. It's not just an OM, where all the pictures look really great. We're touring every single unit, taking pictures of every unit.

One cool thing that I talked about on that post was how we take pictures of the serial numbers and barcodes on the back of every appliance in there, so that in this post-COVID world if somebody's fridge breaks, we don't have to go in their unit. We know what fridge it is when we do finally close on that asset. Then the other thing at the bottom of everything, I have just a really small call to action, that'll be reach out to me if you want to know more. I'm happy to tell you why we do this and how we're accomplishing what we're doing.

Those posts go a long way, but really the big ones are talking to your people building that network and that trust, like ability factor and really, that was the biggest breakthrough for me was talking to my people in their language, versus trying to just blanket talk to everyone.

[00:17:23] WS: Nice. Yes. Yes. Focusing who you are speaking to is important. Collin, any other just tips that you've had for the listener who's trying to get started raising capital and getting into this business and maybe a couple other breakthroughs that you've had quickly before we have to move to a few final questions?

[00:17:38] CP: Yeah. Yeah. I mean, biggest breakthrough is just be yourself. There's a saying in the Coast Guard that they can only rescue people who swim towards them. Don't be discouraged if people – if you have a few haters, if you tell someone what you're doing, they're like, “Oh, that's dumb. I'm invested in the stock market.” Let them swim in whatever direction they want, but you keep posting what you're doing, documenting that, being yourself. The people that swim towards you, they will come. Just stay consistent. That's been a big breakthrough for me is not trying to get everyone rescued.

Some people just can't be saved. The ones that can, you can provide the most value to them, because you're not distracted chasing everyone in the world. That was a big breakthrough for me. Then, I guess to segue where I've gone from there after I – like I said, when I got started

with this, I really just wanted to smooth out the volatility of my industry and job. Once I accomplished that, I decided it was time to give back to the oil and gas community as a whole, so I started a group called Rigs to Real Estate, which I'm coaching, mentoring, helping other oil and gas professionals get started in real estate in whichever way they can, whether it's passive investing.

A lot of people are ready to go in single-family and everything like that. They want the control and do it all themselves. That's fine. I get them started on those first couple steps, because a lot of times, what happens is people just get that analysis paralysis at first and there's so many entry ways and routes and stuff to get started in this industry. I just set them down and I say, "Hey, this is step one. This is step two. This is step three. Don't worry about the mountain in front of you. Let's just get these first couple steps out of the way and figure out where you're at, and then we can work from there."

Before you know it, you've done step after step after step and you're at the summit of your mountain. That's what Rigs to Real Estate is all about is just giving back, because once I had achieved that freedom of knowing that whether I keep my job or not, I still have my basic bills covered from real estate passive income.

It was still devastating to see co-workers who get blindsided and their entire identity is wrapped up in their job and when they lose that, they have nothing out there. It's the phases you go through. We all started down this road. A lot of us, we have these a little bit selfish intentions at first. I want to make sure, my family's taken care of, my bills are paid, that type of thing. Once you reach a certain level of success, it's like a child versus an adult. It's not out of the ordinary to see a naked baby, but a naked adult, that's just not right.

You grow out of these phases and that phases of life, it's okay to be selfish when you first get started. The more success you have, you want to give back, and that's I think what keeps a lot of people going is once you do reach that successful point, making sure that you're giving back and that becomes your new motivation.

[00:20:34] WS: Yeah, we'll talk about that just a little bit more in a minute. Collin, tell me, what's been the hardest part of this syndication journey, or process for you?

[00:20:42] CP: The hardest part has been just the lack of deal flow the last couple months. I feel I had a lot of traction going into 2019, or the end of 2019, especially. Things were growing really well. Then all of a sudden, hold my beer, watch this coronavirus was put a stop to everything. How do we do due diligence on a 150-unit complex without any human contact? Lending was frozen up. It's been a really tough season coming through coronavirus. That's probably been the toughest thing so far is just keeping my investors focused, liquid, understanding why we're doing what we're doing.

At the same time, it's also been a great – people are listening a lot more after this. They saw what the stock market did in March. I'm just trying to reiterate that, keeping my pool of investors warm for when we do have a deal and we're getting very close on one in Arkansas, like I mentioned. That's been the toughest thing is just not having the deal flow that we had. It's exciting when you're like, "Hey, new deal. Hey, new deal." All of a sudden, all that freezes up and you got to really focus on your business and make sure it's streamlined, because obviously, you can't focus on getting deal after deal after deal.

[00:21:49] WS: What's a way you've recently improved your business that we could apply to ours?

[00:21:53] CP: I would say, really focusing on distractions and getting rid of them. Obviously, a lot of stuff we do –

[00:21:59] WS: How have you done that?

[00:22:01] CP: Well, a lot of stuff we do is on social media. I've really tried to come at it and switch my mindset from a consumer of social media to a producer. If I get in, I'm writing a post. I'm not going back in like I used to when I first got it started and see how many likes am I getting, how many comments am I getting. If someone comments, I comment back. That's been a big improvement for me is just taking that time away and structuring to where maybe an hour each morning, I'm on social media doing organic posts.

Then after that, I leave it to the side, so I can focus on things that are important. That's been a big breakthrough for me. I know that seems really small. When you're on social media a lot, they're designed to make you distracted. They're designed to addict you. Even if you're trying with the best intentions to just work on it, it's easy to get caught up.

[00:22:50] WS: What's your best source for meeting new investors right now?

[00:22:53] CP: LinkedIn.

[00:22:54] WS: What about the number one thing that's contributed to your success?

[00:22:57] CP: Mindset. 100%. The skills, I think as a petroleum engineer and other petroleum engineers have 99% of the skill set, the gap that needs to be filled is that mentality of I'm an entrepreneur. Just the mindset and positive mindset to know that this is possible and people have done it before you and you can do it as well, that's a big gap, because a lot of people are W-2 workers for life, or have been for their entire career, it's really hard to shift that mindset into more of the entrepreneurial method.

[00:23:29] WS: Then tell us a little more about how you like to give back. I know you started to talk about a little bit, but let's talk a little more.

[00:23:35] CP: Yeah. With Rigs to Real Estate, I'm just like I said, documenting posting content. Helping other people just become aware that we don't have to live from boom to bust in this industry. There are things you can do when times are good to take care of yourself when times are bad. I'm trying to get that education and that motivation out there right now. A lot of it is I say, giving back, because a lot of it I'm talking to people that are at complete square one and I'm trying to get them started down that path of here's what you need to focus on. They're talking about flipping houses and doing Airbnb. I'm saying like, "No, no, no. There's two things you should focus on. Single-family rentals, or multifamily rentals. Let's figure out where you fit into each one."

Do you want to have a lot of control? Okay, active multifamily, or active single-family. What's your cash flow goals, if your cash flow goals divided by \$250 per door per month are more than

12 to 15 houses, you need to be focused on multifamily. Just going through those steps and getting rid of all the clutter and giving people clarity to where they're not frozen in that analysis-paralysis stage, because a lot of people just give up after that. I was tired of seeing that.

I'm really just there to facilitate those first couple steps. If they want to get started in single-family, I've got a list of great mentors. I don't have a coaching program. I make no money off of Rigs to Real Estate, but I do suggest people go get started. I can get you so far on the mental time, the mental space and everything like that, but you're going to want to mentor. I'm a big proponent of mentors. Then a lot of people that reach out are eligible and qualified and a good fit to invest passively. They're busy professionals. They want to have all the benefits and tax benefits of real estate, but they can't invest a lot of time in it after that.

They're perfect candidates for passive multifamily investing. Then there's other people that maybe they have the cash flow goals that they need multifamily, but for whatever reason, they want control. I say, "Hey, let's talk about what we can do to get you started in active multifamily investing just like what I'm doing."

[00:25:41] WS: Nice. Well Collin, I appreciate you giving back in that way. I think it's something for the listener to think about too, it's just how you used your industry that you're already in. You already know lots of people there. You already have a lot of trust built there. It's great to see how you've used that. One thing you mentioned too is you ask yourself, who can I talk to that will listen? I think that helped guide you to the industry that you're already in and you're creating a brand around that. I think it's very smart. You're niching down and you'll be able to speak to those investors, because you are from that industry. They're going to relate right away.

Just how you talk through finding that mentor, finding other people and your network and their network and how you made the first deal or two happen, just grateful for your time today. Tell the listeners how they can get in touch with you and learn more about you.

[00:26:28] CP: Yeah. You can find me on LinkedIn or Facebook, and also our website is rigstorealestate.com. We'll have a podcast coming out there, where we're going to talk to oil and gas professionals who have used real estate to get out of that boom or bust cycle, as well as several educational pieces with multifamily and single-family, all things passive income.

[END OF INTERVIEW]

[00:26:50] 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.

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[OUTRO]

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