

EPISODE 756

[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 y our daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today, our guest is Sridhar Sannidhi. Thanks for being on the show Sridhar.

[0:00:32.5] SS: Thank you for inviting me on to the show Whitney.

[0:00:36.1] WS: Yeah, Sridhar is a computer science graduate and has worked in major Wall street firms in IT roles. He's passionate about business, in his free time, he enjoys long road trips and nature but Sridhar is doing deals while also working full-time and I think there's a lot of listeners who can relate to that, I know I could for a long time and so just looking forward to hearing his story and how he manages that, because it's not easy in this business and to do it well, Sridhar, welcome to the show, thank you again for your time this morning early and just grateful.

But give us a little more about your real estate business and what you're doing in the syndication business and let's dive int your super power.

[0:01:17.0] SS: Sure, My name is Sridhar Sannidhi and I started this syndication three years back and since then, I never looked back on the syndication in multi-family around so I invest passively in multi-family deeds and other investment opportunities. I started this business after I tried to acquire single family portfolio but I tried for almost a year, I could not buy a single house

and a single family and then I thought whether I should get into an IT related company and they started brain storming and they try some IT startup.

And then I realized that before I could gain anything else, pretty good take up the video so that's when I started exploring other avenues. In that process, I bumped into commercial real estate and initially, I was looking to buy some industrial buildings or some retail shopping malls, some other commercial office space, those are the areas I was looking in and one day, I happened to be thrown of the seven variety meetups and I bumped into a mentor and he explained about multi-family.

That was my first step in direction to multi-family business. Prior to that, I have zero knowledge with multi-family and how it operates in syndications and anything like that. Soon after that conversation, I wanted to join that mentorship program but I had a few other commitments so I had to wait a few months before I joined that.

I joined the program in March 2018 but past few months, I was very skeptical. I thought that senator ended up program, I signed up for and without knowing much, because when you go to the Z and try to get motivated to do quickly and I took the quick action but I did not follow through for a few months but I started investing passively even prior to joining that mentorship program and I waited for six months to see the positive passive income checks.

Once I started to see the checks, then I realized there's some potential here and I started network equal. I found one good trend as a cause pods and we have been friends since then and we did so many core sponsorships and so what I would –

[0:03:49.6] WS: Nice, you're doing your own deal snow. I mean, you've come along ways in just a few years.

[0:03:54.4] SS: Yes, it's almost three years and in three years I did five syndications for over 1,329 plus units as a TP our core sponsor, whatever you call. I call passive investments worth what the 300 plus doors to total 5,500 doors in three years.

[0:04:13.5] WS: Nice, you've learned a lot in a short period of time and then very active, you've made it happen, you're still working full-time while starting your syndication business and doing all those, tell us a little bit about making that happen and being able to just manage that time. I think there's a lot of listeners who are attempting to do the same thing who are wanting to be an active sponsor, however, most people have to work full-time and do their real estate business at the same time to get started, how did you manage that?

[0:04:40.6] SS: I was in Wall Street, I worked in Wall Street for 18 years in IT roles. I wanted to do something on the side but my commute plus work hours could not allow me to do anything on the side. I still – because of the fashion, I used to invest abroad so that someone else would take care of this properties for me.

And six and a half years back, I relocated to Dallas and that juncture, I had more free time because I don't have any commute after that. I picked that job, I made sure that I would not go for long-hour type job and then I had the flexibility and the most I would allocate additional two hours in a day if you found anything.

I should be finishing my work-related activities in two hours — so that is technically eight plus two, so 10 hours, and that's my allocated time for work. After that daily four hours I allocated for my real estate activities. Now, I'm not spending four hours because initial stages I was spending four hours to do the deal analysis and networking with people and learning new concepts and learning where the aspects of this deal cycle.

This gladly will take a time after work minimum four hours I allocate for real estate. Anything beyond that is for my personal time so it's like literally my four hour commute time has become my real estate time.

[0:06:10.1] WS: Nice. You know, it's just interesting to hear, a structured time, right? You had to say okay, this is the time that I'm doing real estate. I'm going to devote this much time to it. Obviously that makes for a long day and how did you keep that up and you know, did you have family or other people that were just saying you know, Sridhar, this is crazy, you're spending this much time doing all this.

[0:06:29.6] SS: Yes, I'm married for 20 plus years now with two high school aged kids, luckily, I think I can focus more on my business because they're in high school, they can do their activities on their own, and that allows me to do most of the real estate activities and focus on this one.

My personal activities mostly I push it for weekends and a daily work for every travel and personal stuff so I would keep the same attitude like if I ever were in New York City, I was traveling to downtown for 4 hours and wasting that in travel time. That four hours I made sure that I'm allocating to the real estate.

Making sure that I'm making myself a comfortable power, these are the active things that I need to do today and once I finish those activities, I go to bed and this imply and my top developed in all the period of time.

[0:07:24.1] WS: It's interesting you bring that up and I have been asking almost every guest now just about I believe, that self-discipline is so important to be successful and pretty much any business. How did you gain that high level of self-discipline?

[0:07:35.5] SS: To me, I think initially it was uncertain once I started seeing money — so I think that's going to — that gave motivation to become more and more disciplined because once we start seeing the results then the emphasis on putting more effort will come into play and making sure that things are not getting delayed because don't want any of the investors to get upset.

[0:07:58.4] WS: True, what's been the hardest part of this syndication journey? I mean, to get to where you're at now?

[0:08:04.6] SS: Hardest part is like sometimes things go in a different direction than what we've planned. For example, in all of the syndications, I raised money to the extent I am supposed to as part of the syndication. All of a sudden, people had emergencies, seven of them had emergencies so in the last minute, all seven bailed out on me, within seven days to close, I need to clean that money.

Those kinds of things I did not expect. Now, I learned that my lessons will buffer more into my fundraised aspect and making sure that I have more people that watch for investing than what is needed.

[0:08:47.6] WS: Yeah, important tip, right there. Sridhar, how do you and maybe we can speak to this as you as an active operator but then also, as a passive investor because you've invested in so many deals but how do you prepare for a downturn, stay on the active side, how does your group prepare for a downturn or correction in the market?

[0:09:08.2] SS: I put all over deals, we do stress test and we also make sure that we have cash position that can make us survive for six months at least without counting the support we get from either the government or the banks, typically when there is a rough time in market, right? The banks give some lenience like some incentive such as delaying the payments etcetera. So without counting that, we make sure that minimum six months of cash position we have in all of these things that we can totally invest this that we don't need to worry. So if you could delay these cycles last for six to 12 months, right? So once we have six months obviously we make sure that we try to use all the channels.

And all the ways we can put our effort into making sure that we operate in the normal efficiency modes even in the tough times.

[0:10:00.0] WS: Yeah, what about as a passive investor you have invested in lots of operators, what do you like to see? I mean is it the same standard or you know what do you normally see or what do you like to see as a passive investor that how the operators preparing for a downturn?

[0:10:14.2] SS: So I would like to see more communication from all of these other sponsors like the fundamental thing is if the sponsorship team doesn't communicate with the investors that's when the fear then starts and that's when the friction goes between investors and the sponsors. So there is the good news and bad news. They keep communicating with their investors that we leave some to some extent, certainly there are some aspects that the sponsorship team has control on it.

And there are other aspects that would be beyond their control. So all of the sudden if the government comes and says that, "Oh by the way we are doing this event control of some other type of activity" like that it is beyond their control. They cannot do anything and if they communicate investors that gives them relief.

[0:11:03.2] WS: What do you predict is going to happen over the next six months to a year and how does that affect your business?

[0:11:09.8] SS: I am expecting there would be a little drop in collections because of all of these uncertainty and the election time, right? So there would be delay in government support in my opinion. All of these things are going on there. There are so many activities just happening there. So as a result, there would be some drop on collections and there will be uncertainty in the markets so we have to be prepared for that uncertainty but at least in the next six months after that new government will take over and then things would be more clear.

So anytime there is uncertainty in the market, there would be more volatility. So that volatility may cause some concerns with all of these particularly and luckily multi-family have learned not phase back a bunch of things back compiled to hotels. More hotels or any of the office space industry space.

[0:12:03.3] WS: Are there any daily habits that you have that have helped you achieve success?

[0:12:08.6] SS: So daily and at work as well as at home, I make sure that I have a list of things to do and within that lists of things to do, I make sure that I close that certain to-do task. That makes me show that progress of the period of time so even in some cases where I may get delayed a day or two but eventually I will get it done. So I think it is out of my sight so by doing that list of things to do.

[0:12:39.9] WS: Now that you have been doing this for a few years, you've been in numerous deals, what would you have done different on your first deal knowing what you know now?

[0:12:48.3] SS: I would do more research on the local townships or local government aspects when it comes to giving permits etcetera. So you know in our first deal, we took a major rehab. So we bought a 96 unit apartment complex as a syndication in that 24 units were down and we took over that deal and then we started bringing those 24 units online and then we realized that township stated giving a hard time on permits and because the way they look at a different stages of this construction is completely different than what I really know or what my co-syndicators have expected.

In that process, we ended up spending extra money because whatever we did, they made us undo it and before approving for the next stage. So those are unexpected costs. So I would be more educated now. So that is one thing and the second thing is picking the markets, that definitely — I would feel, do more research in household incomes and job growths more thoroughly than what I will do.

[0:13:56.3] WS: What's a way you've recently improved your business that we could apply to ours?

[0:14:01.0] SS: So in recent days, I started doing more automation from my investor relations point of view or even asset management KPI measurements. So I started doing more and more automation that kind of relieves me from more and more mundane both sides on a day to day basis. So I am trying to bring in more find this VA, virtual assistant type help into my daily activities.

[0:14:30.3] WS: Yes, are there a couple tasks that you are able to do that with or maybe a couple of things you are able to automate that you can tell us about or maybe there are a couple of things that you are able to give to your virtual assistant?

[0:14:42.0] SS: Sure, so we do have a weekly call in property managers when we do the weekly call. I talk to management and do some Excel sheets but they made the presenters different. I started building this KPI onto dashboard where I can see how my asset management KPI items are progressing over a period of time. So I use Google Sheets and in Google Sheets you can build this all beautiful graphs like how particular for our metric is progressing over a period of time.

That is all doable and I try to do automation into operating all the data and since I have an IT background so I could do that was a level of a down back and then making sure that I have my own custom dashboard and {inaudible 15:33} management software {inaudible 15:33}.

[0:15:32.8] WS: What's your best source for meeting new investors right now?

[0:15:35.8] SS: I go to multiple meet-ups but my success rate there has been more {inaudible 15:56} but my most successes from investor base comes from the extended friend's network. So wherein I will go with one friend and I will get myself introduced to a bunch of other people and I explain it to them in a smaller set of groups that way I can explain then the process thoroughly and that gives them more comfort in working with me in our future deals.

[0:16:07.3] WS: What's the number one thing that's contributed to your success?

[0:16:10.4] SS: Hard work. I would contribute it to a lot of hard work and perseverance and patience because I gave three in the last one but hard work is definitely the one in real estate you need.

[0:16:23.5] WS: It takes all of those, doesn't it? Sridhar, thank you again so much for your time this morning and just grateful to hear your story and doing full-time work while also operating a successful syndication business is no small feat and you've had to be very self-disciplined to make that happen and just scheduling those hours every day to work in that business and be committed to that. I am just grateful though for just you sharing all of that.

How you are automating some stuff and using virtual assistant. Tell the listeners though how they can get in touch with you and learn more about you?

[0:16:50.2] SS: Sure, I started building my portal now. It is not completely up yet but they can reach out to my portal. It is www.growwealth2retired.com. That is the portal so I have a contact me link, they can reach out to me every time at growwealth2retired.com.

[0:17:12.4] WS: Awesome, that's a wrap Sridhar. Thank you very much for your time this morning.

[0:17:17.2] SS: You are most welcome anytime.

[END OF INTERVIEW]

[0:17:19.7] 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]

[0:18:00.4] 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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