

WS905 Nick Ameluxen

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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 Nick Ameluxen. Thanks for being on the show Nick.

0:00:32.0 NICK AMELUXEN: Yeah. Thanks for having me.

0:00:33.0 WS: And Nick spent a decade in the automotive industry as a technician before transitioning to real estate. He invests in a senior family, turnkey multi-family and multiple markets. He's a real estate coach, hosted the Austin Chapter, the South Texas multi-family and more meetup, and as a partner in asset manager at Quantum Capital. Nick, welcome to the show. Give us a little bit about your focus in real estate and the syndication business right now, and let's jump into some of your expertise...

0:00:59.0 NA: Yeah, we focus value add properties, B and C Class, and to... Our main markets are Los Angeles, in Austin.

0:01:07.3 NA: I got started with my partner Mark, we met at the end of 2018, I believe, somewhere around that time, and kinda just took off from there and scale up pretty quickly in Austin, and now we're expanding a little bit south of Austin, but that's kind of our main focus.

0:01:23.2 WS: Nice. Tell me a little about the... I'll back up a little bit and tell me a little bit about... You were a technician and you decided to get in the real estate industry... Why? For one, and then tell me a little bit about that transition.

0:01:35.7 NA: Yeah, I actually love being a technician, I thought it was a really fun job, I was really good at it paid very well for what I did, but at the end of the day, it was very physical work and you reach a cap really quickly on what you can earn and achieve. And as I reached that, and I also started having kids, so that kind of changes your mindset as well, we're just looking for ways to diversify where my income was coming in, and after failing a few other paths, I kind of landed in real estate. It's always been kind of an interest of mine, I bought it a great time in a bear market, so that kind of showed me early on the benefits of real estate investing, and then as... my wife and I got more and more into it, it became really fun and interesting, and I thought, How can I make a career out of this? How can I do this full-time? And through that, that's kind of how we transition to multi-family, when I understood the scale of the business aspect of the...

0:02:26.5 WS: Give me just one or two key things that helped you to go from the W2 to full-time commercial real estate

0:02:33.3 NA: I mean, treated as a job. I think it's a big part, especially if you're trying to make a business out of it, so having that mindset where it doesn't matter if I don't wanna do something today, it has to get done. It's easy to kinda glorify the investment in real estate process, but a lot of it is tough, hard work. It's late night and then deadlines, and I think going in with that mindset helps have always been... I get my work ethic from my parents, so I think that's helped a lot, and patience.

You know being patient and willing to do a lot of work on the front end for a reward down the road.

0:03:09.0 WS: I think that's very well said. You have to be patient to have, to be willing to work hard, you have to be able to see the bigger picture. That's much further out. It's not today, it's not happening tomorrow, but again, the listener ship, we say this all the time, it's the small consistent actions over a long period of time that lead to bigger things, so I appreciate just those words of wisdom. What about... You mentioned finding your partner, and tell me a little about... How did that affect your business? Maybe shed some light in... How did you know he's the right partner? And what did that do for your business? How do you know he's the right fit?

0:03:43.0 NA: Well, starting out, I was a technician in Austin, so it's not like I had a lot of capital or huge network, but I was in a very competitive and high-priced market, so early on, I knew I had to find individuals with both experience and a network and liquidity, to want me do the size of deals I was looking to do, so as I was networking and I paid special attention to people who had experience and brought all of that to the table, so as far as what they could offer, that was the main focus when I was looking for that, and through that, I've found a lot of people who out of our state, but interested in our market, very typical for Austin who are looking to invest and just found a partner where we just kinda clicked, our philosophies were the same. What we were looking to achieve were very similar. I had an abundance what he was lacking, which was time and being both on the ground, and he made up for a lot of my deficiencies. So it worked out really well. As far as how do we decide to be partners, it was kind of organic process, we started looking at deal...

0:04:38.5 NA: I was looking at deals and as I was finding interesting ones, I would be on kind of approach them and see, this is something he was interested in it, we didn't start out as a partnership looking for deals together, it was as I'm going through the process, finding opportunities is when I was kind of approach 'cause that was the value I could add, is finding good things to invest in.

0:04:57.6 WS: I like thinking through partnerships a little bit, when somebody like yourself has done that, I did the same thing, and I was finding that individual where we aligned on so many things, however, one thing that was very different, I was... I was just a complementary skill sets. The different things that we brought to the table, which was so important to our success or moving very fast and strategically. So tell us a little about your first syndication and how you got to that deal. What were some key things that made that happen. Was it a partnership? Was the things you've been working on before or was it something you were even doing while you're working full-time? How did that work?

0:05:31.9 NA: It first deal came about just after a lot of searching, at that point, I had started developed pretty good relationships with the brokers out here, it came pretty quickly across my desk and it looked very interesting, so luckily I was able to just when I was still working full-time, but I was able to get out there very quickly, get our offer turned in before it hit the market, so I think that gave us a little bit of an advantage and then... Yeah, leveraging... a partner like Mark, who's my partner, his experience and track record. When you're starting out, it certainly helps you get your offers taken seriously, and so just being a newbie with really nobody behind you to kind of back you up.

0:06:07.0 WS: Tell me how you approach that a little bit, like with that broker conversation. How did you express that track record and experience, even though it was somebody else's...

0:06:16.0 NA: Well, sure, at this point, we had offered on a bunch of properties together, so it kind of starting to know who's with me, who's not... I like to use the royal we a lot when I'm talking with brokers, just 'cause I'm kind of leveraging, but no matter what, I would have had somebody with experience in capital behind me, but at that point I knew it was Mark and just kind of expressing it as our track record as quantum capital and that...

0:06:39.8 NA: Here's partner Mark track record, here's mine. It's a quantum capital 'cause that's how we came into that deal... It just made it easier, I guess.

0:06:46.5 WS: No, that's awesome. Most have done that or do that just to... You gotta have experience on your team and getting started, nobody had experience on the first deal that they did, and say You have to bring experience one way or the other, whether it's your property management or a partner or someone that's extremely helpful. So can you share anything about the deal, the size it was, or any struggles that you all had getting that deal to posing table, being that first one for you?

0:07:11.2 NA: So one thing that we did, it's a 53 unit in Austin, it ended up being about 7 million all in... I think the biggest struggle was just not really having all of our team members in place as we went under contract, even though we kind of been offering... We know kind of who was there when it got time to hit the ground running, a lot of inspectors and things like that kind of fell through when we had a short due diligence time just to be competitive in the market. So that was kind of the biggest curdle, and at this time, I still work in a W2, so it's not like I could drop everything and focus on this, but at the same time, we had a lot of capital tied up. So that was a very stressful, 17 days. I swore after that, I would never do due diligence period that short again, and then I think on the next deal we did short as well, but at that point we had our team and everybody in place... it's a lot easier.

0:07:56.0 WS: So you learned a lot?

0:07:58.0 NA: Learned a lot.

0:07:58.8 WS: Yeah, you learned a lot, especially about that team and having those people in place, so what was different on the next one? What did you lack on the first one and what was different on the next one that made that much more smooth?

0:08:08.6 NA: Yeah, just your go-to, when it comes time for your third parties, you're in your engineering reports, you... You're gonna walk through all that done for the first year we had who we wanted to use... And then that fell through and then it was like, Okay, what do we do now? And now we're scrambling trying to find back-ups, at this point, we had had a team that had been tested, we confirmed them ahead of time, which is something we didn't do it on the first deal, so we had everybody lined up, so when we signed the contract it was the next day when we were out there on the property.

0:08:36.2 WS: Yeah. Wow. No, that is awesome. Tell me about... How did you all raise the money for that deal?

0:08:40.0 NA: That one was actually just a joint venture from my partner and myself, so we had the car ready to go.

0:08:46.0 WS: Nice, nice. Okay, and so what about moving forward now, how are you all raising money now from investors or how is that growing?

0:08:53.0 NA: Oh good, we were supposed to close yesterday at a deal, there's this free snow storm out in Texas, so it's been delayed a week, but we take a bit of a break in 2020, just kinda see where things were landing, and then as we started back up in June, Austin's just been on a tear. So it's been a very competitive market, but we finally found a deal that kind of met what we were looking for finally enough, and actually brought to us in December of 2009 and then fell off and came back, but we're set to close on that soon and the cameras went smooth. There's a lot of investor interest out there right now.

0:09:24.8 WS: Awesome. Tell me a little about... You said you took a break in 2020, tell me about your thoughts behind that and what you learned...

0:09:31.5 NA: In retrospect, I don't know if I would have made a different decision. I think we were probably safe to continue by, and it's just so much was happening... limited requirements, we're in tighter occupancy levels in Austin at least, and I feel like most major urban areas were following... Rents were softening, but prices, there's no fluctuation, prices... if anything. They would go in the opposite way. And part of our pausing was just kind of assessing where we're at and trying to figure out where we go from here, because we're also fiduciary... fiduciaries are people's money, so on the front and we don't only make bad deals and not knowing where the market is, is a good way to over-pay, and then also we're big investors in our deals as well, 'cause that's why we do what we like to buy property, and we bring people along with us, and so if we're not comfortable, it's hard for us to feel confident bringing other people into a deal as well.

0:10:20.8 WS: Of course, very respectful. No doubt about it. Tell us a little bit about managing your time, family, those things while working full-time and getting to that first large deal and making that happen, you talk about a stressful to do diligence all this, if it was... But getting up to that point was a lot of work that's already gone in for that even happens, and most, especially while working full-time and growing family is difficult... I know it was for me. How did you do that and manage all that?

0:10:49.1 NA: You really gotta take advantage of any downtime you have, especially when you're working in W2... Now, luckily, I was in a career work and at a level in my career where I have a lot of weight and expertise, so I'm gonna throw that around and take breaks when I need to up on calls, but also a lot of my time was my own and so that prepared me for not being a W2, but having that kind of compensation structure. There's more of a production versus you need to punch a time clock. And so as long as I was getting work done, they worked out, so there were definitely some long nights that weren't making up for some short days coming up where I knew I had to go on a tour at 12 in the afternoon that was gonna take an hour and a half and so I couldn't take a lunch that long. I think family was the hardest part, kind of balancing that, but also coming home and having a bunch of deals underwrite and email to follow up on. And just had some late nights. I mean, at the end, you just gotta do what you gotta do.

0:11:38.3 WS: You just have to do what you gotta do. Before we started recording, Nick you said, whatever it takes to get a great deal done, kind of said you're as focused... And do you have an example or two of that? Just 'cause I like that mindset. I just like the mindset, you just have to keep pushing just to never give up mentality that'll talk about... So any example of that where you said,

do whatever it takes, or maybe we were at that time talking about JV versus syndication, and you all were gonna look at each deal and figure out what the best option is, how have you all done that or maybe give us an example or we can think like that too.

0:12:10.8 NA: To do whatever it takes in Austin, and probably in every market, you gotta move quick, especially on a good deal, they go fast. So I guess just referencing the first deal, I got the email that morning, I end up having to take a very long lunch to go toward the property that afternoon, took the next day to submit our offer, or once again during lunch, then I ended up having to work all weekend to make up for that time, and then the 14-day, I started 17-day due diligence period. It was a lot of waking up to get to work at 6:00 instead of 7:30, so I could leave at 3 so I can complete what I need to complete. And then you're up to when 1 AM... I don't know if there's one solid example in there of where it was doing whatever it takes, it's more of a long-term grind in that respect, but when it comes, it's kind of the same with deals, if you're getting into a deal and you have capital raise or you're underwriting and it seems like, yeah, man, this doesn't work in section where you still like to long-term prospects of the property, you just keep exhausting, I guess all options until it just...

0:13:13.4 NA: you're out, but most of the time it's in the out of options, if you're doing your job correctly, there's always a way to get a good deal done.

0:13:19.6 WS: Yeah, yeah, no, I just like that mindset, let's exhaust it and we wanna be safe about it, right, we're gonna have different things in place. I'm sure we're still as conservatives, we should be and prepared all those things, but yeah, you gotta be creative more times than that, to get a deal done. And on that line of thought, how do you prepare for a downturn or how have you prepared in the past, maybe how you see other people prepare or not being prepared, but what have you learned about that? And how do you all do?

0:13:43.4 NA: Yeah, and this is where having a partner like Mark, my partner who's been in it for 20 years, certainly helped it, 'cause he has a decades experience being... And so he's always kind of cautious about that, I'm certainly cautious as well, but that experience helps on our team, a lot of it is just being really leveraged appropriately and then having good capital reserves, and when it comes to buying, having a long-term horizon, especially now, we want our bed to be flexible in our business plans to maybe even pushing past that seven-year timeline to make the most sense out of it, and I guess just being flexible, but as far as being prepared for downturns... Yeah, being well, capitalized and not over-leverage.

0:14:20.7 WS: Could you give us just a little more detail there as far as, do you have a certain amount of leverage you like to stay under anything like that? And even just proper reserves. We're talking about reserves often on the show, I just love your opinion about how do you know if you haven't had enough reserve.

0:14:34.2 NA: It really just depends on the size of the project and the scope of what you're trying to achieve. Being in LA, in Austin, we have properties where it's 24 units and where it's 100, so reserves for those differ... There are also 1902 properties in the 1980s, so it depends on the asset size and class, but most of the time, we wanna at least two months of all expenses, including debt as a management, CAPEX, all that stuff, and reserve, just often side... We also have pretty healthy capital renovation budgets and buy-out budgets, and then on top of that contingencies, we're typically doing per to 15% contingency funds when we're looking at projects like that, just so we

have it. Now, does that hurt our cash on cash and returns can be juice them more by not having those, but at the same time, we're not doing duty to anybody by not being prepared for that, and as far as leverage goes, we kinda look at it as, what's the lowest amount of leverage we can use to hit the returns we were looking for, if we get too close to, I mean we're... In our markets, we never see 80% or even close to 75% and some deals on the front end, so we're typically 65, 70 maybe below that 65, and then just looking for re-finances, we try and stay around that 70%.

0:15:49.7 WS: Nice. No, now I appreciate your thought process too on I mean Reserves are so important to me, and again, listeners hear it all the time, it's so important, it does hinder your return slightly, but yeah, you're gonna sleep so much... That's gonna be worth it. That's so worth it. And to have those reserves in place, I just appreciate you saying that. What about your prediction over the next six to 12 months in the real estate market?

0:16:14.0 NA: My crystal ball is just as broken as everybody's, but I'll tell you what we're doing is just looking for good deals, and for us right now that value add is still very attractive, but we wanna be really protected going in, and so that kind of makes those deals harder to do, we're not really looking at Bridge that, right now or any type that financing. So typically you're doing 50 maybe or a lower percent on the leverage been on how distressed the deal is, and that's kind of a method that wanna work for syndication is 'cause all the risk there, but as far as what we're looking for is probably a more stabilized deal, we want some upside, but some of that really just is gonna get very attractive financing that we can lock in for a long term, and you're kinda coupon cutting, I guess, to get to the end, but it's gonna be very stable and in good markets. I think that's a big part of it too. So you can buy the land deal, I guess, but in great markets, and it kinda helps having that headwind.

0:17:05.2 WS: Nick, you know... Just getting to the point that you are right. You've had to be very disciplined or have a lot of self-discipline. It's something that's very important to me and I'm just learning about all the time and focusing on personally and trying to help others do the same. What are a couple of daily habits or anything that you have... That you're very disciplined about, that have helped you achieve success?

0:17:23.3 NA: I grew up with ADHD and not the hyperactive kind, but where I kind of focus on what's the most interesting thing and a big success tip or US just survival that I kinda live by as calendars and tracking everything on list, if it doesn't get written down, it's not on my calendar. It's not gonna happen. Right, so for me is I always have a pad of paper with me, my calendar is very detailed, and that kinda helps plan out by weeks and plan on my days, which certainly helps when they have a big project coming up or something that you need to focus on. You can map out that time other than that, nothing more, I guess, per se what most people say, and it's having a good morning routine certainly helps. I like to run and that's very good. For the psychological aspects, I would say that's very important as well.

0:18:05.8 WS: I appreciate you sharing that. Anything else about your morning routine that you're just like, This just helps me to do it every day. Coffee or... I know you said running or anything like that, that... It is a must.

0:18:15.4 NA: Yeah... Definitely coffee. Outside of that, no. I've got two small children, and so waking up and I started my morning and getting work in before they're up and about helps a ton, but then also being able to spend my morning with them certainly makes it for a great day.

0:18:32.4 WS: Yeah, I couldn't agree more. What's your best source right now for meeting new investors?

0:18:36.0 NA: Right now, referrals, surprisingly enough. I feel like is the best way to meet new investors. We have a podcast, which certainly helps get our name out there, but that's more of a fun to create a project for us, outside of that, part of some networking is like Jake and Gino, which is a really a place to meet new investors.

0:18:55.1 WS: What about... What's the number one thing that's contributed to your success?

0:18:58.0 NA: I would say, Man, it's probably a split between either networking and then just like I said, treat it like a job, just being diligent and what you need to do.

0:19:07.4 WS: How do you like to give back?

0:19:08.7 NA: I need to give back more with time, that's something you're trying to focus on this year, but most of what we get back is just organizations in our area that are helping with causes that we support... My wife has been a special education teacher for her whole career, so we're pretty heavily invested in that area, and then... formal housing is the focus of ours as well.

0:19:27.2 WS: Nice. Well, Nick, I'm grateful to have met you and had you on the show. Just wanna say Congratulations to your success and now, first hand, the difficulty of working full-time or trying to get a business going and growing family and all those things, it's not easy. No doubt about it. It is a lot to manage. You've said like the family portion, managing that, some of the most difficult... And I would agree, and keeping that vision for them going to where we're headed and why your dad's putting in all this work, but just thank you for just laying out some keys to success, and you're all focused meeting your partner, even the different things that you both are good at and why it's important, leveraging his experience and going through that first deal and some struggles, and you know about the due diligence and your team is so important. The things that you've learned there, and obviously it can help us, like we talked about managing all that while getting started and working full-time, and you gotta deal it... You just have to find a way, and I love what you said, whatever it takes to get a great deal done and exhaust it till...it just die right?

0:20:22.6 WS: Until you can't come up with anything else, so just pleasure to make you again, tell the listeners... How can we get in touch with you and learn more about you.

0:20:28.8 NA: Yeah, yeah, definitely easiest way to reach me is usually by email, and it's just Nick, nick@quantumcapitalinc.com, and quantum is Q-U-A-N-T-U-M capital, and then inc is I-N-C dot com, that's also our website. And check us out and some are past projects and what we look at, and that's where gnawing us. Yeah.

0:20:47.5 NA: I appreciate it. Thank you for having me on the show.

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