

## **WS894 Ken Gee**

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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 Sewell

**0:00:24.0 WHITNEY SEWELL:** This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today, our guest is Ken Gee. Thanks for me on the show, Ken.

**0:00:32.1 KEN GEE:** Good morning, thanks for having me.

**0:00:34.2 WS:** Ken is the founder and managing partner of KRI partners, and the KR group of companies. He has more than 24 years of significant real estate banking, private equity transaction and principal investing experience. Throughout his career, he has been involved in transactions valued in excess of two billion dollars, I can walk them to the show, Evan Joris, getting to talk to you a little bit before we started recording and hear about what you are doing in this space, what you've done over 20 plus years and now how you can help others that are getting into this space to better understand things they need to know, so give us a little more about your focus right now and... Let's jump in.

**0:01:13.2 S2:** Sure, our focus right now is always been a multi-family, we always look at BC class assets, we always look at value-add deals. I think that's the best way to be in this business. Right now, our market is generally central in Northern Florida, and we've done a number of syndication were in the process of transitioning to the fund structure, simply because in a competitive market like Florida, there's a lot of syndicates and you need to find a way to stand out and so the fund model puts the in advance of the deal, which makes it a lot easier to get a seller to agree to sell to you, so that's in a nutshell, it

**0:01:46.6 S1:** Put some money in front of the deal, would you just highlight maybe one or two things I know there's numerous people that are debating about doing a fun... More than ever, probably could you just highlight a couple of things that have helped you to start your fund successfully, the

**0:01:59.7 S2:** First is that we've been doing this for a long time, and we've had multiple indications that have been very successful. The first goal is that you have to prove that you can do this on a one-off property basis, now, the reason we're going to the fund is because we're in competitive markets, and in competitive markets, you'll get in Florida Central for you, it's not on a common to get 20 offers and you're competing for that deal, right, that doesn't necessarily mean you're gonna overpay the... You're certainly not gonna under-pay in that environment, but it's more about getting your seller to wanna do business with you. And sellers care about three things, they care about price, they always care about price, they care about not being re-traded, so that's where they look for their buyers to be experienced, so that they're not gonna get re-traded later on something that buyer didn't know was gonna be there, and the last thing they're looking for certainty to close, because the last thing I salernitana to do is put a property back out on the market, 'cause once you do that, that properties just Tain it, that's just the way it is.

**0:02:54.0 S2:** Even in a competitive market. So what we found over the years is when we're standing next to all the other indicators, even though we've been doing this for a long time and

never not been able to close, when we come in as a fund manager rather than find the deal, then go raise the money, we have the money, then go find the deal, and it's a little tougher to do it that way, mostly because people are now investing in us, they don't have bricks and mortar to look at, I don't have a deal in front of them at this point, so it becomes much more of a trust factor when we have investors invest with us in this environment, so that's probably the biggest challenge that it's been, but it's been really fun to me, we're in the middle of our age right now, and it's going quite well. Great, it's been a lot of fun.

**0:03:33.0 S1:** Nice. No, it's just interesting to ways here why people begin to fund and your thoughts behind that, and that makes complete sense. You highlight it, must have proven that you can perform, obviously, to have a fun where investors do not know the exact deals are investing in, most likely they're gonna lie how obviously gonna ask about your track record, right. If they've never invested with you before, or maybe it's investors, you've had a long experience, a track record, if they've invested with you numerous time. So great advice here. A big part of what you do is a third party management and you're helping manage for new syndicates and things like that, I thought the conversation we were having before the show would be very valuable right now, I think, to operators that are newer into this space, so get us started there and what you're seeing with new operators and how you're helping them... So the number one thing that new operators don't have his experience.

**0:04:23.1 S2:** Just by definition, they're new, they haven't done this for 23 years or 25 years or whatever. So what I find happens is because they don't have that experience and they know they don't have the experience, sometimes it's hard for them to project this level of confidence because they know that they haven't done it 10, 15 times in the past. So what I encourage our clients to do, and anybody that I'm talking through, especially new in this business, is to really do a deep dive into the numbers, you've gotta dive into the numbers and understand why is pest control what it is, why is the Real Estate tax number what it's going to be and how should it change when you buy an asset, every line item of your PNL, and the key is you can look at the broker Offering Memorandums, the problem is they do a lot of grouping, and it's very easy to not have some number that's important be in your system, so what I like to do is start off with our standard PNL, and I fill in the lines, I fell in the numbers that way you don't forget any expense that relevant, if you have a good justification.

**0:05:20.0 S2:** And in this business, you can prove out every single number on that P and L, except it repairs the maintenance number, just because you don't know what's going to break, so you have to make some generalized assumptions about that, and that's where you're probably gonna rely on somebody like, maybe he's been doing it for a while, but every other number you can prove out, and so what I find happens is when people do dive in at that level and really understand it, rather than using some general numbers that somebody told them at a seminar or something right, when they dive in, they know what that number is going to be, they see invoices, they know exactly what's gonna happen, and what happens is, in my view, the best way to build confidence is to build knowledge, because as soon as you understand what's going on, or your confidence is just gonna come automatically, and so you're able to now sit in front of investor and not just be confident, but they can see that you're confident because they can see that you understand the numbers and exactly what happens because you spent the time to really dive in and understand them, and that's the number one piece of advice that I give to people, because once you do that, you only have to do that a few times to really start to get a feel for weight, that number doesn't seem right.

**0:06:29.5 S2:** And you can spot problems right away, whereas before you wouldn't have any idea if that number was right or wrong, you'd have to rely on a third party management company, maybe like ours, but I'd rather rely on myself for that rather than rely on someone else for that, so that's the number one thing that I like to see new people do in this business.

**0:06:46.2 S1:** It's very well said, and I wanna repeat it, and you said the best way to build confidence is to build knowledge, and I've heard is also sower knowledge ends, frustration begins very similar, it makes so much sense in. How have you seen, say the most successful Sequoias perform? What did they have? Was it a mentor or was it somebody like yourself on their team... With the team in general, was that they spent a ton of time studying or researching these numbers, how did the best become the best when they're a newbie...

**0:07:16.2 S2:** Yeah, I go back to, I think it's really understanding from the ground up exactly what you're doing, we didn't start off in this indication business, I bought from my own account the first eight or nine or 10 deals, it was my money. All my money, no one else is money, you really figure it out when it's your own money play, so what makes most of the indicators that we work with successful... It goes back to the knowledge. It's making sure that you have the right people on the team. In our world, I like to say experience is extremely important, so find that experience somewhere, either it's a mentor or a third-party management company like cars, I like to think that I do help our clients with my years of experience and not make mistakes and things like that so you gotta get that experience on your team somewhere and find it somewhere, and then you'll learn from that person and don't ask them to do the hard work, you do the hard work, and just ask them to verify what you've done and what you think... So that's the biggest difference. And patients, that's the other thing, that the most successful people have a...

**0:08:13.1 S2:** We'll look at 100 deals and do one, well, that's a lot of work just for one deal, but the problem is just because there's a deal out there and someone else is willing to pay X for... It doesn't mean you should. And so you have to have that patience and again, that confidence to know who this is not the right deal for me, I'm confident in that decision, because I understand the numbers, I see what's going on, I've done the rent surveys, personally, I've looked on the web to see what the red should be or could be a neighboring properties, so I'm very confident that, no, this is a property we should not do... And here's why I shouldn't do it. When people get to that level, they're usually successful because they just know when... Decent to.

**0:08:54.8 S1:** Okay, you said you find the experience somewhere, and I know you mentioned property management companies, and now a lot of people find mentors or partner with mentor or partner with another group that has that experience. Is there anybody else as far as when we're thinking about our team and you're first getting started in this business that you've seen people find that experience in other places... Yeah, believe

**0:09:14.3 S2:** It or not, when I started the experience, I got... Well, first I went to every seminar I could find local apartment associations, got to know people that are usually present, the presenters are usually local attorneys and managers and people in the business, and then I got to form those relationships. So that's the first thing I said, Just go out and do that. My first deal, I actually hired an attorney and he was an attorney, but he was in the business, and they've been in the business for 20 plus years, and I really paid for his sort of blessing that... Yes, can I see the steel? I like this deal, you're gonna do okay on this deal, and believe it or not, I felt confident, but I wanted that verification, I want that to... That validation from someone who has been in the business for a long

time, so I actually paid for it. And that's the best way to get the best advice. I've always tell people the best advice is not the advice you get from a salesperson, is from the advice that you just flat out paid for, because whether they give you what you want to hear or not wanna hear, they're still getting paid.

**0:10:12.2 S2:** And that's really, really important. So that's how we did it. So attorney's gonna be a good source, I definitely would not count brokers out in the Central and Northern Florida market that we play in all the time, there are some extremely smart brokers in that market, they know this business really well from a different perspective, you get a later knowledge from guys like that, I like to spend time around those guys 'cause they see even more than we do because they're calling on these sellers constantly and they see a lot, so brokers are another good source and networking go to these apartment associations, don't discount the apartment associations that are local, because they have some very smart people on them, the usually staffed by people in the business, not necessarily just people who wanna work for the association, but there's a lot of volunteers that are in the business that do what they do, and you don't like me, we've been doing it for 20 plus years, and I enjoy sharing what I've learned, I don't know at all, nobody knows at all. If I could make a possible for someone to avoid a few mistakes, I feel good about that at the end of the day, so that's probably the best way I would say...

**0:11:10.7 S2:** To find that experience.

**0:11:12.3 S1:** Sure, relationships are key. No doubt about it. You just say like, You do the work and you help develop your team through these relationships of experts, so you have that experience somewhere, like you said, even mention you're having patience, there are most successful people... I have patients... And do you have an example of that, maybe for yourself or what you've seen in other people and somebody specifically that was new to the industry, I mean with the patients... Yeah, I find that it's difficult for myself and most people at times, right, everybody wants to do that deal today, but I just wondered if you had any kind of example...

**0:11:44.0 S2:** Well, here's what I'll say, I talk to people almost every single day, and a lot of times I'll talk to multiple people that are pursuing the same deal, and most of the time we reach the same conclusion they do, I let them reach it on their own, walk away from that deal. So the trap that sometimes indicators fall into is they wanna get that first deal done because they devote a lot of time and energy to learn into business, and they wanna get that first deal. The problem is, in this business is the thing I tell our clients, you do not want your first deal to struggle, you just don't... It's gonna be much harder to get investors going forward, you're personally not gonna have the confidence you would have if your first deal was successful, so you've really gotta make sure your first deal is a good one and make sense and it's one for you. So the other thing that's indicators get trapped into, sometimes there are some fees associated with getting a deal done, you gotta avoid that temptation, because in this business, you really have to sign on to the concept that you're there for your investors, if you take care of your investors, you will be fine.

**0:12:45.3 S2:** And it's just the way it is, right? Because if your investors are happy, that means they did well, that means you should have done well, and you're just gonna have a lifetime of various successful deals. So I'm trying to think of a specific example of patients, but I can't tell you how many times we walked away from a deal and had it be the right decision, it happens every day because it feels out there you shouldn't do...

**0:13:07.5 S1:** No, that was really good at just how you elaborated on you, you do not want your first deal to struggle and said that patients is really key just really to your career success, right. So that first deal is a success... That's great advice. What about as you see different operators, especially new ones and experience coming into the business or into your market doing deals, how do you like to see them prepared for a downturn, and you can speak to our current market right now, or just ways that you see that they're prepared. I

**0:13:36.9 S2:** Can talk a little bit about how we prepare the pandemic really was a challenge for a lot of people, it was in many ways, less of a challenge depending on how you'd handle it. The important thing was that in our case, we had the benefit of the 2008 2009 downturn, we were in this business that we owned and managed that, and we never lost a property, we didn't have capital calls, so we knew what a very challenging time... We looked like it didn't look quite like the pandemic, but we understood what it was to really batten down the hatches, so when we saw the pandemic come, what we had to do was immediately recognized, Wait a minute, here's a crisis. Alright, we should at first at least over-react, we can always pull back or Let's overreact, let's evaluate exactly what's going on, and then in our business, this is what the execution is so important, we actually have revamped a lot of what we do every day in terms of managing these properties, because of the pandemic, we have eviction motor is in place, you have people that are legitimately struggling, that are really good people.

**0:14:38.8 S2:** We just need to help them through the process. So the message here was, in the beginning part of the pandemic, it's gonna be hard for you to say to your investors, guys, I gotta hold off for a quarter, I gotta build up my reserves, I don't know what's ahead, it's my job as a sponsor, the fund manager to make sure we protect this asset, so we have back for one quarter, just about everybody did, I don't know if very many people who distributed on that first quarter into the pandemic, then after that we got to understand the situation, then we could go back to making our distributions and implementing our value add deals, but these downturns, it depends on what caused the downturn as to how you react to it, but the number one thing you gotta have reserves, you just have to... Number one and number two, don't be late to react, it's okay to all react initially because you gotta be careful, right, Pull back, see what's happening. If you're driving into F, what do you... Do you slow down to you figure out what's ahead of you... Okay, now I'm comfortable. Now you can move forward, it's kind of the very same way that we manage through downturns, and then you can set yourself up for success through down in terms of when you buy your asset...

**0:15:43.0 S2:** Right, we manage a couple of properties that are right close to Disney and the music Park, and rely on all those neighboring retreats on bars. Well, they struggled a lot more than a property in Jacksonville in a market with a very diversified employment-based that's in a better neighborhood to higher income people. You can see those two properties reacted very differently to the pandemic, so you can set yourself up a little bit on the way in for any kind of down-turn because typically the tougher neighborhood, the lower class property struggle more in those downturns, they just do. So you should, depending on what kind of asset you buy, know what to expect if you have a down turn that makes sense. Yes.

**0:16:20.9 S1:** It does. Great advice on numerous fronts, there have to have reserves. I've said it so many times on the show, talk about it, how important to me personally, our reserves are going into a deal, and then you mentioned don't be like to react the quicker you react to better... Right, something's happening, you don't wanna be behind on that, for sure, and on that same training, thought can just... What do you predict? What do you expect over the next six to 12 months, and

what is your all's plan moving into that? So

**0:16:47.9 S2:** I think my projection, my crystal ball would depend on which market you're in, so I'm gonna talk about the Central or Northern Florida market, right? It is a market that is growing like crazy, it didn't slow down when the pandemic had actually accelerated, there's so many people come from the Northeast to the southeast, that's just what they're doing. So if you think about this business starts off a demand and supply, right. So this is a little bit about why we do what we do. When you've got increasing demand prior the pandemic, about a 1000 people, and we do the floor today, not... Well, since the pandemic, we don't have the numbers out. Yeah, 'cause it's been too soon, but I know it's more than that, we see it at our properties every day, so we have increasing demand, think about those people that are moving into Florida, they're not all wealthy people, some are, but most or not... Now, think about the supply side of this business, in the supply side in Florida, they're building, they're building my crazy, but they're not building BC class assets that normal everyday people can afford, they're building the 2500-3000 a month, fully amenities, very nice properties.

**0:17:48.6 S2:** But there's only a small fraction of that thousand people that will move into those properties, so what we have is increasing demand, stable supply, it's not changing... Nobody's building BC class assets. It's pure economics, you've got increasing demand, stable supply prices gotta go up, I'm looking for one of those two things to break down in our market, before I can say to you who I'm worried about the future. Some people say you're buying it at out, you're raging at the top, you've gotta show me the demand breaking down, or the supply suddenly spiking in the asset class that we're buying before I believe that we're running out of gas. I don't see that personally happen anytime soon, that's why we're forming a fund right now to go out and continue to do what we've done, because I believe markets like Florida, in Texas, there's a number of markets like this, they have a lot of runway ahead of them, they just do, because of the way the economics layout, the way I analogies for people, our business is a value add business plan, we have a long strategy on top of a long economic market, so they're additive, think about it, you're going along in a bull market, not a bear market, some markets are still bear markets, people are leaving those markets and go into the markets I like, so they're in a different situation, my crystal ball will look very differently for them, and that's why we just don't invest in those...

**0:19:04.5 S1:** Sure, no, I appreciate that detail to your answer there no doubt you've had great success, can you... You've been in this business a long time. Tell me about a couple of daily habits that you are disciplined about that have helped you achieve success

**0:19:18.0 S2:** When I was younger, I didn't appreciate this like I do now, and I tell my kids this constantly, your goal every day is to become smarter and more valuable as a person, whether you're reading a book about real estate or life or people or whatever it is, every new skill that you can bring to bear in business is helpful. It's gonna make you more successful. You look at Warren Buffett, Bill Gates, all those very successful people... What do they tell you? They do constantly, they read and learn, these are very smart people, they should be able to rest and not have to worry about learning more, but they don't... They wanna get more, they wanna understand more, they wanna become smarter, and I would say that's the number one thing that I feel like I do to up make myself a better person, because then I can hopefully make our company even better. This show, I've seen in a lot of your episodes, I've been in this business 23-20 years, but I learn a lot from your guest, this is a very good source of knowledge that you should absolutely be paying attention to it because there's a good knowledge to be had from every one of your guys...

**0:20:18.8 S1:** Thank you for that. I appreciate that a larger, very grateful that you listen as well, again for our listeners all way can... Is there a way you've recently improved your syndication business that we could apply hours...

**0:20:29.8 S2:** Probably the biggest challenge in the syndication world is improving your circle of influence, our investor base, it grows organically because when you're successful, your investors tell their friends, because that's just what they do. So taking that to the next level, we've now become more digital in terms of how we market our firm and what we do, and I'm doing more with YouTube, doing more with shows like this, doing more with our online presence. For a guy that's been in the business 23-24 years in, some real estate has always been accused of being stuck in the stone ages in terms of technology, and I'm trying very hard to push us into that next level, because the reality of the world now is this is how people interact, this is how people buy, this is how people invest, we have people renting apartments that have never seen them, and it's all because of this embrace men of technology. So that's the biggest thing that I think is going to help us grow our investor base, and it also allows me to communicate with people and show that this is what we do and this is how we do it before...

**0:21:32.9 S2:** The only way I could do that was to meet them at a seminar or something, and that's different now, we're trying to capitalize that because I think it is a really important way to grow your business going forward, and I would encourage every syndicate to do the same what's

**0:21:45.5 S1:** Your best source for meeting new investors right now.

**0:21:48.0 S2:** Believe it or not, online, I... In five years, I would have never told you that online and word of mouth, those are the two ways that we're meeting more people, what's the number one thing that's contributed to your success? My desire to dive into these details, most people don't wanna do this detail work, it's not fun sometimes, it's just not, but once I do it and I understand it, sometimes I'm a tough learner at first, it's hard for me to learn a topic or a subject, it's because I really do, I dive in and when I do dive in now I know it forever. Right, that's what I would say is the number one thing.

**0:22:23.1 S1:** And I wanted to ask you, you said, as far as meeting investors, you said online, is there a specific platform or what you're doing that...

**0:22:29.3 S2:** Well, we're doing a lot of different things. We're using LinkedIn. LinkedIn is a very important source. In my mind, that's the most important platform there is, and to think about, people don't go... I tell my kids, You don't go on LinkedIn to watch a tick tack video, right? You just don't... People go on LinkedIn, they're online for a reason. And so what's that reason and that's developed their network... I can't tell you how many very important relationships we have started through LinkedIn relationships or just back and forth... Direct messages and things like that. It's funny because five years ago, I would have never dreamed it, this was true, but LinkedIn is probably our number one source, it's such a massive amount of information there, and there's very smart people there, so yeah, that's what I would encourage investors to do. Of course, you gotta be careful 'cause if you're doing it, I was like, You really can't do that, you can reach out and do some of the things that we do because we always do our C exemption, right?

**0:23:22.8 S1:** How do you like to give back?



**0:23:24.3 S2:** Well, a lot of different ways, this is one way to help teach people that are new in this business and share with them some of the things I've learned and I learn from them at the same time. Number two, all of our people give back in our community, every single day I leave our people to do what they're passionate about in terms of their giving back to the community, so most of our people like to give back to the things that have to do with kids and children and things like that. So I really leave it to them, but I really enjoy teaching other people and helping them get to the next level in their life, because that's what I believe the number one way to move yourself from point A to point B is to make yourself more valuable and I go back to the only way you can do that has become knowledgeable... That's it. That's the number one way. And so if I can help you gain some knowledge that I really feel like I've made a difference in somebody's life...

**0:24:13.8 S1:** Wow, that's incredible. I like how you said that there... Yeah, we should have that daily goal of becoming more knowledgeable, which leads to more confidence and lead so many things, just personal transition and improving ourselves and helping to improve others through that also... Well, can a great show, I'm just grateful for how you lay it out, you're all fund and why you're doing a fund and things you... A new operators and encouraging them to dive deep into the numbers so they can prove out every number except repairs and maintenance, but hopefully you get closer, you have... You find that experience somewhere, like you said, so the people that can help you find those numbers and then your third party management experience and how you're helping moves all those things, but you know even how you talked about having reserves and not being too late to react and the importance of building confidence and how they build knowledge and not winning your first deal to struggle. And so many great points can tell the listeners how they can get in touch with you and learn more about you.

**0:25:07.2 S2:** Sure, so I'd go to our website. I partners dot com, you're also welcome to email me directly K. Gee-a-ripper ties dot com or certainly look me up on LinkedIn. I'm there all the time.

**0:25:19.4 S1:** Thank you for listening to the real estate syndication show, brought to you by Life Bridge capital. Lirae 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 Libre dot com](http://www.Libre.com) for free material and videos to further your success.

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