

EPISODE 799

[INTRODUCTION]

[0:00:01.0] 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 Zach Quick. Thanks for being on the show Zach.

[0:00:31.6] ZQ: Thank you for having me Whitney. I am a big fan of the show and happy to be here.

[0:00:35.5] WS: Yeah, I'm grateful to have you on. I appreciate you being a listener as well and a little about Zach, he is a Christian, a husband, a father, and self-storage owner located in Northwest, Arkansas. Zach and his wife built up a residential portfolio 28 units before feeling compelled to 100% pivot into self-storage. They have since sold all their residential portfolio and own and operate seven storage facilities, consisting of over 300,000 square feet in the Midwest.

Zach, thank you again for your time being on the show. I am looking forward to getting into this story, I think there is a lot of listeners that are going to be able to relate to what you have done or maybe they are in that moment where you know, trying to think about should they make that pivot, should they take that leap. You know it's a big step, it's encouraging. You know, your wife is involved as well, I am sure there is listeners that can relate to that.

Give us a little more about who you are and let's dive into your story a little bit so you can help the listeners.

[0:01:33.0] ZQ: Sure, yeah and thank you again. So yeah, I had always known, you know in college that I wanted to be involved in investing or small business ownership in some way, shape or form and out of college, I did the stock market thing for a while and then saved up enough money that my wife and I, we wanted to buy a house hack that was kind of our entry point so to speak, but we were moving for a job at the time and it was kind of a tight timeline —

And so a duplex didn't really work out but we found a garage apartment and it kind of just checked all the boxes, worked really well. I mean that was kind of our entry into it and we ended up basically from that point over the next two to three years just kind of full fledge going into residential small houses up to a small 12 unit apartment — to where we had 28 full units and kind of that 12 unit was the last one, got it rehab, filled up and kind of just felt stuck —

Partially because we were somewhat out of money and then twofold, didn't really, and some of it was some limiting beliefs, which we can touch on but just kind of couldn't really figure out what was next. I think, in my mind I thought, "Well, we'll sell this 12 unit and kind of move into maybe a 30 unit," or whatnot and so anyways, I was on a family vacation and my dad was driving actually and I looked out the window and there were these bright blue self-storage doors.

And I've never really looked at self-storage in any way, shape or form, and I literally feel like God was saying, "Hey, why don't you look into this a little bit more?" And so that's what we did and I just did a lot of research started filling out what we're looking for, listing to anything that we could look at and reading anything that we get our hands on and then — and eventually once we sold that 12 unit, we actually 1031 into a storage property and that was August of 2018.

And so that was our first one and then fast forward to now, we own and operate seven storage facilities in Missouri and Arkansas and we've sold all of our residential stuff. So and I — storage kind of spoke to me and us, and I don't say that to come on here and just say storage is better than anything else or anything like that. I think it is just more of kind of finding your niche and how you can really lean into that and kind of put some wind behind your sails, so to speak. So that is kind of us in a nutshell.

[0:03:51.9] WS: No, that's awesome. I just appreciate you sharing about just your path because I think it is the way many people get to into the syndication business or get into commercial real estate. They start with single family or duplexes or those things, even house hacking. You know, it's interesting just your all's desire to get into the business and doing whatever it takes, even finding a garage apartment that you know, worked for you all to make that happen.

And then starting with some single family up to a 12 unit, you know I think you said but feeling stuck. You know let's talk about that, I mean you felt stuck, you know, out of money and probably trying to figure out you know, "Well, how are we going to buy the next deal?" You know? Can you just talk about that a little bit? The thoughts there and how you did get to the next level, what was the breaking point that helped you to make it happen to move past that or to pivot from single family then you know, if that was the time that that happened?

[0:04:39.6] ZQ: Sure and yeah, so a couple of things and I kind of touched on those limiting beliefs at the time is so that 28 units was all just my wife and I. You know, she was a teacher. I had a decent W2 jobs and we were good savers and basically we were just plowing anything and everything we could to keep growing but again obviously, you know you kind of run out of your own money at a certain point and so — a couple of shifts in that after we had brought our first storage facility —

You know, commercial real estate is not cheap that we wanted to keep growing and in order to do that, you know you have to be open to partners whether that be strategic partners, financial partners, all of the above. And so, that's one of the ways that have obviously helped us grow is you know, someone who wants to be involved that may not have the time or skillset to do so but maybe have some money lying around to do so but so that, it was a big part of it and also just not limiting ourselves.

I think that you know, I had this idea of it being such like a linear process. I kind of mentioned like selling that 12 unit and then that will naturally go into like a 20 or 30 unit or something along those lines, where, you know, even then I would — there were times where like maybe a deal would be slightly bigger than I was comfortable with and I would just kind of turn away from it.

Whereas now, I've come to realize and obviously it is an ongoing process too. But now, you know if a deal is bigger than me, so to speak, like it doesn't mean anything. There is plenty of pieces of the pie to go around, so to speak, and that doesn't mean that there are other people that wouldn't be willing to help you do those things. So hopefully that answers I guess partially some of the beliefs that we were stuck on.

[0:06:21.6] WS: Yeah, for sure. No doubt about it. I think all of us have limiting beliefs all the time, you know especially in the beginning. You just cannot see yourself doing something bigger than that single family home or that duplex. It is really hard to get past that, it was for me and I even had people that I had trusted who were amazing entrepreneurs, you know that would say, "Now, wait a minute Whitney, you know most people start with more single family home. And most people don't typically jump into the syndication business that fast and without years of single family experience or things like that."

Did you receive advice like that and have to kind of say somehow, "Well, thank you but this is what we're doing," and then still make it happen?

[0:06:59.0] ZQ: Yeah and just a lot of I don't know, kind of explaining the thought process — because on the surface and I say this very blessed, you know at 28 units that's more than a lot of people will do but we just desired for more and thought that we were capable of more and so kind of just explaining that basically we're going to try and start over, or start in a completely — and a new area that we really didn't know a ton about in order to try and reach it, an end goal that we could get there.

So yes, not luckily we try and surround ourselves with supportive people but definitely, you still have to kind of find yourself explaining why you are doing what looks like a negative step or you are setting yourself up to fall on your face kind of thing as well so.

[0:07:44.4] WS: Can you speak to just working together as a team with your spouse? You know, I know there's a lot of people who are maybe trying to get their spouse on board or trying to figure out, you know how they can work together in this business. The audience knows my wife has just been just an — just amazingly supportive just through this entire process. I could not have done it without her. She is not passionate about real estate however, she is passionate

about supporting me and our mission, our why, you know all of those things, she is very passionate about —

And so I couldn't have done it without her that's for sure. You know can you just speak to what that look like as far as you all doing this together and how that worked for you all?

[0:08:21.4] ZQ: Yes and I echo so much about my wife what you just said about yours and that I am very lucky that she was willing to — you know I mean, we didn't have the nicest cars or the nicest houses that we could afford and honestly right now, we're living in a rental right now because we decided we wanted to move to a new area and all that requires basically buy in from your spouse to do those kinds of things and so I am very lucky that she can —

She had the diligence and the foresight to see what we were building towards. So a lot of communication, which I was terrible at, at the beginning, it was kind of like, "Hey, I'm going to do this," and "Hey wife, you're coming along," which is not a path that I would recommend in any way, shape or form. So but I think now that you know, with a lot of open communication and praying and that essentially we are on the same page now.

I mean where neither of us are in a W2 anymore. So she was a teacher up until this school year and then now she handles a lot of the bookkeeping and then also just keeping me in check. I like to go-go-go and I think that having someone that is a little bit more a rational voice at times to bounce ideas off of and not to shoot me down but to at least help me arrive at a better conclusion so to speak. So a lot of trial and error but you know, just ultimately knowing that we do these things to hopefully at the end of it like look back on a lot of things.

Like with our spouses and say, "Look at this life that we built together" and so that's something that I am really proud of her and us of where we're at now and just continue to work at too.

[0:09:58.0] WS: When did you know that it was time for not only you but you and her to leave your J-O-B's, your positions, your jobs?

[0:10:06.5] ZQ: Yeah, sure. So it is funny, for at least the handful of years I had always told her like, "If you feel called to like, you know that you didn't want to teach anymore that you wanted

to stay home with our daughter or like you could do that,” and we got – so I actually ended up leaving my job before her to kind of focus on storage more solely and so I left in June of last year and then she, I guess officially left in the end of last summer.

Sorry, the dates are kind of weird with COVID cutting – or sorry, I guess she officially left this past summer but they didn’t really teach past March but anyway, so it got to a point that I just felt – we felt comfortable enough that the trajectory and that we picked up enough momentum that frankly we were going to figure it out and you know, a lot of praying and then also figuring out that like on some level like if we fall on our face like we felt confident that we could get other jobs and that we would find a way to scrape and make it work so.

[0:11:04.3] WS: Eventually you have to do it, right? Eventually, you just have to rip that Band-Aid off really and know that you are going to make it happen. You know there’s not an option to fail, right?

[0:11:14.9] ZQ: And I think honestly, I would have passed on a deal or two that if I still had my job that I’ve reaped benefits for us just because there wasn’t that same sense of urgency or at least it felt like the same sense of urgency and I don’t mean like, you know an acquisition fear or anything like that because we weren’t syndicating but just that like this is a good deal, like you need to do **it** whereas like you know, you’re still comfortable with your job. So you necessarily don’t have to do it kind of thing.

[0:11:40.3] WS: So why self-storage over multi-family or any other asset class?

[0:11:46.2] ZQ: Yeah, so I think for me probably one of the biggest things is I felt at ease and again, this is kind of where we’re at, at the time that self-storage felt a little bit more like a business to me and that there is a lot more moving parts daily that I kind of wanted to be more involved whereas and again, I’m simplifying but with an apartment, you know a lot of it you get them filled up and somewhat you are just hoping that they stay there for a year and that it’s not trashed.

Again, I am simplifying, but there’s a lot to me, a lot more levers that you can pull with rental increases, administration fees, insurance, selling boxes and locks. So to me there was just a lot

more moving parts with storage and I think that that kind of just helps with some of the business background that I had and just wanting to be more involved in the day to day so to speak so.

[0:12:39.0] WS: Zach, what's been the hardest part of this process or for you to get to, you know commercial real estate and be successful?

[0:12:46.2] ZQ: I think that and I am not sitting here as someone that has like conquered that beast because we all still have those voices in the back of our heads that said like, "Well, yeah. He can do this because he has more money" or he has this partner or this partner. Like you just have to be able to basically shut that out and determine that you are going to do something.

So I would say kind of going over that hump but it is still a continual process to get you to where you want to go.

[0:13:19.9] WS: How do you prepare for a potential downturn?

[0:13:23.4] ZQ: One of the things that I like about self-storage is it, you know even throughout this Coronavirus in the last, I don't know however many months it's been now, I guess seven to eight months but it's storage kind of has some resiliency in recessions as well as that you know, when people are downsizing, kids lose their jobs, they need to go back with mom and dad, they don't want to necessarily want to get rid of all of their stuff because they are hoping to move out again on their own.

So downsizing and a lot of businesses now more use self-storage as it is cheaper than going out and getting a full-on warehouse lease. Storage is typically month to month, so there is a lot of flexibility there as well too and then the sad part is too, when there is just like life events like deaths and divorces often lead to people having stuff that they are not exactly sure what they're going to do with as well. So I mean good times, people end up buying more stuff like boats and RV's.

And honestly stuff that they may or may not need but then in the bad times too, there is kind of this need to, you know maybe you have some family heirlooms or things like that that you want, want to store so.

[0:14:26.0] WS: What do you predict to happen over the next, you know six to 12 months in the real estate market?

[0:14:30.4] ZQ: Oh man. I don't see rates going anywhere and so I can't help but think that it is still just going to be extremely competitive. I think maybe more people are seeing that the stock market is harder and harder to truly, I don't know, justify basing your whole retirement on. So I still think there is just going to be more and more of a flocking to commercial real estate and so with that, I don't again, who knows? But I don't see this big inflation in prices.

I still see cap rates staying pretty low and honestly, this just shows like yourself and getting syndication after more. I think more and more people are just accustomed to the idea of putting \$50,000 into a syndication instead of you know, it is just sitting in their checking account or putting it into some stocks. So I don't know, we'll see. I am sure that I will be wrong on many or all levels of that.

[0:15:27.2] WS: Well that's – one thing is for sure that we'll all be wrong on some part of what we predict, right? But you know, I believe Zach anyone that's successful in business and especially in real estate has a high level of self-discipline. How have you gained such a high level of self-discipline?

[0:15:41.0] ZQ: I think that how is a good question. I think that I am fairly ambitious and so just making sure that I can channel those things into the – into good things. So I get up at 4:30 and I try and workout, read my Bible and then kind of just spend some me time on what do I want to accomplish that day. You know, how can I help with my family, how can I help with the business. So I think those kind of helped me get the day started on a good note so.

[0:16:08.3] WS: Nice and now I appreciate you elaborating there a little bit as well just some of those daily habits have helped me tremendously but you know, it wasn't always that way. So what's a way that you've recently improved your business that we could apply to our business?

[0:16:22.6] ZQ: I think just literally trying to think of my business as a bigger business even if it is not there yet of thinking like, "Okay, Zach's business in five years, will he appreciate this

decision on...” and even if that’s literally thinking like a franchise so to speak on certain things. So this is a minute detail, but with keypads in self-storage that you know, you use a keypad to get in. It would be cheaper to not have the same keypad at each facility.

But when it comes to training new people, it is a heck of a lot easier to just say, “This is the keypad that we have at every facility.” So those are the kinds of things and decisions that I am trying to continually to force myself to make is sometimes it is not easy to do those things but I think that just doing that will reap benefits longer term as well.

[0:17:14.2] WS: What’s your best source for meeting new investors right now?

[0:17:17.9] ZQ: Coming on podcasts is helpful and then Bigger Pockets is still just going on and talking about storage or even non-storage things that I’ve learned over the years as a good portion of it and honestly thus far, most of you know my partners or investors have really just been people that I have known for a long time. Either I worked with when I had a W2 or in some other or even when I was in real estate doing residential stuff.

So just maintaining good relationships, being a person of integrity and character and doing what you say you’re going to do just goes a long way.

[0:17:52.4] WS: What’s the number one thing that’s contributed to your success?

[0:17:55.6] ZQ: Probably optimism, honestly. Just being willing to – when you fall on your face, knowing that eventually you get up and you are not going to fall on your face is hard. So yeah, I think having a good relationship with God and having a supportive wife and optimism are three huge ingredients.

[0:18:16.0] WS: How do you like to give back?

[0:18:17.6] ZQ: Tithing with our church and honestly, just helping people figure out how real estate can help them, whether that’s like literally buying a house hack or just thinking bigger, I think that those two things are or how we do.

[0:18:31.2] WS: Awesome, Zach and I am grateful to have met you. I just appreciate you being willing to be transparent, talking about your path to just success in commercial real estate and being willing to pivot. Like you said, leaning in, you know leaning into something, working hard, you know and not being willing to give up when you get knocked down. It's not if but just when but then also being willing to pivot, you know from that thought process or those limiting beliefs that you talked about.

So I am just grateful for you sharing that, I mean we just cannot hear that enough. It is such a hindrance to almost everyone at some point that is trying to get into this business or any business. So I am grateful for your time, tell the listeners how they can get in touch with you and learn more about you.

[0:19:09.6] ZQ: Yeah, thanks again Whitney. I seriously appreciate it and I'm a big fan of the show. So yeah, Zach, zach@zachquick.com is my e-mail address or it is not a very common name. So Zach Quick on LinkedIn or Bigger Pockets and you'll find me.

[END OF INTERVIEW]

[0:19:24.4] 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]

[0:20:05.2] 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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