

EPISODE 830

[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 guests are Jacob Weaver and Brandon Byrne. Thanks for being on the show guys.

[0:00:33.7] BB: Thank you.

[0:00:33.8] JW: Hey, yeah, thanks so much, glad to be here.

[0:00:36.5] WS: Jacob and Brandon of eXp Realty are founders of the Weaver Byrne Group and dominating the Seattle luxury housing market with their high-quality service. Before starting the Weaver Byrne Group, Jacob received a degree in electrical engineering. He went to work for the Department of Defense and began flipping properties on the side about eight years ago. From there, he migrated to creative finance side of the real estate, quit his day job and eventually wound up on the broker's side.

Guys, welcome to the show, pleasure to have you both on, it's interesting, you know, you all being in Seattle. I don't have many guests from Seattle so if you have anybody else there that would be a good guest, please let us know. But welcome again, you know, I want to jump right in.

I want you all to share a little bit about your focus in what you're doing in commercial real estate right now and then let's dive in to how you can help the listeners with your unique ability and superpower.

[0:01:26.7] JW: Yeah, we do a little bit of everything as you might have seen in some of our profiles, you know, we started off in smaller kind of single-family residential type investment opportunities, both with creative financing and then we kind of moved up into multifamily, small multi-family type acquisitions with some investors.

Now, we've kind of moved to the broker side, you know, Seattle's markets that is booming, it's booming and we're going through a kind of a growth period. What's happening in our space is there's a lot of townhouse development, there's a lot of mixed use with like apartments on top, you know, retail space below.

A lot of mid, mid-sized apartment buildings that are being constructed just because we have kind of a housing shortage right now. What Brandon and I do is we focus on working with investors who are heavy on development and that's one thing that we really enjoy.

We spend a lot of our time developing relationships with commercial brokers with development projects, with the city, with the permitting departments, things like that, and then we help place those projects with investors who are looking to develop these apartment buildings, develop the mixed use, develop townhomes, luxury homes. You know, there's a really great mid-level luxury home market here in Bellevue in Seattle.

That's really what we do, we work with the developers and kind of those mid to larger investors who are looking to either 1031 exchange or to develop properties here on this core Seattle and Bellevue areas.

[0:03:02.6] WS: Awesome, well, I hope to jump into that some and I wanted to back up a little bit, I know – you know, I'd love to jump in to just the acquisitions side and maybe you can give us a glimpse on the brokerage side. You know, everybody that's listening, you know, that is probably wondering often, when they're having those calls with brokers or maybe reaching out, you know, I'd love to know more about from your side and even just to better the relationship

and you know, ways that you're finding deals or working with investors or ways that it would help us on our side to work better with somebody like yourself, right?

Why don't you just, you know, you guys elaborate on just the acquisitions side from the brokerage perspective?

[0:03:40.7] BB: Yeah, as Jacob had talked about before, we both kind of came from that investment background so we both kind of grew up in the industry, sourcing properties and as the industry is kind of grown and the population has grown here, so have our rules and zoning laws, there's a lot of opportunity zones and up zoning in our areas, formerly properties and parcels that we were looking at that had you know, some sort of use has now been up-zoned.

More for that high density product and we've not only been keeping it tapped on those properties and those neighborhoods where those trends are going towards and stuff. What we've been basically doing is basically taken that knowledge from our previous days where we were getting going in the same neighborhood, same territory.

Now that our city's overly populated and overly saturated with job opportunities and job growth here. Now that we've had a good tap on that market, we're able to identify good properties and subject properties that have good outlook on them if investors do come in with those up-zoning laws and rules that have come in place.

Have an opportunity there in those same areas. We're able to provide value, I would say, in that regard, but really, I would say with all the opportunity and the up-zoning and just the general area, we're able to kind of focus in and hone in on really what our investors are looking for.

[0:05:07.7] WS: You know, let's talk about that just a little bit, I know you all focus on – you mentioned earlier Jacob, about working with investors who are focused on development and Brandon was talking about some of the things you all helped them with.

You know, I think sometimes when you're new in this business, especially a development as you're learning about this, you may not realize how much the broker can help you with some of those things. You know, could you elaborate on that relationship piece and how you help the

investor understand the zoning requirements or the permits that are needed in getting those things.

[0:05:36.4] JW: That right there is kind of the crucks of our value, that's why we do what we do. Our philosophy, you know, with Weaver Byrne Group is that we, as investors and as brokers and as people in the real estate industry, we're not meant to do everything.

You, on the syndication side like are probably very good at raising money and developing those kinds of relationships, working with your attorney, things like that, right? You don't have to do everything. And that's the way we see it is like, how do we step into a relationship with these developers, with these other investors and take a load off of kind of the scope of what they should be focusing on, right?

If you're good at raising money, you should be syndicating, if you're good at contract work and structuring, maybe you should be an attorney, right? If you're really good at digging into details and understanding the market, maybe you should be a broker, you don't necessarily have to do all of those things by yourself as the investor.

The way we see it is, our relationship and our role in that community is to truly understand the arbitrage and value, whether it's in a lot, whether it's you know, value-add opportunity, whether it's just understanding the rental market or the resell market so well that you as the investor can put your trust in our opinion and in our research, right? That's where we see kind of our – the strength in our relationship is you know, we can go into this conversation with developers, with builders and really, just say, "Hey, this is what people are buying right now, this is what people are renting, this is how you should structure the deal in the market to make your numbers work."

Really knowing kind of the end product and the process to get to the end product from the side of the consumer. That's how you generate value in an apartment building or in a retail space is understanding what it's going to be worth, right?

As a broker, we feel like that's one of our main responsibilities, let's take that knowledge off of your plate, right? I mean, you should be informed, right? But your broker is somebody you

should trust on a very high level to give you good information, to show you what the market's doing, to give you that data and understanding of what your end product should be.

I don't know if that totally answers your question but that's how we kind of see the relationship with those developers, how can we be a trustworthy and dependable and reliable source of information to help you get that end product. It's going to help you derive wealth, that's the ultimate goal.

Provide good housing solutions and really understand what the consumer needs and how the market's going to get you there. That's how we see our role in that relationship if that kind of answers the question.

[0:08:16.7] WS: For sure, it's such an important relationship. And you know, I like how you talk about trusting the broker's opinion. You know, talk about that a little bit. I know there's listeners that are saying, "Wait a minute, I can't trust anything most of the brokers say." I know that's their opinion, I'm just putting that out there.

Some people's opinion. However, you know, I would say, so many of the brokers are going to know the markets so much better than I will, you know? That's why we're hiring you, right? That's why we want to work with you because you know, of your knowledge of the market.

Speak to how we know that you know, we're working with a trustworthy broker or not?

[0:08:52.0] JW: Yeah, there's always good indications. First thing is track record, that's something that I mean, any banker is going to look at you for as an investor, right? They want to know "Hey, if we're going to write a loan, can they get this deal done, can they take it from start to finish?" Same thing with the broker, right?

Seeing a track record of "Okay, what kind of properties have you sold in the past, what kind of value have you given to other investors, right?" There's a word-of-mouth component, there's you know, looking at MLS stats, looking at kind of the properties that sold, that's a good place to start.

You know, there's – not all brokers are the same, right? They specialize in different niches; they specialize in different price points. Some work harder than others as we all know, right? There's some people do five deals a year and there's some people who do 50 deals a year.

That matters, right? If you're doing a higher-level deal, you probably should be looking at people who have a track record or even maybe one step below or above the area that you're working, right? You're not going to get a brand-new broker with a track record who has done 10 deals in their life to put together a 300-unit apartment deal.

It's probably not a good idea but being able to see somebody who maybe has done a hundred or 150 unit and has brokered that or has done something of value on the financing side or the structure or something like that. Looking for that track record is key. Also, just understanding that those relationships, you know, they don't happen all of a sudden especially with bigger deals.

With bigger deals, maybe you need to do some smaller deals or you need recommendation from other people who work with the broker. I think that those relationships have to be nurtured, especially when you get into the higher price-points.

And that's why we kind of you know, Brandon and I, we're loyal brokers, you know? If we're pitching a deal to one investor, we're not pitching it to 10 other people to try to you know, just broker for ourselves, right? We're pretty loyal to a number of kind of VIP buyers and investors and that's a good model for us because we find we can provide that higher level service to fewer people.

But they can trust us on a different level, right? Having that loyalty and building that loyalty over time and through smaller transactions or through your network, that's a good way to kind of vet brokers is just knowing, it's going to take a little bit of time sometimes, right?

[0:11:19.9] WS: For sure. It definitely takes time but you know, I would say too. I think if not, maybe all of our deals are very close to all have come through brokerage, broker relationships. It is such an important relationship and one like you talked about, you know, we want this relationship to continue for many, many years, right? Through many, many deals.

You have to learn to trust brokers and obviously, you're going to verify all your information, you have to do that for your investor interest as well but you're going to trust a broker a lot and so, you talked about becoming a VIP buyer and nurturing that relationship.

Maybe you can – could you – one of you elaborate on just becoming that VIP buyer, that's what most of the listeners want, right? They want to have that relationship so just like you talked about, you know, you're that investor that your broker's calling when they have that opportunity before they call anyone else.

[0:12:19.0] JW: Communication is huge to us and we've learned a lot from Brandon the last two years on just this subject. His speed at which you answer your phone, the speed at which you communicate, the trustworthiness of your information and how you conduct yourself in a professional way means a lot to us brokers.

I know that sounds silly but in the same way, that brokers are dime in a dozen, so are investors in a way, and we can also smell when somebody is you know, not necessarily trustworthy or they're trying to do something shady or you know, raising money in a way that maybe they shouldn't be, right?

We can smell that and we don't want our names connected with people who are doing bad business. I think that's an important thing is just being super communicative, being upstanding investors like doing the right thing. You know, there's a lot of times where you know, deals are going sideways and you have to solve problems, right?

We, as brokers, want to be working with people who can solve problems and solve them quickly. That's a huge component to what we look for with our VIP buyers is looking for people who are trustworthy, people who do good business, people who have good reputation and communicate with us.

So, when problems do come up, you know, we can solve them together and work through issues. That's a huge thing for us.

[0:13:43.1] WS: Makes complete sense and yeah, communication is so huge and I like how you mentioned the speed at which you answer your phone can be so important, it just – I mean, whether you're on the GP side or the operator side or you're on the brokerage side, I mean, it's so important to answer that phone.

Could you give some examples of how your best investor or your VIP buyer stands out? What do they do that really – I know you talked about obviously communication, they do what they say they're going to do and they can work out problems, you know, they don't see a problem and just freeze, right? They can work through things and make it happen. Anything else that's really helped the cream to rise to the top in your eyes as a broker?

[0:14:25.6] BB: Outside of just being a good group of people or a good individual to work with, I would say, first and foremost, being qualified. I think they need to be able to be qualified to be able to build the projects, complete the projects and fund the projects.

As long as they're checking off all those boxes and we have confidence that they are qualified outside of their scope work, that I think kind of settles any kind of fears that things might not work out down the road because a lot of these projects, they're long-term projects, they're long-term closes. We need to have confidence in our clients that they're going to be able to wrap this up potentially within a year or two years, depending on scope of the project.

[0:15:01.7] WS: For sure, so how have they – let's think about someone who is getting started in development. How does someone like that stand out to you as somebody you're going to take that risk on?

[0:15:13.0] JW: Yeah, we're doing that all the time, right? We're developing relationships and when one project doesn't work for one investor then you know, we try to place it with somebody else, when somebody passes. So, we're constantly vetting people, right? If your first getting started, don't act like you're not first getting started. That's the biggest thing. We can totally work with you and we can provide value to new investors and brokers are willing to do that, right?

Where everybody starts, I should say, most everybody starts at ground zero, right? I mean there's a couple of people who have – who start off with a bit of help but in general, everybody

starts somewhere right? We as brokers, if you are just getting started, be upfront about that and then maybe there is a way that we can partner you with somebody else who is in our network, right? Because everybody's had a mentor at some point.

Everybody gets help along the way in real estate from somebody, from a banker, from a mentor, from somebody, right? We can absolutely be that if you tell us that you're like, "Hey, I am just getting started. I need to understand this." Most brokers, most good brokers will see that as a relationship that can be nurtured and developed through time and so if you are just getting started, be upfront and be aware of what value you can provide and what you might need help with.

A lot of times, we can piece it together with people to maybe partner on a project with or a project that would be better suited in size or scope that might be a better fit for you, right? Because we are working with all sorts of investors across the board, so we have seen a lot of what has worked with people and what hasn't, so maybe, we can provide some guidance there as well. It's like this scope might be a better fit for you, right?

There is a whole conversation behind that but in general, I think just be straight forward if you're just getting started that's okay, just be straight forward about it and then we can take the appropriate steps to get you going.

[0:17:08.6] WS: Everyone had to start somewhere, right?

[0:17:11.3] JW: Everyone, right.

[0:17:12.1] WS: Yeah, so you know, getting to see so many deals, you know, working with so many investors, what do you like to see as far as preparing for a potential downturn when you're looking at deals, working with investors to see how they're maybe structuring a deal or things like that?

[0:17:27.3] JW: One of the big things, we're pretty conservative to be honest. We look at the market and one of our jobs is to protect our investors the best way that we can, you know, in the transaction and through the transaction because a lot of times there's either backend listings or

we're hoping to continue working with an investor on another deal, right? So, we have to have that in mind like how do we protect our investors, you know, moving forward?

Right now, in COVID times, I feel like that's a big unknown in a lot of ways. We are looking for properties that have multiple exit strategies and I think that that's a really important aspect. For instance, we just pitched a deal, a townhouse deal that had a really unique product, which was different than most. Townhouses as you know can be sold individually but the way that this one was structured and this is what we're looking for, it had additional ADU's in half of the inventory.

In terms of selling it individually, if the market dips a little bit you either sell them to get out and break even or you could keep them and rent them out and because they had the opportunity to split ADU's, you actually got an extra 50% unit count just on the way that this inventory was structured. That's one example of things that we're kind of looking for right now is, okay, if you can't sell them then what does it look like to hold them?

You know, what's the second option? Could you refinance them or sell them to somebody who is doing a 1031 exchange or something like that from some smaller inventory that wants more units and would that make sense? We're looking at kind of three options. You know, could you refinance, could you sell it as a block of like a small mid-size apartment building or could you sell them individually? That gives the investor options, which depending on what the market's doing, all of those would be solid deals depending on how what the market is doing and how you wanted to exit the project.

That's one example of what we are looking for is A, when we sell something on the front end, do you have options on the back? That can really make a difference for somebody who needs to rearrange assets or as a portfolio of things that they might need to get out of like sometimes a one option exit is not a great exit.

Keeping that and being mindful for our investors before we even structure the deal, before we put a price on it, before we put terms on a project, that's what we're looking for, what are the options at the end.

[0:20:10.3] WS: That speaks a lot to just the trust you have to have in your broker like we were talking about before too and your knowledge in the market. I think especially coming into new markets, you may not know what best fits that market as far as different exit strategies and so it is something I'm definitely going to talk to my broker about, you know, in thinking through exit strategies especially in a deal like you're talking about now.

You know, what do you all expect to happen over the next say, six to 12 months in the real estate market?

[0:20:37.2] BB: That's a tough one. I don't know if anybody really actually knows that answer. It's I guess kind of easy to kind of estimate, right? We can kind of make some changes and kind of pivot with some guesses. But us as brokers, we like to really kind of pride ourselves with our group to have multiple pillars of our business. We need to be able to pivot at any time and still keep that deal flow going and keep our pipeline full but where the market's going, we're seeing some minor tremors in the commercial space, right?

Definitely, where you have a high retail space and high leases, I think you're seeing some leases where maybe some tenants didn't have any personal guarantees and they do have some exits in their leases. We do see some lease spaces here and commercial spaces that are being vacated but hopefully that trend doesn't continue and I think the commercial space and landlords are strong, right? They're savvy investors as well, so they'll be able to pivot as well.

But if anything, I mean here locally in Seattle, we have such a strong hiring economy and a strong local economy. Here, I think we'll be okay, maybe some secondary markets maybe where there might not be as high income earning jobs and a bit of a hiring boom and depending on the industry, they might get hit a little bit different but you know, as long as rates stay good and willing buyers and willing and able bodied buyers and sellers are still participating in the market and trading properties, I think we'll be okay.

I think us locally and as a country I think we got some strong people here. So that is a tough one to answer I think specifically kind of where it's going. but hopefully, we're trending up. We're still on the hot market here in the northwest than on the west coast and hopefully that trend continues.

[0:22:27.8] JW: One thing as brokers is you know, how we provide value again is how we acquire and where those leads and opportunities come from. So, when Brandon is talking about, you know, there might be some minor tremors, there is minor tremors in all sorts of different markets at all times, right? It just really depends on what's going on but being able to understand where to source deals can be very different based on what's trembling at any given time, right?

For instance, that commercial market, the apartment market, hotels, things like that that you know, are taking a little bit of a backburner ride right now with COVID, maybe you are not buying those on market, right? Maybe you are not buying those for you know, our retail price as we call it. Maybe you need to buy them through note acquisition, right? That is a strategy that we're looking at right now is connecting with asset managers on the banking side.

You know, are there opportunities in that space where the numbers and the structure will look a little bit different but it might like even if the market is cooling off in some areas, the way you acquire the property and the direction that it comes from, that could make a difference in your deals and your deal flow. I'm not saying you shouldn't do deals, maybe you should just buy more conservatively or buy in a different way with different terms or from a different source.

Buying in the note space, that's a good option. Off market right now, we're digging through permits like the, you know, permit data. People who might had come to permitting and are off-roading projects. There are different ways to source based on how strong each niche market is, so I think that is an important aspect to kind of add to what Brandon is saying. It's like even though you might have some strong spaces and some tremor spaces, maybe you just need to pivot how you are acquiring properties and where those leads are coming from.

[0:24:22.3] WS: Do you all have a daily habit that you are disciplined about that's helped you achieve success?

[0:24:27.7] BB: Mine is communication with my team. Jacob and I have a lot going on within our team and our daily schedules with the team to support the team and support our business that I feel like I could talk to Jacob when I talk to anybody else. I feel like that is key, right? We

need to be able to understand what we're doing every day because our day changes with a single phone call, right? I would say communication is key and you know, starting the day off strong.

We're a big checklist type of team and if we can keep just checking things off the box every day and really just I would say communication, really that understanding of what our goals are and you know, short term daily goals and basically just really tapping on those.

[0:25:08.6] WS: Is there a means that has helped you to be able to communicate well with your team?

[0:25:13.3] JW: We're a little bit old fashioned to be honest. We do have an office, so you know, people do come into the office and get feedback. You know, we have daily meetings and kind of ongoing communication just verbally but we're a little bit – we're old school with email, texting and phone calls. That's what we generally do. I know a lot of people use, you know, Trello or some of those workspace-type tools. We are still in the phone call method, which works for us.

That is an important thing, the communication is key, being able to pivot anytime and just finding kind of a path and then a way to communicate that works for you and your team, I think that is crucial for us. It's just being on the phone, you know, text messages and email that's really how we communicate primarily.

[0:26:06.3] WS: How do you all like to give back?

[0:26:08.2] JW: Right now it's through mentorship as much as possible. That is one thing that we feel like we can do for brokers who are just getting started and investors who are just getting started. You know, after you've done some volume of deal flow, then there is a lot of things that you kind of see around the corner on that we feel like a really great way is that we can help people get started in their careers, in their investing.

That is one thing that we recognize, we've had help. We've had help from a lot of people and so it's wherever we can providing mentorship, hoping on coaching calls, whatever it is, we are absolutely willing and looking to do that because that is a great way that we can kind of give

back what's been given to us and so that's a big focus for our team but also people outside of our team, you know? We help people all the time who just give us a call and say, "Hey, I'm working through this deal."

"I don't know how to structure it, I am not sure about the zoning upfront," whatever it is, we're always willing to hop on a call and help people out because ultimately, we're continually getting help and it's a way to be fulfilling that loop as well.

[0:27:17.0] WS: Jacob, Brandon, grateful to have met you guys and it's always great to have different context all over the country. A pleasure to have you on the show and just really elaborate on the broker and investor relationship is so important. It's so important that we do nurture that relationship and trust our broker's opinions and be able to dive in there and communicate well. I like how you talk about communication is huge and just the speed of that.

How some investors' standout to you and just helping that new investor get started as well. It is so difficult, right? You know, the first few broker calls, you know, and getting that first deal closed but the broker is just crucial. I mean it has been nearly every deal for us, you know? I cannot stress that enough, so thanks again. How can the listeners get in touch with you and learn more about you?

[0:28:04.9] JW: Absolutely. Well, thanks again for having us. The best way to get a hold of us, you know, we are active on Instagram that's one thing. You can find us there @jacob.weaver.realtor and then, Brandon is @yourdailyagent. Those are two great ways, you can just message us. You know, I am sure you got some show notes, we're happy to leave some information there. Also, weaverbyrnegroup.com that is our website. That is core website, you can find us.

Happy to help, talk with anybody around the country, whatever you need we are a resource here in the northwest for you.

[0:28:38.4] BB: Absolutely.

[0:28:39.6] WS: Awesome, that's a wrap guys. Thank you very much.

[0:28:42.8] JW: Yeah, thank you Whitney. We appreciate it and have a great week here.

[END OF INTERVIEW]

[0:28:46.5] 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]

[0:29:27.2] 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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