

WS893 Goeff Stuhr

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**0:00:01.5 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 Swell.

**0:00:24.00 WHITNEY SEWELL:** This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today our guest is Goeff Stuhr. Thanks for being on the show, Goeff .

**0:00:32.7 GOEFF STUHR:** Thanks so much. Looking forward to it.

**0:00:34.9 WS:** I'm looking forward to it as well. I got to meet Goeff recently with some of the new projects that he's doing and adding value to a lot of people. And I'll let him share with you about that in a little bit, but a little about him. He is a principal at Smart Asset Capital, a vertically integrated commercial real estate investment firm based in Milwaukee, Wisconsin. With a strong focus on multi-family apartment investments. He's also starting Capital Club, a real estate private equity newsletter and community for individuals that are interested in investing in private equity real estate. Goeff, welcome to the show. We look forward to getting to know you a little better, hearing a little more about your story, you've had a path getting into real estate, now you've done numerous syndications, and I know many of the listeners are... They're pushing to do the same thing, they wish they could be in your shoes, many of them, even if they think they're ahead of you, there's so much they can still learn from you as well, so give us a little about your story about getting into the syndication business and how you got to the first syndication.

**0:01:30.4 GS:** As I was telling you before the show started, I just got this podcast, Mike, and I wanna get on more shows and even wanna start our own podcast as well. I think I'm in a fun spot because I'm definitely not super experienced, we're finding good deals at giving investors great returns and building this business, so it's kind of a fun place to be 'cause it's not really scaled up yet, but to get back to how I got into syndications, I bought smaller deals, about a few duplexes and then a condo, and this was seven years ago or so, and I just kind of realized it's not scaling as quickly as I'd like it to... At first, my plan was, Well, I'm gonna buy a duplex or a small multi-family or residential single family flip. One a year, and then I was like, Well, I can scale this so much further by partnering with people, and so I did a joint venture with my partner now, and actually my dad, he got a good deal on it because partner and I did most of the work, but my dad and I have partnered on other deals too before and that's gone really well.

**0:02:32.1 GS:** We're coming full cycle on a deal that we are selling on Friday, but we did this joint venture, I realized more about scale and more doors, I started reading a lot of books about multi-family, all the big players in it. I've read pretty much every book there is on it, and so we bought a 34-unit apartment building, and that was a huge value add, Mom and Pop deal. Around that time, I had started learning more about syndicating. That deal was not a syndication, it was just a straight joint venture, a third, a third, a third. That was in... We closed in January of 2019, I think. So I had stumbled upon in my reading, I do a lot of reading, but I had some upon Jake and Gino in Wheelbarrow Profits, and everything that they had in their book really resonated with me, their methodology... Everything that they were doing is what I wanted to apply to this 34-unit deal that we did, and there was a lot of work that had to go into it, a lot of deferred maintenance and just other stuff, so I decided then that we could go bigger even and start raising money from friends and family and my partner is a real estate broker and has a lot of investor clients as well, and so I joined

Jack and Gino's group to help with...

**0:03:44.3 GS:** Give them a plug in a shot out here, I really like them and everybody in the community, I joined that because I figured, You know what, if I'm gonna start raising capital, I really wanna have the support of a community and what not even with that support and we've made mistakes, but I think we've been quickly able to course correct just by being able to bounce ideas off of people.

**0:04:05.0 WS:** No doubt about it, and I'll add to that. Numerous guests have talked about being in Jake and Gino's program, just another one. Not too long to go, just for few days ago, actually, it's interesting, just what being in a group like that does when some type of mastermind or mentoring program, it just gives you another level of confidence that you would not have had otherwise. And.

**0:04:23.4 WS:** I'll also say I've known Jake and Gino for quite a few years now, and I just have nothing but great things to say about them, just amazing guys and have created a great community too. But would you speak to a little bit... Finding them versus all the other mentors that are out there, was it just that book, like you mentioned, what was it about them specifically that made you say, Okay, this is the one for me as a mentor.

**0:04:44.4 GS:** Yeah, I like the... I don't know, some people call it the beer test or whatnot. I mean, there's a lot... I looked at a lot of them, Joe Fairless, Michael Blank, Rod Khlief, and some others, and I just felt like what Jake and Gino had going on, I felt like I'd like hanging out with them. I probably hanging out with the other guys. I like talking to anyone about real estate and... But just everything that they were about was resonating with me, and I just said, You know what, I liked their value add, Mom and Pop apartment building approach, so I went with them. Yeah.

**0:05:13.8 WS:** Tell us about the first syndication and how long then after that 'til you syndicated your first building...

**0:05:18.6 GS:** Okay, so we did that joint venture in January of 2019, and then the first indication was an 89-unit apartment building that we closed the May of 2019, I kind write on the back on the heels of that, and this is like, this property has been such a learning lesson in so many different ways, it's gonna pull through... We've struggled a lot with it. We made a number of rookie moves, right. And so bought that in May of 19... it was, that deal had been under contract twice before you think about it for the full year. It was basically the property management company on-site had been thinking or selling this... Right, so there were some struggles with some of the tenants that we inherited, and we really learned the definition of economic occupancy, I don't think I was quite fully aware of that before that deal, we had a lot of people there...

**0:06:11.3 WS:** Elaborate on that right there, 'cause I think that's a valuable point that you obviously learn the hard way, but to keep the listener from learning that the hard way... 'cause that's a great point. So elaborate on that. What is that and what would you have done different?

**0:06:21.6 GS:** Yeah, I just don't think we didn't necessarily audit and do diligence closely enough of who was paying, they had done a decent enough job at keeping the occupants physical occupancy at 92 or something percent. We thought we could raise the rents, which we did, we were able to raise the rents, but we just inherited a lot of tenants that were dodging and not trying to pay rent, and so we had to go through and really focus on collections, and then unfortunately we had to

part ways with some of the tenants and some of those tenants they don't typically go the way that you or I would go from a property... Right, so we had a lot of renovation costs and we wanted to do it right, so we did like a fully rebrand of the property, we were supposed to get some IO and then kind of shortly before we were gonna close, they called and it's a Fannie Mae loan and harbors, the dust lender, and they called and said, Well, you know, they basically changed the terms of the loan on us, and knowing that today I probably would have walked away, but that being said, we're not losing any money, we're just hasn't cash flow the way that we thought it would.

**0:07:23.9 GS:** And so I still think we would do it because I think it's such a great learning lesson, and all of our deals since have been just stellar and phenomenal, and we've learned so much from it that I think it's still worth it, and this property we bought in May of 19, we struggled the whole way through 2019. We've finally got there, and then we felt like we had the right tenants in there, we had went through three property managers on site, we finally had the right property manager and we had to rebrand it, everything was looking nice, we had our marketing and leasing systems down, 'cause the system's thing was a lot different with that property than other ones, but now we've got those in place. And then the pandemic hit. And so there was more struggles with that, But Q4 of 2020 was our best quarter yet by far, and Q1 of 2021, I started out fantastic too... I don't wanna say this, I've said it in at the end of 2019, I think we're finally turned in the corner. and so who knows, but it's starting to do pretty well, and if we can come out the other side, that'll be a really fun one to be able to tell that story.

**0:08:23.0 WS:** For sure, well... Speak to even the financing component a little bit, I mean, that's horrible. If you're planning on two years of interest only or three years, whatever, and then days before closing or however long it was, the lender calls and says, Oh, I'm sorry, here's the new terms, and they're drastically worse, that can just squish it. Your deal is gone most of the time, and potentially you're ... too if you can't find the lender that can make that work. What did that teach you? What would you have done differently now knowing that? 'Cause it could have been horrible and obviously hurt the deal, but you all have still pushed her and made it work. What would you do different now, as far as a lending piece specifically.

**0:08:58.4 GS:** Yeah, we were really in a pitch, we basically picked our horse and who we're gonna go with with lending, and our test money was hard and it was... We didn't really have much of a choice, and so I... There's obviously, we could have asked for extension, we could've done a number of things and try to figure out other financing, I probably would have done that and said, Let's go a different route. They basically came in and we were supposed to have two years of IO, which would have really helped with the repositioning, and so it would have just taken a whole lot of stress off of us, but I think it forced us to really learn and forces to really really, really watch... And we still meet about that property every week, and we have systems in place now that we watch the expenses, like a how... We watch all these metrics, we have a VA that's basically working on marketing that property and getting leads over to our leasing agents, and all of that stuff that we did that I think really helps our other deals... Because those systems are in place. They wouldn't probably be in place if we have that IO...

**0:09:58.8 GS:** Because maybe we wouldn't have been as watching it as closely so... But now if someone were to call me like that, I wouldn't have pushed forward with that deal. They gave us a little bit better of an interest rate, and they basically said that there will be no pre-payment or deseasons after six and a half or seven years. So we do have a long window on the back end to sell it, which would be nice and that kind of change, but it really, really hurt or help... It hurt the

property for the first couple of years, but it helped with our system...

**0:10:26.4 WS:** Yeah. Wow. So maybe it helped you the long term to have more successful deals, long-term, maybe that and didn't feel so great, but it's helped you to be better prepared for the next ones. Maybe you can speak to that as well, some systems that you have implemented on deals after that. That either that deal taught you or any deals for that I've taught you that the listeners should be putting in place as well.

**0:10:45.4 GS:** Yeah, we have weekly cadences and we're vertically integrated, so my partner who's a broker, he also owns a property management company, they do third party property management company, but they do all of our property management company for the Smart Asset Capital deals, and we meet with them the out of necessity, we realize that that property wasn't gonna go very well if we weren't all over it, all over the expenses, and meeting with the property management company weekly, and sometimes those meetings are 10 minutes long and sometimes there are two hours. The system is we go through and discuss the numbers, discuss the income, discuss the expenses, and then discuss with the on-site property management company or the onsite property manager, any relevant things that are going on that week or last week. And then another system that we have in place is our VA, who splits his time between trying to help us find deals from off-market sellers and then trying to help us make sure that our occupancy is phenomenal. And it has been even through the pandemic, and some of our other deals which are commercial, we have some deals that are commercial, not even all of multi-family, and he's just been super instrumental in helping us funnel leads to our leasing agents, and then us making sure that our leasing agents call them right away.

**0:11:58.7 GS:** We've adopted some processes from Neubauer just about using these VAs and having these people get contacted right away, because if we used to be like, well, we'd get a lead for it and then we wouldn't follow up with them for six days, and then by then they've already rented something else, and...

**0:12:12.6 WS:** I speak to a couple of things are... Where is the VA located?

**0:12:16.6 GS:** Philippines.

**0:12:17.0 WS:** There you go. So speak to a couple of things that this VA is doing to help increase leads, what are they doing that's increasing the leads or just increasing that turnover, talk about that system just a little bit, so I think it's very valuable to talk about it all the time hiring and using VAs, I've used numerous people in the Philippines, I have a great lady there that's full-time for me now, and honestly, she speaks better English and has better grammar than I do, and I can pay her... It's so cheap, but it's like double what she was making as a teacher, it's benefiting her and her family in so many ways, and she's been a great asset to our team that... Speak to the process a little bit this VA does as far as increasing the traffic, 'cause I think that can help a lot of listeners that are wondering what's going on with their management company as far as how can they help them to increase the traffic? And how do you all do that?

**0:13:03.6 GS:** And by the way, we brought him in full-time as well, and he's getting paid more than he was when he was with that company and we were splitting the cost, so he's super fired up and he's happy, and like you were saying, his grammar is better than mine and it's scary almost... And he's just been an awesome asset for our team, we message daily on WhatsApp or Facebook, so he's really good with social media, I don't wanna say he manages our social media pages for the

properties and for our brand, but he's very active on there and he's just consistently posting about any... Takes... Our property management company is posting about any open units, right. And he'll repost that stuff, and he's just very, very quick to respond to any leads, and then he funnels those leads to the leasing agent, so I would just say consistently posting on social media and all different kinds of channels about any open units that we have there, we pay a little bit to sponsor some of those posts, so that does help to... But then it's just his quick responsiveness and funneling him and he kinda coordinates with the leasing agents, and that's basically the process will help with follow up with leasing agents, so that's been instrumental to helping us keep our vacancy so low.

**0:14:17.8 WS:** So Geoff, early on, you were talking about you wanted to scale it, we all want to scale... Everybody's trying to figure out how to scale. What the next book is, like you mentioned you read so many books about it and not have as well. Could you elaborate on one or two things that did help you to scale, helped you to move to the next syndication, next syndication. What were one or two things that helped you to get where you're at now, from the first syndication?

**0:14:39.0 GS:** One or two things. Okay, so the first thing is partnering, and that was even on the first syndication, right? Like networking. I wouldn't be doing what the deals that I'm doing without the partners that I have, so Adam and Brock. Brock's on your show. He's been phenomenal, and we've all got a really good chemistry, good friendship and a lot of trust, and we work really hard to build this thing, so partnering and networking, and then the second one actually is the same thing, networking... We started a real estate meet-up, I've been going to real estate meetups. A bunch of them in Wisconsin, and I just kind of felt like most of them were geared towards single family fix and flip investors, and so we started the Wisconsin apartment investors meet-up and then it since grown to out of the Milwaukee area to Appleton and to Madison, so that sort of brand and in of itself has grown, and I think we were able to really help with networking. We put a lot of time and effort into those meetups..

**0:15:32.4 GS:** It's kind of the attendance as Wayne and I've since moved and I've been back and forth between Milwaukee and ... but at the peak of it, we were getting 50 people to show up and speakers, and what that did was just got a lot of leads into our funnel, and then we did another deal and the investors that were in that deal, we're very happy, they got to know us and trust us, and then I think success begets more success. If you do a good deal and you do right by investors and they're happy with the outcomes, they tell their friends, and that meet-up was always a great place to be able to just meet and build relationships. There's people that are investing in this current deal that we have on our contract now that we met two years ago at the meet up that had stayed in touch and stayed in contact with us, and so as I think about scaling, what I'd like to do is emulate some of the things that you're doing with the podcast and just try to cast a wider net. We've got a really nice thing going in Southeastern Wisconsin, we're looking at potentially buying in different markets, and we're looking at trying to scale and find investors from other markets as well. We do have investors in California and Chicago and New York, and so other states...

**0:16:40.0 GS:** But just to cast a wider net and get the name out there more and get more known, and honestly just try to help more people. I really do believe in that. The more people that you can help, but if you can take a long side view, I think it's gonna work out, I don't know, like I said, I'm in this kind of phase where it's like, I'm not for sure that we're gonna build a great big business, but it's going pretty well in the last couple of...

**0:16:59.8 WS:** Do you have any daily habits that you are disciplined about that have helped you

achieve success?

**0:17:04.0 GS:** Well, I'm constantly trying to work on habits, I'm big into habits and goals and everything, I got all this stuff behind me, I get this has been great right here, and a lot of books about that. So I use the Way of Life app, I don't know if anyone uses that, but I would recommend it, and I honestly would like to even just buy it if I could find who owns that app, 'cause there's so many cool things about it. In the tech world, they talk about OKRs a lot, objectives and key results, and it's usually measured on a quarterly basis. Way of Life helps you really track your daily habits and then look at it in a weekly view, and you...

**0:17:38.3 GS:** And I've been doing this for three or four years. You can look back and see, and a lot of those goals change, but to answer your question, I try to wake up early, like between 5:00 and 5:30, I try to work out early, usually right away in the morning, but sometimes like today, I'll work out after this show, but I try to work out before noon 'cause if I don't get a work out and it doesn't have to be the best for... It could be at the 30-minute jog, but just to be able to do that and say, Okay, I got that done, that's healthy, and it just clears my mind, and then I also try to write or review my goals in the morning when I'm kinda sitting there and groggy and just getting going at 5 AM and then I go... I have pretty much all of my personal finances go through mint.com, so I use that platform and I check on that and I check on our properties, finances almost on a daily basis. It's hard to be through a lot, and that's why I like mint.com. I'd like to explore Stessa from a real estate perspective to try to tie in all of our different...

**0:18:31.4 GS:** bank accounts in the AppFolio property management, I haven't gotten to that point yet, but I want a dashboard that I can just see the daily picture and then I reconcile any sort of finances. So my thought is, if I wake up early, if I work out, if I write or review my goals, and my goals can be like, I either do quarterly goals or bigger, three, five-year goals and then get a view of the financial picture for the day and reconcile some things, then I feel like I'm really...

**0:18:55.4 WS:** If you don't have any goals, have you know where you're going?

**0:18:57.7 WS:** Or what's your vision for where you're headed, and maybe you answered this, but I like to ask you the number one thing that's contributed to your success?

**0:19:03.8 GS:** Networking.

**0:19:04.9 WS:** What about your best source for meeting new investors right now?

**0:19:08.0 GS:** Honestly, referrals from other investors. I'm trying to build up a newsletter, and it's called Capital Club, what I envision it, and I wanna build it as somewhat of a community to connect operators to investors, and so hopefully that can help us with getting new investors, but even folks like you, like people that we wanna highlight that we think, Hey, these are good people, they're really good at what they do in commercial real estate investing, and if we can kind of create that community and we're doing a newsletter, a free newsletter or I'm trying to build a course called the Wealthy LP and then like a mastermind. We're gonna have resources for LP investors, and then also having featured folks like you to come in and hopefully talk to them, get to meet and greet, I've helped our investors invest in other deals 'cause I genuinely wanna be helpful, so I'm trying to build that as another source a little bit selfishly that it'll help us do more deals, getting more capital, but hopefully it can be a resource that will help them as well.

**0:20:03.1 WS:** And how do you like to give back?

**0:20:04.4 GS:** I knew you're gonna ask this question, I have to do more of it, I try to be very generous on individual like Go Fund Me opportunities, when I see that on Facebook, when it's real to me and I know the people that may be going through something tough and struggling, I try to be extremely generous, I definitely wanna start getting a lot more involved as the business scales, I want to designate a certain amounts or percentages to give back to certain charities, and so we haven't quite gotten there. Right now, I give back individually Go Fund Me pages, and when I see people that maybe in need, I really like to provide in a big way there, but I do wanna start thinking about a certain percentage of income.

**0:20:44.4 WS:** Sure... No, that's awesome, Geoff. I appreciate you sharing that. I appreciate you listening to the show... You know, I was gonna ask that.

**0:20:50.9 WS:** Jeff, thank you again for your time, and I was saying, it's interesting hearing how people get in the syndication business, and obviously we all think we're not scaling fast enough, right, but how you grab the bull by the horns and you're on a mentor and started doing deals, I mean you JV, you found investors you want to start raising money, you have done that, you know, that first deal, which we talked about, which you learned so much from and has paved the way going forward for some very successful deals after that, congratulations on that and again, not quitting there, and I think the listener, it seems like so often I'm saying like, congratulations that you didn't quit, you know when you hit this roadblock and so... Expect the road blocks. Right. Expect to get punched in the face. Right, and I have to get back up and keep going, and I've said it numerous times, even today on many shows, if you quit and you stay down... Well, that's when you lose it. So thank you for sharing your story and is how you push through numerous difficulties pressing on that first deal, but the partnering, networking and things you're doing now to really push forward and hopefully inspire so many of the listeners, how can they get in touch with you and learn more about you Smart Asset Capital and the Capital Club.

**0:21:53.7 GS:** Yeah, well, I'm on social media. I'm probably not active enough, but you could find me... My name starts with a G-E-O-F-F S-T-U-H-R. You can find us at [smartassetcapital.com](http://smartassetcapital.com). We've got a deal under contract right now, I'm not that... Morning that, and then I'm also starting this Capital Club newsletter, which would be [www.capitalclub.io](http://www.capitalclub.io), and it'll be a newsletter, a course for LT passive investors and resourceful that wanna pass on the investment syndications and then a Mastermind, the community down the road. So any of those places you can find me, I get back to people pretty quickly and all over the place, but I don't post it up on social media, but that's one of the things I'm gonna start doing here, so... Thanks so much for having me. You're the man Whitney. It was fun interviewing you, I learned even more about you, I've listened to your podcast a lot for a while. It was great to get to know you more man. I wanna emulate what that you have gone on.

**0:22:43.8 WS:** Thank you for that, Geoff. I appreciate you listening as well.

**0:22:46.8 GS:** Absolutely.

**0:22:47.8 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



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