

EPISODE 844

[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]

[0:00:23.8] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Austin Curry. Thanks for being on the show this morning, Austin.

[0:00:32.4] AC: Good morning, Whitney. Thank you for having me.

[0:00:34.3] WS: Austin is a founding partner at Harriet Capital, a newly formed black and woman owned firm dedicated to improving communities through multifamily and mixed-use development. Previously, he owned and operated several multifamily buildings on the south side of Chicago. He also works as a mechanical engineer in the automated vehicle industry. Austin, welcome to the show. Pleasure to have you on this morning. It's early this morning for you. I appreciate your drive to get up and make it happen this morning. And I think we can all learn from that for sure. But give us a little more about you, your real estate, business and focus so we can dive in.

[0:01:08.4] AC: Absolutely, Whitney. Thank you again, for having me. It's an honor to be here. As you mentioned, I'm a little bit new in my journey to perhaps a lot of your guests. I just started a syndication focus firm a little over a year ago. And we did our first deal back in May, which the timing wasn't that great due to the pandemic and all that madness. But yeah, my

story is similar to a lot of folks. I started by myself, doing a couple multifamily properties, acquiring them at savings, operating them. And quickly realizing that my journey toward financial independence was going to take way too long if I continue just kind of saving my own W-2 income and buying properties when I got enough capital to do so.

So, first, I tried a 50/50 partnership with a close friend and colleague, and then I decided to kind of multiply that even further by getting into the syndication side. And now, what might be of interest is, we've done our first deal, we're looking to scale quickly and do the next two through five and now I'm getting to think about things such as identifying our unique niche, figuring out which skill sets were particularly strong and coaching up our team in areas that perhaps we're not strong in. And of course, always having to solve and resolve the raising capital issue which we were able to do despite some major hiccups, but we want to be more efficient at and just be faster and faster and cause ourselves less headaches over time.

[0:02:38.7] WS: Yeah, that's awesome. But I want to get this straight. So, you started your syndication business in the beginning of 2020 and then your first deal was in May?

[0:02:46.6] AC: Yes. So, of course, we were in conversation, I was in conversation with my team members for probably almost a year prior to 2020. But yes, so we eventually found it. We found a deal. We pulled together, that of the legal entities and all that goodness and we closed the deal.

[0:03:04.5] WS: Either way that's really quick. So, congratulations to you for making that happen. Could you just elaborate on maybe a few highlights or a few points there that were crucial to getting you to that first deal, that's where a lot of the listeners are, or remember being one way or the other. But they're trying to do that same thing? What were a few things that were just crucial in making that first deal happen that fast?

[0:03:25.4] AC: Sure. So, one thing for me was taking a hard look at my own skill sets and experience. My background is pretty common in the realm of your BiggerPockets users and posts like that. But it's not technically a traditional real estate background. I'm not a broker.

I've never worked in a private equity firm, not coming from finance. I'm an engineer. So, I've had to take a high look at my own skill sets and recognize that two, three years ago, I really didn't know how to underwrite a deal. I was just very scrappy, and a hustler. And I met a whole bunch of people and I got things done that way, which is fine. And the two to five-unit, multifamily space, in this kind of classy neighborhood, cost base is not very high, risk is minimalized, and cap rates are really high in these working poor neighborhoods of Chicago, they have bad reputation. So, there's a lot of mitigating factors that were allowing me to continue to do what I was doing.

But anyway, the first thing I did was I found someone who I felt was more knowledgeable than myself and had a more traditional background. So, my business partner, he is the VP of acquisitions for a firm that has several billion-dollar funds. And he's another young guy, but he's just had these other traditional routes, same age as me, in his 30s, but he went to business school, went straight to Wall Street, went to real estate, private equity, and he's been in that realm for about four to five years. So, that was really key. He kind of elevated my own knowledge quickly and I've spent the last two years just learning an incredible amount of information. I mean, he's a numbers guy. So now, my own underwriting has just blossomed and exponentially gotten better so quickly.

[0:05:10.5] WS: Definitely a game changer to partner with somebody that's more experienced and further down the path than you. I mean, no doubt about it. I've seen it happen so many times. But I know a lot of the listeners are going to be thinking, "Oh, wait a minute, why did he partner with you? Why didn't he go find somebody that has more experience?" So, what was that about you OR How did you make that happen? Because that's a problem that I hear so often, well, how am I going to add value to that person? Or why are they going to partner with me when I'm just getting started? So, what was that about you or that made that happen?

[0:05:38.0] AC: Yeah, that's a great point and a great question. Because now as we go seek bigger partnerships, I'm asking myself that same question. I'm like, "How do I get a firm that's done 20 and 50 deals to want to partner with me on a deal in order to raise our own track record?" And the answer to that was, it took a while, but it wasn't like I didn't meet him and

then a week later, we did a deal. It was more so very sustained. Both of us, we met each other, we knew each other for perhaps another year prior to even doing the deal. And we kind of witnessed one another on these various paths. And I think our skillset is pretty complimentary, I think.

[0:06:18.8] WS: I'm sure you had a relationship ultimately, like he already knew you. You'd already built that relationship before you said, "Hey, why don't we go do a deal together?"

[0:06:27.0] AC: Exactly. There's a relationship. There's definitely a lot of overlap in our networks. And I have made a strong effort to just bring something different to the table. I had to kind of have a visionary idea to him or as a team with our vision, which may be more common in this space, but I had a big idea. I thought we could educate a whole lot of new, younger black ambassadors. I thought we could focus on repositioning, mid-size multifamily, which is kind of the backbone of workforce housing in larger cities. And I thought we could do it in a way that was unique to what was offered on the market and offer an asset class that a lot of people weren't seeing. And I think he kind of was intrigued by that. And he was someone who had been so deep in the weeds and the numbers that he could probably abused a partner that was willing to think big and kind of pull together those verbiage and find folks with him and talk to 100 different people and pull deals together.

[0:07:25.2] WS: Nice. Well, you know, I want to jump into just that first deal a little bit. Why don't you tell us a little about that first deal and then I'd love to hear about you mentioned like raising capital issues, you all had some of them raising capital and some of the hiccups, what you learned from that, so we can learn from that also. But tell us about that first deal a little bit.

[0:07:41.5] AC: Absolutely. So, the deal is in West Atlanta, pretty close to downtown and probably be the city was a clock. It'd be around 10 o'clock and it's a neighborhood called, sometimes called Bankhead, sometimes called East English Avenue. And a key sign the neighborhood is transitional, and now has a new name, bestowed upon it. So, it's sometimes called West Midtown.

The deal itself is an eight-unit apartment building, multifamily. The property was renovated probably 10 years ago. It's in pretty decent shape. Exterior is not very pretty and the 50% of the tenants are subsidized rent tenants. So, the big challenge we faced or we get into is we actually had three properties of this size under contract originally, and probably at the start of 2020, approximately late January, and we had verbal commitments to close on all three. So, we were pretty excited to kind of come in and make what felt like a reasonably big splash. And right in the middle of our capital call, the stock market had its biggest drop in history, and they had the whistle, they had the stock trading and stock market dropped 27% to 28%.

So, overnight, we lost 50% of our capital commits. Obviously, we fell out of contract on the three properties and we had to reengage the seller. We had to go shore up capital and a bunch of other things happened while the world figured out what does it look like when we are all trapped in our homes and business cannot run and all the other implications. And so, it took us another several more months. Like I said, we originally contracted into January, we didn't close for the first week of May. We were able to get something done after kind of that big that big chicken, I would say. That was our big challenge.

[0:09:38.7] WS: Nice. Yeah, well give us a couple things you learned from that or things you're definitely doing different moving forward because of those issues.

[0:09:45.2] AC: Definitely. I think I'm kind of doing a post mortem. I've been doing the post mortem on ideas for the last few months as we gear up to do a second and hopefully at the time of airing, we will be under contract on our next syndication in going after something similar and perhaps well figured. But I think the big thing was just needing to be more disciplined in our plan for the race. So, as you kind of noted, this deal came about fast. Fast in the life of area capitals. So, it was one of those things where my partner found a really great opportunity to get a small portfolio. And it was over the holiday, because like I said, we got the contract in January, we did quick analysis, and went under contract, honestly, before we were ready to do a raise. We didn't come into it with a solid plan, a communication plan, marketing strategy, really any of those things. So, we hacked it together, we hustled, called everyone we knew, pumped out on social media, and got it done. But obviously, that's not ideal.

So, the first thing is meeting a strict timeline. Everyone on our email needs to be contacted via these methods by this day, want to get this asset in front of them. And this time, the second asset at this time, we need documents sign on this later day, capital column these days, and I'm actually still learning from us doing research on your other episodes, and listening to a lot of them about fundraising. I think maybe, Justin Roberts said it, just talking about having a date, or capital that's far in advance of your close dates so you have time to jump into a plan B. I really like that.

[0:11:26.2] WS: For sure. Most people, if you don't learn that ahead of time, you learned it the hard way. No doubt about it. You don't want to give investors -- there's always a few investors that will wait to the very last minute and then push it a week or two. So, yeah, we've learned too, you got to have a deadline and then you got to reach back out and say, "Sorry, we're going to have to move on to our waitlist, because we have not received your funds yet." And so, they have to know that those deadlines mean something as well.

Go right ahead. That's awesome. That's just great to hear what you've learned and how you've improved that moving forward.

[0:11:55.9] AC: Yeah. And honestly, I think for us, it was interesting, because we needed to balance or have different approaches for the investors level of sophistication. I think that's another thing we learned. We were talking to friends and folks who might have even been well capitalized because we're in finance and in tech. So, we do know people who have money, but they've never done a real estate deal passively or actively. And we come at him with a big deck with sensitivity tables, and all this talk of IRR and cap rate compression and expansion, a hundred different things. They don't know what to do with that.

And then on the other side of things, sometimes it's just too much detail for an extremely sophisticated investor who might only want to look at one pager and give a quick yes or no, based on the one pager and our track record. So, I think that's another lesson that I have in mind for this next round is just having a few different assets and not approaching everyone

with the same ones right away, kind of based on our perceived knowledge of where they're at in their own investing journey.

[0:12:57.4] WS: Yes. That's a great point as well. Every investor is different, right? Just in their sophistication level of investing, but then there's what they're investing in with you, if they're fearful, or they're confused, and their answer is usually going to be no. And so that's, that's a great point that you bring up and really understanding that investor, but you want to give them as much detail as they want or be as transparent as possible. But if you start bombarding them with things like that, that usually they're going to be ready to walk away.

So, you close that deal, what's happening in the business over that time period, to move forward to this next deal? Tell us about how your team's grown or things you're doing there.

[0:13:34.7] AC: Yeah, for sure. So, of course, our focus was operating and continues to be operating because we need to truly go full cycle on a deal as area capital to really expedite our growth, I believe, and that will be a couple years out. But the main thing for that deal's numbers is like most deals, we got to get the rent roll up. So, that is pretty tough to do in these times. We're still on lockdown. Atlanta is not so much in lockdown, but there's still monitoring, I believe it was just extended maybe a month. And so, we're trying to evaluate ways to do that in a manner that feels still ethical, whether that be rolling off leases or waiting it out a little bit longer than originally planned, and then trying to get it back with bigger jumps, depending on how the neighborhood has grown. That's our focus for that particular deal.

Then, on the more team side, as you mentioned, I think, I would say that we are still figuring out what skill sets we need to groom or learn and what skill sets we need to bring on or outsource. So, that's a big focus for me for this year is determining beyond the partner, I mentioned. We also have a few women who have a little bit newer perhaps but I've done a ton of marketing and branding experience and they have been doing some work for us in that realm. And I'm trying to figure out where I need expertise versus where I need, say, grit and hustle. And I think, to be honest, I don't necessarily have that perfect equation yet. But I know we have several more deals in the pipeline, and I'm going to get something done. And then I'm going to look

back and I'll strengthen my theory a little bit further on that. There's still a doubt, bit by bit, it's kind of an engineering bit, but I do suspect we'll need to bring on some more expertise this year, perhaps, in fundraising sales side just to find young killer that wants to get after it every day and just bring new people into our pool.

[0:15:38.4] WS: Yeah, I like how you mentioned understanding the difference between expertise, and grit and hustle that's really unique. And I love how you said that, because it's so true. There's plenty of things that I've just had to be willing to just grit and hustle for so long to make it happen. However, there's also a big portion of the business where it's like, "Wait a minute, I can hire somebody that's so much better at this thing that I will ever be and it's not the best use of my time, so it's much better to find somebody that has that expertise." However, there's just some things you have to do for a while and be willing to grit and hustle.

But what about managing from a distance? You're in California, I think this deal is in Atlanta, what are some issues there or how did you work that out?

[0:16:20.1] AC: Yeah, for sure. So, I kind of developed those chops previously in my own personal investing career because my properties were in Chicago, but I actually lived in Chicago for perhaps 18 months to a year and then left and ended up managing those long distance from California, another three, four years. And I think the key there, my recognition there was just this time was much easier, because I obviously had to put a property management in place to be a responsible steward of my investor's capital and so that's what we did. We've had some growing pains, obviously, the cost is high. And if you're doing it yourself, it's hard to let go the cost efficiency of managing a property with a couple buddies is very high, but it's not professional.

So, I guess I'm struggling to add any incredible clarity or simplicity to it, but I think –

[0:17:14.8] WS: No, it's just difficult sometimes to manage from that far and I just wondered how you all had overcome that. But tell me you've been doing this while working full time also, is that right?

[0:17:23.6] AC: That's right.

[0:17:24.4] WS: So, that speaks to that grit and that hustle also, and I love bringing that out. Because I had to do the same thing for a long time. It's like working more than two full time jobs for a long time or it was for me to make it happen. And so, I just love pointing that out to the listeners that you got to be willing to hustle, right? You got to be willing to hustle. You're up early this morning, you're being interviewed on a podcast, congratulations to you. But tell us, do you have any daily habits that you're just disciplined about that I've helped you achieve success, getting to that first deal and building this team and moving forward to the next one?

[0:17:54.4] AC: I do. Yeah. I'm a bit of a crazy person in terms of the number of habits that I have, that I think they all contribute to my success and it does start with the mornings. I think mornings have to be done right for me to have productive days and continue to be productive over long periods of time. So, it's always getting up. I normally get up at 7 which is not incredibly early. But in these pandemic times, I don't have to commute. I find myself much more time, so I'm getting an extra hour of sleep. I always start with water and fitness. So, I do some form of exercise every day, usually hit workouts, running, or yoga. Then I'll usually do some journaling, write a task list and review that, and kind of sit down and have a cup of coffee.

And interestingly, I don't really like to do any hard thinking on work prior to that cup of coffee being in my hand. This is different from somebody. I listen to another podcast of yours and yeah, I don't like to get my brain started before I feel like it needs to be and then it's going to be on until whatever hour of the evening but very intense on recharge times and preparation times, remaining those things and then work time.

[0:19:10.6] WS: What's your best source for meeting new investors right now?

[0:19:13.7] AC: I think LinkedIn, but I definitely don't have that figured out. That's kind of one of the things we're going to do to improve our business. We have presence on a lot of different

platforms, but I would like to really go deep on I would say two platforms. But I would say word of mouth is definitely what got my first deal done, and word of mouth will likely be what gets my second deal down to just asking my people in my network to introduce me to second level connections, third level connections and just getting on the phone and Zoom meetings and really doing it old school. I'm projecting when I say that I think that it could be that place.

[0:19:51.1] WS: What about the number one thing that's contributed to your success?

[0:19:55.2] AC: The self-discipline you talked about. I spent a lot of times in my life where I've had to do unusual things, weird things, and be extraordinary. I'm waking up at 6 am and working on a new skill set prior to going to my 9 to 5, 7 days a week for months and months on end. That's what got me skill sets, I needed to find my job in Silicon Valley. That's how I became a competent underwriter. Just voicing myself over and over again to do the thing that I'm not good at.

[0:20:21.7] WS: Austin, how do you like to give back?

[0:20:24.0] AC: I love mentorship. I get a lot of energy from positive vibes from talking to people younger than me who want to get to where I am. So, I spend a lot of time kind of organizing masterminds, doing one on one advising, just anything where I can help someone else get a little bit more knowledge in their own real estate journey. And then beyond that, I would say with our charitable giving, we're pretty targeted, and we like to give directly to causes that we care about that are frequently the ones most currently under attack. I will say, we are millennials so social media can impact such things. But i.e., when planned parenthood was mostly defended or various movements against police brutality and things of that nature, we do follow the news cycle pretty intently and we try to respond to that rather than just input and kind of sit in some of the ugliness that you see today.

[0:21:18.4] WS: Well, Austin, it is a pleasure to get to know you a little bit, pleasure to see just your willingness to hustle, really, and make that personal happen and pushing forward to the next deal and growing your team. and managing from a distance, being up early, just like we

talked about to be on a show, like how you highlighted self-discipline being the top thing that's contributed to your success. I think it's so important to numerous shows on self-discipline and hope to do even more because I believe it's so important. But tell the listeners how they can get in touch with you and learn more about you.

[0:21:47.1] AC: Yeah, absolutely. So, we do have a website up which is harrietcapital.com. And then also I'm active on all the platforms. My Twitter handle is @austincurr2 as is Instagram. Obviously, LinkedIn is my real name. And I run my mouth a lot on there. So, please jump on, connect, chat about this all day long and we'll continue to do so.

[END OF INTERVIEW]

[0:22:12.0] WS: Don't go yet, thank you for listening to today's episode. I would love it if you would go to iTunes right now and leave a rating and written review. I want to hear your feedback. It makes a big difference in getting the podcast out there. You can also go to the Real Estate Syndication Show on Facebook so you can connect with me and we can also receive feedback and your questions there that you want me to answer on the show.

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]

[0:22:52.5] 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.

[END]