

**EPISODE 721**

[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 your daily real estate syndication show. I'm your host Whitney Sewell. Today, our guest is Brian Wagers. Thanks for being on the show, Brian.

**[0:00:33.0] BW:** Thanks for having me, Whitney. Pleasure.

**[0:00:35.1] WS:** Brian is the founder of Wagers Capital where he has grown a net worth of over one million dollars and has over 300 doors valued at over 12 million dollars all under the age of 30. I'm looking forward to this story, Brian. I know many of the listeners are attempting to accomplish the same thing or even if they're over the age of 30, they're trying to get there. But he brings a focused dedication to the oversight of the portfolio, leveraging his local knowledge and relationships to execute their strategy.

Brian is also logistics manager of a Fortune 500 company where he is the top broker in Northwest Arkansas and top 10 in his region.

Brian, thank you again, grateful for your time, you're definitely someone that's taking massive action at a young age. I love hearing those stories and seeing guys like yourself and gals, making it happen and jumping out there. I want to hear how you've done that.

First, give us a little background on yourself and how you got into real estate, all those things, but really want to get into your story because you've taken action that so many need to.

**[0:01:39.1] BW:** Yeah, thanks again for having me. A little bit about myself, I was born and raised in Cincinnati, went to the University of Kentucky to get my economics major there. Right after college, I joined a commissioned based sales company, worked there for about three years and then I started to have an income problem, you know? I was making a lot of money, working a lot of hours to get to where I was and I wanted to figure out what I could do with this extra income that I had worked so hard to do.

And when you're in commission, you are part of that higher tax bracket. Seeing so much of your commission come out towards taxes was pretty painful for me. I started looking at what do people in America doing to create wealth and a lot of it was either real estate or stocks. I had my company's 401(k) plan so I was already doing the 6% towards our Roth IRA. But I looked at the stock market was my first venture I should say and it was just watching the stocks go up and down. I bought GoPro at \$35, watched it go down to \$5. That was really fun experience.

Then I knew just watch it, you couldn't do that as a day job and watched the stocks all day. I found BiggerPockets, you know, I think a lot of people get started finding the free resources on there. I knew I wanted to get into real estate. About four years ago, I bought a single-family house, it was great, you know, the mortgage was 500, I rented it out for 950. I managed it myself. Everything was going good, but I was just doing the math and it was going to take way too long to get to where I wanted to be, you know, as a passive income standpoint, tax benefit standpoint.

Something I heard early on was find a niche. A lot of people that I listen to, went into commercial real estate and the most common thing they would say was, "I wish I would have got started in commercial real estate earlier. I wish I would have started getting into multifamily earlier." It was something that kind of clicked with me, seeing the economy, the scale of multifamily, being able to hire professional property management. I read every book you could, went to a couple of different seminars and listened to your podcast, searched all podcast for multifamily and just read and listen as much I could and built up a little confidence in.

I found a 12-unit on market. I had finally convinced a friend to invest with me on the deal, you know, I had shown them what I was doing with it. I shown all the numbers on the multi-family, the 12-unit property and once they had agreed to okay, you know, talked with his wife, said, "Okay, we'll finance that," you know, the down payment the 12-unit was off the market. Kept following up with the broker and apparently the deal fell through and so I was there ready to go and that was 12 units, that was that one year after the single-family unit and then here we are, about four years since I first single family today.

In the introduction, you said 300 units right now to 350, we actually closed on a 50 unit a couple of weeks ago.

**[0:04:50.6] WS:** Nice, congratulations. What's your main mode of operation now, are you syndicating deals or are you – what's your asset class of choice now?

**[0:04:59.1] BW:** That's a great question. Everything I've done today has either been by myself, I've even seller-financed a 20-unit deal and everything I've done up to this point has been joint venturing. Either myself or joint venturing. But now, I'm looking to do a true syndication. So everything I've built so far has been this joint venturing but I've been able to retire my wife or retire. So now, she's doing the marketing and she built the website, she's putting content out on Instagram, Facebook, she's got a little bit of background in marketing.

It's great having her be able to spearhead that so we can start letting more people know about the benefits and hopefully going into that true syndication.

**[0:05:44.4] WS:** Yeah, you know, a million-dollar net worth by age of 30, I want to hear just some actionable steps that you took. I mean, massive action, right? We hear that, you had mentioned it earlier before even recording like that. That words so often, use in our space but it's so true, you have to take some massive action and not be afraid to step out there, right?

I've heard from so many people who have had success in this business and many businesses, at some point, they had to just put themselves out there, they had to take a steps forward and really get out of their comfort zone ultimately. What did that look like for you? To make this happen and to where you really started to gain some traction.

**[0:06:20.9] BW:** That was a big thing for me, you know, going to school for economics, you're always taught to analyze everything to death, you know, that was something I had to unteach myself, just taking action before you think you're ready. I think putting yourself in a situation to where you may have to look up and answer or look something up. But for me, I Googled my first step was I Googled every commercial lender in my area so I just searched commercial lender, Northwest Arkansas and I got a list of 10 people, called each bank.

“Hey, do you guys – can I speak with someone in your commercial lending department,” and then from there, “Do you guys finance apartment buildings?” And from there, you know, usually, a lot of the commercial lending, people, when they hear apartment building, they perk up a little bit, you know? Because even the banks know it's a good sound investment, especially local banks when you show them your business plan so that was a thing for me getting.

And then I did the same thing with commercial brokers, got a list of all the commercial brokers in my area. Some people search LoopNet so you might not be able to find a good apartment deal on loop net but you can find good commercial brokers on LoopNet selling other asset classes.

Sometimes on LoopNet, you might be finding someone who is selling an office building or something of that nature and you call them and ask them and you kind of tell them what you want to do.

For me, that was finding the C class apartments in B areas and renovating them and fixing them up to get them to that B level and telling them about what your plan was. So, that was for me, just finding each person and your team that you want to have and getting a list of people in the area and just calling them not being afraid to fumble over your words a little bit or not knowing the right answer but just calling and getting that conversation going and I think, with each different conversation, it gets a little bit easier, it gets a little bit more flowing.

**[0:08:19.1] WS:** You know, you had that 12 unit and you found somebody to partner with you or to finance ultimately the down payment for that property. Tell us about convincing that partner or you know, how did you meet this person? Is this someone that you've known a long time, what was that relationship like for them to trust you in that way to come in and do that.

**[0:08:37.3] BW:** Yeah, I say, it was a lot of back and forth, it was actually my fiancé at the time's father. My now father in law.

**[0:08:46.6] WS:** Hopefully the deal went good.

**[0:08:48.9] BW:** Yeah, he actually ended up joint venturing with me with a lot of other deals here. It did go pretty good. But that conversation, he owned 10 single-family homes free and clear and it was almost just an education about leveraging in a good way, you know, showing them how debt can be beneficial.

He had been through different financial crisis and he wanted to be safe as possible. It was a lot of back and forth with him, with his wife. I printed out spreadsheets, I made pie graphs just showing them the visual tools of it, telling them about the tax benefits of the commercial real estate. I think it was just you know, getting over that education standpoint about commercial real estate and showing them, "Hey, here is what would happen worst case scenario. We have a couple of tenants move out, we're still looking good."

I think showing them the downside and the upside, not just selling the upside, I think added a little more trust. Here's what happens if we have to bring the rents down. The rents are trending up, but here's what could happen if they went down for some reason.

**[0:09:53.0] WS:** What did the next deals look like? I mean, obviously, most people run out of money, right? They start buying a few deals and it's hard to get to the next one or where does the down payment come from and how did you do that? How did you continue to do deals?

**[0:10:05.4] BW:** Yeah, so my next deal it was a seller financing deal. I was driving for dollars, which is going around looking for different buildings and writing down the addresses, looking up the addresses, the owners on the accounting assessor website, sending out a lot of mail and trying to see if anyone was interested. I was going after what looked like distressed properties so maybe vacant landlords. That is a good one to search but I use seller financing on that second deal, which was a 20-unit deal.

The owner was ready to sell. He actually lived in Oklahoma, about two hours away and he was self-managing it. So, I used seller financing on that deal, same bank that I financed a 12 unit with. I've showed them what the numbers were doing on a 12 unit and they were ready to finance that and then after that, I did another 12-unit deal shortly.

After that, 20-unit deal and I was able to pull out enough equity in my first 12-unit deal because it was pretty distressed and part of that promissory note was to include renovations. I was able to pull enough money out of that first 12 unit to use a down payment for the next 12 unit too. So actually yeah, refinance that first 12 unit into another 12 unit. So, at that point, I have 44 units. Now I was still pretty confident so started making offers on deals.

My fourth deal, my commercial broker saw what I was doing and he ended up being a partner on that fourth deal and my father in law ended up being another separate partner and then my property manager was actually one of the other partners on that deal too so.

**[0:11:39.6] WS:** Nice, they had some faith in you and the deal, didn't they?

**[0:11:42.2] BW:** Yeah, I think having that track record, you know I have done three deals at that point, knew the processes and starting to get more confident.

**[0:11:50.5] WS:** On a different note slightly, you went to college, you got this degree and now you're building this business in real estate and I just wonder, I bet there is some listeners wondering too and knowing what you knew now, would you still have gotten the college degree?

**[0:12:03.9] BW:** That is such a good question because my wife and I are at the point of we are having kids and it is obviously way down the road but it is a thought like, "Am I going make my kid or not make them and tell them to go to college or start the business?" but I think I'll probably leave it up to them. For me, college was about the experience. You know I learned a lot and made a lot of good friends and good connections. You know some people who are now going to probably invest with me.

You know with my company so I think it was good, you know it taught me how to think not necessarily practical. You know this is what you do but it kind of taught me problem solving and de-

ductive reasoning so I would definitely go to college. I don't think I would still be here where I am, you know maybe I would be in a different state or somewhere else but it just depends on the person. Really what you are looking to get out of, you know I think a good foundation is good. You can learn a lot of good business principles, being able to finish college was a good sense of accomplishment.

**[0:13:04.9] WS:** Sure. With your portfolio, how do you prepare for a downturn?

**[0:13:08.4] BW:** Yeah, that is another good question. I think doing stress test on all of your properties, you know doing stress test on future properties, I think right now on my personal portfolio, I am not taking anything out of it. Everything is going back into renovations and so I am getting them ready if we do have vacancies and want the units to be ready to go. So not skimping on anything right now. when we do have that surplus I think it is best to reinvest it back in the property.

And my partners are fine with that too. I am going to have the deals that I have a couple of partners on everybody is falling with that. So, I think it just depends on the deal but I am definitely stress testing not being aggressive with rent increases, not being aggressive with vacancy decreases.

**[0:13:55.2] WS:** What do you predict is going to happen over the next six to 12 months just in the real estate market?

**[0:14:00.2] BW:** I think there would be some good buying opportunities is what I would predict at it if I had a crystal ball but it seems like there is a lot of deals out there right now that people are wanting to sell but they are still wanting those high prices and I think buyers have a sense of hesitation because we're not really sure what is going to happen. It is an election year big changes can be happening with the 1031 exchange if it goes one way or the other.

I think in November we'll have a better answer of where we're going for sure but I do think there would be some buying opportunities in quarter one. So right now, for me, just putting everything I had back into the business and getting ready for those opportunities. You know I am still mak-

ing offers. I am still looking for deals but it does seem like people still want the prices of 2019. Just stay strong in your underwriting and stay smart with what you know your goal is.

**[0:14:55.1] WS:** Knowing what you know now, what would you have done different on that first deal?

**[0:15:00.1] BW:** I spent quite a bit on that, a parking lot. I don't know that I got the return on the parking lot. It was just a 12 unit so we spent about like 35,000 on the parking lot. It looks great. I mean it makes the curb appeal go well but I think I maybe could have used that more for interior renovations. I think I would ask my property manager at the time what his opinion was as far as what we think could get the maximum rents to there.

So maybe I could have put that money somewhere else. So, I think not being afraid to ask the property manager what he thought was the highest and best use of our renovation budget so that is what I probably would have done differently on that.

**[0:15:37.4] WS:** Great advice, seek council especially from your management company, right? What's a way you've recently improved your business that we could apply to our business?

**[0:15:44.9] BW:** I think marketing, letting people know about my business. So, you know Jen, my wife, she's taken full steam ahead on that. So, start a Facebook page, start an Instagram page. You know everyone talks about local meetups. Local meet-ups are great too. You know just opening your mouth, letting more people know, don't be a secret. Letting more people know what you're doing. You know a lot of people want to get involved in real estate, more than you think.

So, I think just putting yourself out there more is good. So that is something we have done, spent a little bit of money on marketing and excited about that.

**[0:16:20.0] WS:** What is your best source for meeting new investors right now?

**[0:16:22.8] BW:** Right now, we are using YouTube, Instagram and Facebook. So that is our main focus right now. I think I could probably spend more time on Bigger Pockets. You know I've



got a Bigger Pockets webpage but I think putting value on BiggerPockets would be a good one and then local meet-ups would be another good one that I'm going to start doing more.

**[0:16:42.1] WS:** What's the number one thing that's contributed to your success?

**[0:16:45.8] BW:** We spoke about it, you know taking action. It's a word used a lot and I think sales and real estate you know, just when you think you're a little bit too tired to do something just push. Do one more, you know call one more investor, call one more lender, call one more broker. I think just even when you don't feel like it, try to do a little bit more.

**[0:17:08.7] WS:** If you had to pick just a couple of things that you could share with the listener that was the most important times where you took action or maybe it was even uncomfortable, right? You stepped up on your comfort zone, what would a couple of those things be?

**[0:17:21.6] BW:** I think talking to the first couple commercial brokers was out of my comfort zone. I didn't – what if they asked me about what type of cap rates, I didn't know about cap rates. I didn't know about they can see economic vacancy rates and so I think just start the conversation. Talking to those brokers is a good one.

**[0:17:43.4] WS:** Nice, well it is an amazing story and I just want to be the first or one of the first probably of many to congratulate you Brian on just on your accomplishment before you are even 30. So, congratulations to you and your wife and your father in law. Thank you again for having you on the show but tell us how you like to give back.

**[0:18:00.6] BW:** So, my wife, she is a big animal lover. So right now, we are giving back to the SPCA here in local so that is how we are giving back currently. I like to eventually start an educational, it is some sort of business educational for kids something in the area. So that is something we're looking at in the future as well.

**[0:18:18.3] WS:** Nice, well thanks again for sharing your story. Tell the listeners how they can get in touch with you and learn more about you.

**[0:18:24.7] BW:** We actually have a free eBook on our website, [wagerscapital.com/wealthplan](http://wagerscapital.com/wealthplan). Just a nice little PDF document my wife put together about diversifying your portfolio and building wealth. So [wagerscapital.com](http://wagerscapital.com) is a great way to reach out. We are on all of the social media as well, Facebook and Instagram. So, you can look at us up there.

**[0:18:45.7] WS:** Awesome, that's a wrap, Brian. Thank you very much.

**[0:18:49.0] BW:** Yeah, I appreciate it Whitney.

[END OF INTERVIEW]

**[0:18:51.0] 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 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]

**[0:19:32.0] 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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