

**EPISODE 734**

[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 Tyler Saldutti, thanks for being on the show Tyler.

**[0:00:33.0] TS:** Thank you for having me.

**[0:00:33.9] WS:** Tyler is the founder and CEO of Prime Realty, headquartered in Jacksonville, Florida. Originally from Chattem, North Carolina, Tyler has worked in all aspects of real estate including acquisition, development, repositioning, and disposition. With over 500 million dollars in transactions, Prime Realty serves as one of the premier commercial real estate firms in Florida and Georgia, with specialists in office industrial retail and multi-family property brokerage. Tyler, welcome to the show, grateful to have you on, especially, you have – it seems like an all kinds of commercial real estate.

You have become an expert in so many different asset classes, your group has grown it sounds like, at a very large scale. You're a perfect guest on the show, grateful to have you on. Give us a little more about your background and getting to where you're at now in real estate, and let's jump in to some of your superpower?

**[0:01:22.4] TS:** Well, thank you very much for having me, and if there is a Chattem North Carolina, I am not from there, I'm from Chattem, New Jersey.

**[0:01:30.2] WS:** My bad, NJ, NC.

**[0:01:33.2] TS:** Go Jersey. Yeah, that's my background. Growing up, my mother was in corporate America and my father was the real estate entrepreneur and general contractor so I eventually went from working in construction, growing up eventually went into business consulting at a firm in London, I went down the South Florida and had a short stint at trading commodities, and moved to Jacksonville, Florida because of family. Followed my sister and her family here.

My career is commercial real estate. Never sold a house, bought a few houses to live in, always hired a realtor and so office properties, industrial properties, retail, we'll do leasing and sells of those, and multifamily will just do sales so you won't find us leasing out apartments.

**[0:02:28.4] WS:** Nice. No, that's awesome, sounds like – can you give us a little more of a description of Prime Realty, and what you all do exactly, and let's get into how you're finding deals, and what you all do?

**[0:02:41.8] TS:** Sure, again, Prime Realty is a third-party brokerage firm. We are finding deals for other people and a lot of what we do in those first three property types, office, industrial, and retail, is leasing. Of the 250, 300 transactions, we might do year, the majority of the volume is going to be in the leasing side and the leasing leads to the sales. Whether it's a lease or whether it's a sale, the money is in the deal and it's in the relationship.

We've got owners of different calibers of skills in managing, skills in renovating, and things like that nature. But we've found 12 years now of kind of watching others do it and doing it ourselves is that the life blood of an investor or an owner's business is always the deal sourcing, whether that's finding a tenant, or a warehouse, an office complex, retail property, or finding the next acquisition.

The money, as we've seen now a couple of cycles – I'm fourth generation real estate entrepreneur, and I've seen quite a few cycles just living in this industry, growing up in this industry, is the money is made when acquisition is made. It's not made at the disposition. Money is made when you buy. If you buy at the wrong price, there's a little bit you can do in management, there's a little bit you can do in renovations, and repurposing, but a lot of it is luck, like we were talking about earlier. Luck always seems to be tied to discipline and effort or hard work.

Our most successful clients and big success stories all seem to be, boy, this group got so lucky. By the way, they are the same group that's been taking a disciplined approach, for years and years, and wakes up every day and does the grind, making the calls, and the work, and go figure they got lucky.

**[0:04:49.2] WS:** Right. I like to say that, you know, the people who don't want to work hard call it luck. Just like you just help us to see that it's that person who is putting in the effort and the discipline over a long period of time, they continue to get "lucky" but they're the ones finding those deals or making it happen. That's a great example.

Could you elaborate a little bit on just that thought of, we've all heard it, but the money is made when you buy the deal? You know, maybe some ways that you seen people do that incorrectly, they're not making as much money as they could have, or they've lost money because of how they bought versus thinking, you know, the money is when we sell something?

**[0:05:26.9] TS:** You know, to me, it always hinges on the first deal because when you get big enough and prolific enough, obviously the deals are going to find you. If you're Prologis, someone has a great warehouse opportunity, they're going to be calling you, I don't know. My understanding of the audience, which is, your audience is my audience. We're a boutique firm. Our clients are high net worth individuals and a lot of them are family businesses.

A lot of the transactions we do are somebody or some family's first transaction, right? Their first acquisition. Some of them have worked really hard to build a business, and they've been selling pizzas, they've been building windows, they've been you know, whatever it is that they've done to earn that money, and anybody in our position has got to take that responsibility incredibly

seriously because of that and everything we touch is a large amount of money and very meaningful to clients.

To answer your question, it's all about that first deal, if the first acquisition doesn't work out, it's hard to get the loan for the second. It's hard. As you get your first deal, you parlay that success into the next deal and it's a story, it's a narrative, it's a, "Look what I've done here. Here's why the next one's going to be successful."

Whether you're going to get a loan or, again, as I understand it, putting these syndications together and finding partners, if you've done a good job of sourcing an opportunity, the raising of a capital should not only be easy, but it should be a process of you selecting the right partners that we're going to add the value you're looking for, or you are selecting the loan program that it's what your goals are. That should be easy. I don't know if I answered the question.

**[0:07:28.2] WS:** Yeah, that's awesome.

**[0:07:29.7] TS:** Hopefully there's some nuggets in there.

**[0:07:30.9] WS:** Yeah, no doubt about it, just the importance of that first deal and how you buy it. So important and just relates to the rest of your almost your real estate career. Moving along much faster or slow the way down depending on how well you purchased that first property.

You know, you spoke earlier about just the deal flow being the life blood, and how your leasing business leads to leads, I love how you said, you know, see what was it? The money is in the deal and the relationship. You know, that emphasis on the relationship side of the business because it is so important, it's such a relationship business.

Can you speak to how you all nurture those leads and how you all have been successful in moving from the leasing side into increasing your deal flow?

**[0:08:15.7] TS:** Sure, well, I'll go back to 2008 when I started this firm. You know, I was an investment sales broker at one of the nation's biggest, the world's biggest platform, is what I call them. That dried up, you know, you had to pivot, just like people are making a big pivot right

now. There weren't investment sales being done in 2009, the funding dried up, that really puts a halt to things. We're doing property management, we're doing leasing, and when I say we, I'm sorry, me. I started as a person company, I'm the sole founder, I don't have a cofounder. That's what people needed. I talk about my passion being helping people build trans-generational wealth through commercial real estate investment and my passion in supporting entrepreneurship.

Landlords weren't and property owners were not selling in 2009 because they wanted to, they were selling because they had to, there was a life event, there wasn't a lot of popping champagne bottles at closings, on either side, people – there was uncertainty, people buying didn't know if it was going to keep going down, people selling, like I said, were more motivated than opportunistic.

We did a lot of leasing and finding ways to lower operating expenses so that people could pay their mortgage at that time. A little bit of hustle goes a long way in any industry, but hustle just means showing up to the meeting on time, hustle means making the calls every day that you're supposed to be making, prospecting, and knowing a little bit about what you're doing. It's amazing the success that comes from doing the blocking and tackling and doing the basics.

**[0:10:24.4] WS:** The effort and discipline.

**[0:10:25.7] TS:** The effort and discipline. I've seen investors source deals, you know, to stay on that seemed, investors build the relationships with one broker in each market. An investor might say, "I know I want flex industrial property. I think that's where the math percent things are going," and they may be talking to Prime Realty in Jacksonville and somebody else in the Carolinas and go about it that way.

I had no investors that say, "I just believe in Jacksonville," and they'll find the best broker in each property type and that will be their deal source for those property types. As far as choosing relationships, eventually birds of a feather flock together, eventually you're going to find your people that share your values and that's where you're going to long term build your team.

But strategy-wise, you have to have a niche in the business plan, geographically and/or a niche or a business plan in a property type, because it's just too difficult to source. You can't do every deal. That's why brokers, a lot of times, it's third-party brokers, people will look at us and say, "Well gee, why aren't you doing this deal?" You just can't do every deal.

That's the easiest answer to explain, obviously not everyone has resources, either to do every deal and brokers that do also raise equity, and brokers that do also buy properties, they're just like all other investors. They've got a niche and a business plan so a lot of the deals they're sourcing here may not even fit that. I believe in using brokers, that's been my success.

I'm a little biased, I own a brokerage firm.

**[0:12:12.3] WS:** Right, we also, I think still, it's about those relationships with the brokers, no doubt. What about just your ability to scale your business to where you're at now. I mean, doing this many transactions in two different states. I mean, in different asset classes, what's been some keys to your just growth and scalability?

**[0:12:32.9] TS:** Again, I would attribute it to a lot of luck but, you know, 12 years, it's not like Tyler's done this on his own. It's been luck that we've just had phenomenal people, and you know, it was a lot easier to find talent in 2008 during – there's a silver lining to starting a business in a terrible economic crisis.

There's a lot of talent in the marketplace to hire but it's always going to come down to culture and we see that not only at Prime, but in our clients, because we touch hundreds of businesses. Right now, we're having a health crisis and it's got some financial consequences and the good operators that were good operators before COVID are – it's amazing on how they're doing well now. Northeast Florida is doing a lot better than other parts of the country but if you're asking about how Prime Realty scaled, how we've succeeded, it is attracting the right people through a culture of collaboration.

We've had varying degrees of this over the 12 years but we've created an environment where people are very comfortable sharing what their goals are, especially professional goals, and then we're a group of people that help each other achieve those goals. You don't find that at a

lot of companies, and you don't find that a lot of brokerage firms, where it's an eat what you kill environment, and people will sometimes feel competition within their four walls.

The way that we break up into the different colors behind me and different property types, it's not unique to Prime but if we had a differentiator, it's the company culture of collaboration. The technology that is available now, CoStar, and Reonomy, and I'm not plugging. I don't own stock in any of these companies, but it really levels the playing field, and it makes it an entrepreneurial ecosystem for companies and boutique firms like Prime to really offer, certainly the same level of service, and what our clients have found is a higher level of service to property owners and to tenants and users of the property.

The real differentiator doesn't come down to a piece of technology or a database. We all have great databases, we all have great technology. You have to continually innovate, that's for sure, but, when you find a good group of people and you keep out bad people, that's going to lead the longevity of any company. We're seeing it again, not only at ours but you name the property type office, industrial, retail, or multi-family, the good operators that were operating well before this are pivoting, some in a small way, some in a big way, and are doing quite well.

If you had asked me these question in march, I would have given a much different answer and it's great to see a lot of small businesses that really felt this was going to be the end to – we have a cheese shop that I talk about a lot. People are sick of hearing about this cheese shop but in March, this 10 year old business did not look promising. They are perishable good, the operator had her own health concerns, and we are shutting down for a period of time. I went and bought some jam there, so one of the properties we do own. I went and got jam there a couple of weeks ago, "How are things going?" She said, this will be her best year of the 10 years of the business, even including the time that she had shut down.

She actually suffered – she had contracted COVID and actually couldn't go into work for a while. So she was fully affected by this and people aren't going out to restaurants as much in her neighborhood. They are having dinner parties at their houses and it's like the arms race on who can buy the fancier cheese and her business is off the charts, and you love buying from her. There is certainly a – I am off the subject now – but there is certainly an appeal to doing business with small American business or small businesses.

And boutique firms like Prime Realty or boutique businesses like the cheese shop and we are finding a way to thrive and grow and come together.

**[0:17:10.8] WS:** Nice. Well, I want to go back a little bit to the company culture of collaboration. Can you give us just a couple of tips how you just create that environment and that culture so that happens?

**[0:17:22.1] TS:** It is as much like the money is made when you buy the property, the culture is set when you hire someone. If you are coming into an organization, it's made real clear, certainly for us, what the expectations are of you and what you can expect and hold others accountable for. In our industry, integrity is the only thing. I mean again, we are talking about large, large sums of money and ego can be everything too.

If we had a success at our company, it's maybe that when – I mean, our top earners will take home half a million dollars a year or more that is a ton of money. There is an ego that comes with that often and if you were to walk into our office, you couldn't find that here. So how do we achieve that? It is in the hiring process. It is not after. If somebody doesn't get from day one, we are not going to change them. I talk about our business as if we are taking shovels full of dirt and sifting through them to find the specks of gold.

I mean that as an analogy for how we find our customers. We are not the firm for everyone but we are not turning dirt into gold, and we are not turning someone that wants to be working within the confines of a large corporate real estate firm into a believer of the boutique project-oriented approach. Our customers are out there. We are just making the calls to find them and for them to find us. Likewise, there are wonderful brokers that are incredibly effective, but they've just got a different attitude about going about it and ours is not that attitude.

With it being a one founder company, it is more efficient to set that culture. There is one voice, there is one set of values that trickles down and that makes it easier and at the end of the day if – I always say, if you don't want to be stuck in an airport bar with somebody, don't hire them. So that is one of my litmus tests.



**[0:19:37.6] WS:** I like that. I like that a lot. Yeah, the hiring process, I'll tell you what, it is something I have been going through a lot lately trying to improve our process. I couldn't agree with you more just about how the culture is set when you first bring somebody on and hire someone. It is so important to think through that. I want to change gears just a little bit and you talked about just the effort and discipline, and I couldn't agree more.

Just the effort and discipline consistent for discipline over especially a period of time, but how have you just become disciplined or have continued to improve just self-discipline?

**[0:20:11.0] TS:** That's a really good question. You know, I think life will teach all of us that. I think the market will teach all of us that. If you look at our industry when it comes to publicly traded REITs, and you look at the top performers, you are going to always find a disciplined organization that's. – we are grocery-anchored retail property owners. Well, that is a very discipline business model and the marketplace rewards that.

We are large bulk industrial property owners, you know, the marketplace rewards that. Trying to be too many things, I think, I can't point to examples where that's gone really well. So, how do I do it on a daily basis? It is the focusing on the be, and who you need to be each day. So we do a goal-setting and vision board, annual exercise here, and I lead it for our team, we put fun music on. With magazines, we cut images out of it but it is a be-do-have format.

You'll spend time focusing on what you want to have in life. It might be a certain level of income, it might be a certain house, a certain vacation but it might be a certain reputation in the community. It might be more altruistic, what kind of relationship I want to have with my children or family, and so on and so forth. Those are the haves, that's the fun three minutes we take. Write them all down, what do you want to have?

Then it is, "Okay, now we're stopping and we are going to talk about the do. What do you have to do to get that?" What do you have to do to get a reputation of being generous? What do you have to do to have the relationship with your spouse or children or your friends that you want? And what do you have to do obviously for those vacations or whatever, other goals you have. It gets a little harder on the do and finally, we do, who do you have to be every day?

You got to take up and you got to be somebody. So who do you have to be? Do you have to be disciplined like we are talking about? Do you have to be empathetic? Do you have to be thoughtful? And that's what we focus on and we found if we focus on the be and you wake up with your list of who you have to be each day and that is what you're focused on, you will find yourself doing the things you need to do and if you do those things what you want will chase you down and find you.

Whatever those things that you wrote down that you wanted. We do it every year, and I've had people come to me in private and talk about what an impact it will have, and we've had people, I mean, cut out pictures and at the end of the year say, "Oh my gosh, I actually did that vacation," or "Oh my gosh" – if you are asking for specifics that's the one thing I can point to. I think when you focus on who you have to be each day, the discipline of doing those things comes very organically.

**[0:23:36.2] WS:** All right Tyler. So just a few final quick questions before we run out of time but what or how do you prepare or suggest people prepare for a downturn? You know if they're buying right now or not buying, what is your suggestion as far as just being prepared for a downturn?

**[0:23:52.8] TS:** Well, if you haven't prepared yet, then it's too late. Unfortunately, again, personally and with our clients, we have acquired through all parts of the cycle, all phases of the cycle, and people are saying things are overpriced. We've acquired, trying to time the market. I haven't figured that out yet, if you figure it out, please let me know. It is more of the same, and I know that's a boring answer, but if you are doing the right thing going into this, you are prepared, and you're prepared not only on your current property, because again, you bought it right but you are not prepared to take advantage of what unfortunately might be some once in a lifetime opportunities that may come out of this, because – there is no blanket statements, but will there be losers from this? I don't see how that is avoidable. So the winners are prepared right now. The winners are some pivoting in a small way, some pivoting in a large way.

The winners were good operators before this happened. There wasn't – to use the analogy of people are saying, "Oh office space is going to go vacant." Well, when the automobile was invented that changed things. That was the technology, things changed. We had Zoom before

this, we had all of these technologies. So it hasn't – I'd be cautious if people are preparing. I wouldn't overreact. Small companies, large companies have tried the work-from-home model before, and again, it's perfectly fine and it is a great fit for some companies but those were the same companies before this happened.

The need for office space is separate from where you live and the need for office space for other organizations to operate at peak performance is not going to change, in my opinion, and I am somewhat contrarian in this. So, part of my answer would be don't overreact. Don't overreact right now.

**[0:26:03.4] WS:** What's a way you have recently improved your business that we could apply to our business?

**[0:26:07.1] TS:** The sense of urgency in March 2020 was a much needed motivation, a kick in the pants, to even the good operators that have gotten complacent. So, our biggest wins have been from that sense of urgency. I was making 20 calls a day, and come the end of March, those people were before making 50 calls a day, all right? I was making 50 calls a day and by the end of March, those people are making 100 calls a day – just, I forget the exact question.

But what we have done is we've remembered our urgency. We remembered not to rest on our laurels, and we remembered that it is an active process not a passive process. So the invention or birth of Prime came from the last turmoil. Commercial real estate brokerage can be a very passive, high volume, low quality business model at a large firm. It's, "Get as many listings as you can, "hopefully somebody calls in a sign or an online listing, and you'll close about 30% of your deals, you will make a ton of money, because you've got hundreds of deals, or you got dozens of deals.

That didn't work for me and Prime started because I wanted to flip that on its head. I want to take down a few deals, work them proactively, and get a 100% results. We are going near close to a 100%, every project we take on, it would be very rare occasion for us not just successfully lease the project or not successfully sell the project.

That is only because it's the same as walking into a bike shop versus working into a Walmart to buy a bike. You are going to walk into Prime Realty or any boutique operator, and they are going to know a lot about that product or that service. They are going to greet you, and you are going to be very important to them. What have we done lately? It is a boring answer but it is back to our roots and it is remembering what's made us successful, and we're hiring –

You know, you are talking about hiring right now, we are in a hiring spree, because it seems when things get tough, people go away from the bigger firms, and they want to feel important to a firm, and that's the smaller firms and they want that just little, extra, critical, non-essentials that a boutique firm operate their leads and uses. So, not a sexy answer but Whitney, it's the same as it's been since day one.

**[0:28:48.5] WS:** No, that makes complete sense and I think that's very smart. I have heard different people talk about how 2008 was a great time to hire and how this is a reflection of that same time and lots of people looking for firms just like you are talking about. You have already talked about building that culture and it is a great time to do that. Tell us how you like to give back before we have to go?

**[0:29:09.3] TS:** I am probably one of the most accessible people in our local community and the entrepreneurial ecosystem. So I have organizations up in Boston that I am involved and a lot of organizations here where I am going to – a lot of times it is student entrepreneurs. A lot of times it is, again, investors who are going to make their first investments. There is not – I guess that is my philanthropic efforts because there is not money in it.

It is coaching, it is connecting people and like that we have also got my non-profits that I donate to and participate in, but more the most part I focus on teach a man to fish. I can get – if I had all the money in the world that it probably go into an incubator, or something that could cultivate even more entrepreneurs, both here in Jacksonville and beyond.

**[0:30:06.3] WS:** Tyler, it's been a pleasure to meet you and just to get to know you a little better here more about your story and just Prime Realty, and what you have been able to accomplish over since 2008. I think you mentioned, that you all done so well and you have grown your brand, your business, doing many different asset classes and doing it successfully.

I am grateful to have you on the show. Tell the listeners how they can get in touch with you and learn more about you.

**[0:30:29.0] TS:** Our website is primerealtyinc.com, and my phone number is 904-373-0578 and I hope I can be a resource to anybody out there.

[END OF INTERVIEW]

**[0:30:44.3] 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.

Subscribe too so you can get the latest episodes. Lastly, I want to keep you updated so head over to LifeBridgeCapital.com and sign up for the newsletter. If you are interested in partnering with me, sign up on the contact us page so you can talk to me directly. Have a blessed day and I will talk to you tomorrow.

[OUTRO]

**[0:31:25.3] 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.

[END]