

**EPISODE 915**

[INTRODUCTION]

**0:00:00.0 ANNOUNCER** Welcome to the Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

**0:00:24.4 Whitney Sewell:** This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. This morning, our guests are Matt Whitermore and Dan Odabashian. Thanks on being on the show, guys.

**0:00:34.0 Matt Whitermore:** Thanks for having us.

**0:00:35.0 WS:** Dana and Matt, each spent a decade in real estate in the industry before teaming up in 2019 to invest in multi-family and commercial real estate. Since then, they launched their real estate investment company, New Scotland Capital LLC, which is based in Albany, New York. They're engaged in real estate development, investment property management and brokerage activities through New Scotland Development Companies in New York's Capital Region with 20 million dollars total assets on arrangement.

Dan and Matt have long been involved in multi-family sector, but have recently launched an initiative to acquire Campgrounds and RV parks. That's interesting also. Guys, welcome to the show just by getting to speak just a few minutes before we started recording, it's interesting, just hearing your different unique abilities and a little bit about how you all form this partnership.

I've personally experienced, I didn't see it many times in our industry and many others, when two guys or gals to have unique abilities and then it's like they bring these things together, it's sky's the limit, there, right? There's so many different things can start to happen, but I'd love to hear a little more about that. Why don't you all highlight 'cause I think it's valuable to the listeners too, just as when we talk about your partnership, to hear a little bit about your backgrounds, your unique abilities, how they complement one another, and what that has done even in this short period of time, moving forward, I think a lot of people are hesitant to partner, and I was... I said no many times, and these guys are doing big things now because of this partnership, so I get us started.

**0:02:04.6 MW:** Sir Dan. I'll actually let you take the lead on that one there...

**0:02:08.0 Dan Odabashian:** Yeah, thanks Matt. My expertise is primarily in operational management of multi-family real estate and got into it like most people do, just trying to buy some two families, smaller, smaller properties, and that led me to realizing that I needed a property manager, so I was doing it on my own, was growing the portfolio and realize who better to do it than myself. I had the time.

So that led me to launching a property management company and started doing some third-party management for some other people in paralleled building my portfolio, and that led to getting into more management and development opportunities, and which kind of the natural next step to speak of creating active apartments and not just buying them, so that's how I started in the business, and Matt I'll let you...

**0:03:01.0 MW:** So my background is primarily in real estate finance, it was a financial analyst doing the inequity placement for different types of commercial and investment real estate, and back in 2017-2018, I actually got into the software world of investment management and real estate syndication. So I was actually a sales engineer for one of the leading investment management software providers, and that was a crash course and everything real estate, private equity.

I got to see probably hundreds, if not thousands of different syndication and distribution structures and operating agreements, and always knew I wanted to get into it for myself, so I might say if I have any special skill, which is definitely a humbling thing to think about because we were getting our start here and were ambitious, but we got a lot of work to do, but I would say it's putting myself out there, and that's why it really led to the partnership here with Dan, which was something you alluded to, Whitney, so I think that might have some value for the listeners, because it's not why you set out to do direct mail, and it wasn't what I was expecting.

I was expecting to find properties to buy, so I had sent out a batch of direct mail to the Albany area, and one of them was Dan's properties, so he gave me a call and gave me a ridiculous price for his property that was not even on this planet, so there was no deal to be had, but we kept in touch and...

**0:04:29.9 WS:** Of course, I'll sell it right. I'm of course... For the right price.

**0:04:34.0 DO:** Yeah, I'm not looking to sell if there's always a price.

**0:04:36.8 MW:** I think what you said was, my wife would kill me if she know I'm talking to you about.

**0:04:42.0 DO:** It wasn't even about... It was about a personal house, a home I was renovating with my wife, it wasn't even about one of my multi-family... Bigger multi-family properties that I owned.

**0:04:51.8 WS:** Okay, so Matt you are trying to get into the business, you were... You had this background as a financial analyst and you noticed or you got to look through really tons of deals and how they were structured, the operating agreements, all those things, which is a great experience, right. That's so much knowledge right there, just in that. But then Dan had the operational management, he'd been buying properties being real estate for a number of

years on the operational side, and so Dan, you received that mail or you weren't interested in selling, but... Why did you call him?

**0:05:19.8 DO:** I just, I had never... Up until that point, I hadn't a received a whole ton of direct mail marketing, I didn't know much about it. It wasn't something... And I was just curious as to what his goals and ambitions were and if he was actually like he wrote... It was more of a heartfelt letter about he and his fiancée looking for a home in the Capital Region, they're looking to move there, and I just kinda wanted to see if he was real or not, and... Yeah.

**0:05:45.2 WS:** So what was it next in... I guess what I'm trying to get to is like to the point that you all knew that this could be a good partnership, you both had unique skills, both of you could help one another. How did it get to that point? And you knew that it was, this is worth a partnership, 'cause I mean, personally, I treated that like a marriage, and so I said no many, many times to many people who tried to partner before I actually said, You know what, I believe... You know, my current... My business partner now, before I knew that like this is right, there's many things there that we agreed on or just having common, but then there was many unique abilities and skill sets that we each had that the other did not. How did you all get to that point and know that this was worth moving forward as a partnership?

**0:06:26.6 MW:** Great question, and I think it's something that's integral to our business model, and so it's going on two years now that we've been working together in some capacity, and I think the important thing was to partner on smaller things first, we have a brokerage business, we have Dan as the property management business, we've done some wholesaling, so we set out first to build what we internally call the deal machine, which I'm sure there's a lot of other people out there that refer to their deal machine as that too.

And then we wanted multiple ways to monetize all those deals, so we basically started looking for everything to units with no maximum around the Capital Region, and we said, You know what, obviously we're not gonna be able to buy all of these, that would be great if we could, but let's come up with four or five different ways that we could possibly monetize these leads once we moved past the point of they didn't accept our offer or were too far apart, what have

you.

**0:07:27.0 WS:** Well. I want it back up a little bit though, like way back, I guess you receive the mailer, Dan reached out, what was the next steps in it... 'cause I get that, like I said, I get the question often about partnerships... Right, and so how did you all know that this was the right thing to do? But I mean, partnering in general,

**0:07:42.0 DO:** I think it's hard to pinpoint one point in time where...

**0:07:45.0 WS:** Or any vetting process?

**0:07:47.8 DO:** Yeah, I think we're all vetting each other and not in a negative way, just seeing on how things went, and Matt was moving the area, wanna get into real estate, he had a day job in sales and software, and he met with us... I'm sure he met with a bunch of other brokerages and 'cause you need a place to hang his license, so that's kind of how the relationship formed, and then he kept pushing for more and more and more, which is kind of a rare thing from my experience in the brokerage world.

When an agent is just so focused, laser-focused on selling, 'cause it's one way they can make money, like it was very clear that he was into a lot more than that, so pitched us on the deal machine idea, and I was like, well, that seems like it could work, and it started working, and then a new idea, I was coming every week, and then I started bouncing my ideas off of him and you just kind of... It just kind of naturally evolved into, hey, let's just go for it and map what his job... And here we are in News.. Capital.

**0:08:46.8 WS:** No, that's awesome. So Matt had ideas and he was saying, hey, what if we tried this and Dan, you saw value in that, you saw he had skills that could add a lot of value and you all could help each other and we'll... Tell me about... So go ahead, Matt, our conversation a little bit about different things you all were trying together doing, this deal machine. I'm sure the listeners are saying what is this deal machine?

**0:09:06.3 MW:** Sure, it's nothing too sophisticated. I'd call it a set of integrated systems for marketing and sales Automation, Direct Mail, cold calling, and just creating the database in the engine that gives us inbound leads, but yeah, I think it's really... It was just all about baby steps, it was first having the license, that's some sort of relationship. Okay, we're starting to look at deals for bound things off each other. That's developing the relationship.

So it's just been keeping that ball rolling, and it's rare that you find someone that has kind of the same vision in terms of ambition, and we think about deals in the same way, and you mentioned Dan has a lot of the operational experience... And that's exactly what I was missing. So when I think about building a team that's building a puzzle and what puzzle pieces are missing and just trying to find that match, so I think that's where we've built some momentum.

**0:10:02.1 WS:** So what about since the partnership, what does that allowed you all to do? I know you elaborated on different things. You start with small deals, have you all noticed they're just that you've been able to move faster, or are there things that you've been able to do things you haven't noticed we are ever thought of before? Or like what's happened since then? And where do you see what your focus now, since you all begin?

**0:10:21.3 MW:** We've sort of stabilized is what we're calling the deal machine, and we're at the point where we're bringing in other people to do most of... It's managing it, to really take ownership of it, so like an acquisitions person, if you will. To take some of that off my plate, we definitely want to increase the average deal size, we definitely saw it as important to not discriminate on deals that are too small, because I refer to as baby steps.

We bought a three-unit and then a 20 unit, and now, we're touring commercial properties and Campgrounds and hoping to close on some bigger deals this spring that are in the works now, so just baby steps, and since we have the deal machine stabilize, it's bringing other people in to take on some of that work. It frees us up, and the main focus is how do we automate things, how do we give ourselves more time to focus on the things that are growing the business, which is acquisitions, building relationships with lenders, raising capital, so just keeping eye on scaling.

**0:11:30.8 WS:** Yeah. Well, let's pivot just a little bit 'cause I'd like to hear more about your focus on Campgrounds and RV parks, that's not something we've heard much on the show, and so tell me a little bit about, from your operational background, in your financial analyst background, how you all decided to focus on Campgrounds and RV parks. And what is it about that asset class that you like?

**0:11:51.8 DO:** I think that's a great question. I mean, I wouldn't say our focus is necessarily specifically on campgrounds and RV parks, but I've been doing multi-family real estate in the Capital Region for almost 10 years now, and I remember when you do buy things for 40, 50,000 dollars a unit, and now there's deals going for 100 a unit. And it's just so competitive. And the downstate, New York City Metro market has really come into play.

They're buying things that much lower cap rates, so it was really more of a factor of the asset class were in... Is getting so competitive. We gotta figure something else out. So we're looking at mobile home parks, RV Parks, campgrounds, and just trying to diversify and find better fields of higher cap rates and industries that have more of a frontier aspect, so to speak.

**0:12:43.0 MW:** I kinda wanna piggyback on that, and I think it's a good lesson for putting yourself out there and having more of a Why not attitude when new opportunities come about, because the first RV park camp around that we looked at was really by accident. I had been prospecting two mobile home park owners, and campground is a true seasonal campgrounds...

No Mobile Home component. He was in the list and he emailed me back and said, Sorry, this is not a mobile home park, but are you interested in RV parks? And I said, Why not? And we explored it, and this was like a year ago now, and we said, Holy crap, this cash flow is insane and you know, thinking about... Say it's a property that has a million dollars in cash flow, and we sat down and said, How long would it take us to get a million dollars in cash flow on these small multi-family properties that we're doing?

It could take us a decade. So that was really the nexus of it, and then we just really dug in and did our homework, met with some operators, and now it's a year later, and we have our first real opportunities that we're planning on closing the spring, early summer.

**0:13:53.8 DO:** I was just gonna real quick, you know why it's about the focus shifting to that is we were looking at all the mobile home park, we were looking at self-storage, these different asset classes and realizing that they're also getting somewhat competitive and when Matt stumbled upon the RV park we were like that, well, this seems similar but different... And let's dig into this a little bit more.

**0:14:16.5 WS:** What's something... A few things maybe you've learned about campgrounds and RV parks, or that make it cash flow like that, or maybe things that maybe you didn't know about it ahead of time that makes this a valuable asset class to jump into and learn?

**0:14:27.1 MW:** Some really positive things and also some challenges we've learned, cap rates are high, there's a lot of demands due to the unfortunate circumstances of covid, camping has a tremendous growth in demand. Our re-sales themselves, the vehicles are through the roof, so campgrounds are selling out. And one of the things that we really like about a lot of the opportunities we look at is they come with a lot of vacant raw land and room for expansion, and it's not like building another apartment building or adding floors or it's adding utilities, maybe doing some excavating to put in water lines and clearing trees.

It is real estate development, but it's not construction, it's a little simpler and straightforward, so a lot of positives on the financial end, and I think every challenge can be a positive too, but we've learned that there are a challenge to finance, especially with banks, not that it's impossible, but it is a completely different animal than an apartment building, an office building, shopping center, what have you. So that's what we're working through. Seller financing is a great tool in the industry because sellers realize that, I think and they're more open to seller financing, and then your average apartment owner or mobile home park owner.

**0:15:50.3 WS:** How do you get financing or I guess what's the big hold... I can understand why



there's no building, there's no... I can see why there would be some issues there, how do you get financing on a property like that? And it's funny that we're having this conversation just yesterday, we were looking at some places to camp, and there's a big place in South Carolina. You all may even know if it's like the largest campground in the country.

There's 800 and some slots or whatever, 300 and some maker property, some family that's less a mile of beach front or something too, they claim. It's interesting, and I thought about, wow, that I was thinking of what we're talking about is saying about, Okay, think about the income from that, that size of property is just trying to get to the real estate side of that type of operation, but even managing something like that, I don't know anything about managing an RV park, but on what you talked about their financing, tell us a few tips on the difficulties and how you've got around that, or are you all strictly looking for seller financing?

**0:16:42.9 MW:** We're not strictly looking for seller financing, we think... We have two deals right now, one is gonna be seller-financed and one we're going on the bank financing track, and I think it's gonna be incredibly educational to at least make the effort to bank finance and that property creates a little bit of hair for a bank that there's a bar in restaurant and a slew of moving parts that might make it a challenge for a bank, so we'll see, we'll keep you posted on that one, but I would say get familiar with an SBA lender and learn all the different qualifications and disqualifications.

I guess I'll call them that would pertain to a campground because it's probably pretty hard to find a campground that is SPA eligible, especially in the Northeast, because they don't like the seasonal properties, and about that, I mean, full season rentals, they like them to be transient stays under 30 days, they want the majority of the income to come from states that are shorter in 30 days it... I would argue for an investment model, I'd rather have all seasonal customers that are paying me all that money before they even show up.

**0:17:49.2 WS:** I'm gonna ask you about how you prepare for a downturn, but I thought you could speak to like RV parks or campgrounds, that type of thing, but I also... I love your opinion about multi-family since your experience in that, I have hearing from operators, how do you

prepare for a downturn... For an investor asks you that, What's your response?

**0:18:07.3 DO:** I get that question all the time from perspective investors and current management clients, as we do a fair amount of third-party management with management company, and in our specific market, the rental market is so strong between all of the government jobs, all of the universities up here, all of the hospitals. And it's funny because the capital region area doesn't really swing one way or the other too much as far as in the bad times, property values seem to not go crazy down and the really good time.

They don't go crazy up, so it's just a stable, nice cash flowing market, and yeah, there's been challenges with the pandemic, but we've just seen more slow paying renters than anything else. New York state, it's been one of the more liberal states in terms of restrictions and eviction moratorium, but also right before the pandemic, there was new tenant laws passed and people were a little down on that, but I've always seen it as, there's always gonna be regulations and you need to be able to comply with them, and if you can't figure out in a strategy that's profitable, then you probably shouldn't be in the business.

They're never gonna be that restrictive, they're never going to be... They exist for a reason.

**0:19:24.4 WS:** Yeah, as far as going into the pandemic and what you all already did have under management, is there anything that you can say, You know what, because we did this, we have done better through the pandemic or through a downturn, anything specifically, maybe the way you underwrote something or then maybe you're a cash reserves or anything like that.

**0:19:45.1 DO:** Yeah. I think in the 20-unit deal Matt referenced, we did mostly I underwriting in the last five, six months, so we were super aggressive about getting rent estoppel and verifying rents and getting outstanding balances and really holding the owner to that, then we would have been before the pandemic.

**0:20:06.0 MW:** Yeah, I'd say exactly that. Just we've been fortunate with the portfolio under management with... As Dan alluded to, it hasn't really hit us too hard there, maybe it's a slightly

higher vacancy rate, economic vacancy, but where it has hit us in the due diligence and then underwriting where we just have to be that much more careful because it's a little scary closing on a deal and their new tenants to you, and you don't know. People fabricate things all the time and real estate transactions, so you just gotta check your work three, four times and go over it again and again and again, and then come up with creative ideas and maybe ask for credits or work different sorts of insurance policies into the contract, and if anything, that's a good thing, it's a lesson in some harder than normal due diligence, if you will.

**0:20:59.4 WS:** Do you all have any predictions for the next, say, six to 12 months in the real estate market, just what you expect and how you're planning for them?

**0:21:06.0 MW:** I think the vaccination news that's coming out is pretty positive. That's kind of what I look to in recent days of trying to project what might happen, so I think I'm also, for the most part, an optimist, so I think, especially for the multifamily space, there's better days looking ahead, and one thing I will say, maybe on the less positive side, we keep in touch with an attorney that does evictions for us, so we're always checking his pulse, and we do anticipate a pretty serious backlog of eviction, so something to watch out for. I would say.

**0:21:43.3 WS:** Yeah, that goes back to those team members, doesn't it? I mean, having somebody like that that you can be just checking with all the time... Go ahead, Dan.

**0:21:50.0 DO:** No, I'm just gonna say more specifically to a capital region market, we're seeing the housing market is single-family homes and two three families is just going nuts right now because there's an influx of people from bigger metro areas who maybe they're moving back here, the ritual from the area, and they're working from home, maybe they just want a smaller cheaper market to live in and they're working from home, so in a way, ... in the capital region has really benefited from the market's gotten much stronger during covid because of that.

**0:22:21.9 WS:** Guys... Do you all have any daily habits that you're disciplined about that have helped you achieve success?

**0:22:27.8 DO:** I have a default calendar, which I find... I know there are certain things that I need to get done every single day and I need to set aside time and they're in my calendar every single day, and I found that super helpful. I tell people I could sit and just answer and converse over email pretty much all day, but that's not a very efficient way to budget your time, in my opinion.

**0:22:49.4 WS:** Can you elaborate on what a default calendar is? What does that mean?

**0:22:53.0 DO:** I just have blocks of time... Set in my calendar, I know at least almost every day I'm gonna have to do invoicing for management, so I have an hour set aside for that. Every day, I'm going to need to look at leasing maintenance, outstanding balances, so I have 20 minutes, 20 minute blocks set aside for those on different days, things like that, just predictable blocks of time, and then you schedule... You can schedule your other appointments around those, or if there's a conflict, you can move those lots of time around your appointments...

**0:23:26.9 WS:** No, that's awesome. That's all I need. That default time. So you can get things done. You know, you have to do right. And what about you, Matt?

**0:23:33.2 MW:** It's actually one of the books you recommend on your website, Whitney, the Miracle Morning, and I read the book and I had a good stretch of where I created my full morning routine and was doing it, and that does waiver, I'll have to admit, but I think the main takeaway that I took from that book was every morning before I start my day, write down what absolutely has to get done today, because especially in a small business like we have, where we're wearing lots of different hats, you can just get lost in your day, so easily.

And there's... we always talk about the difference between being productive and being active, sometimes it feels good to be active, but you're not always being productive, so if you just two or three, four things that you gotta get done for the day. Just lay him out before we start a day, and I think it leads to being more productive...

**0:24:30.2 WS:** Couldn't agree more. No, but those things you said, I've just seen it in so many successful entrepreneurs, including myself, changing that morning routine, being up early, making those things happen has been so crucial, that consistency over a long period of time, but what about your best source for meeting new investors right now?

**0:24:46.3 MW:** Great question. So it goes back to, I think the way we design this business is that we're doing all sorts of different types of real estate transactions, brokerage, management wholesaling, and the vision from the beginning was that all these people are prospective investors. We've taken... I cold called somebody 'cause I wanna buy their property, and it's not on the table immediately.

And it comes up that they are having trouble leasing apartments, at least an apartment for them, then they call me two months later and they're ready to sell the property, and you know what, now that person is a prospective investor because we have that relationship now, so we just try and build relationships any way we can, and then they all go in the bucket of, this is now a prospective, passive or active investor. Hopefully, passive, we're trying to build out the syndication end of things, so that's how we think about our daily interactions.

**0:25:42.8 WS:** What's the number one thing that's contributed to your success?

**0:25:45.7 MW:** I'd have to just go back to that and the vertically integrated business because the goal was always big apartment and commercial real estate deals, but we took baby steps to get there, and it's proving to be effective and it's a long-term game. So we still got a long way to go, but we've got a nice network that, like I said, we've managed their properties, we've listed their properties, rented their apartments, purchased properties from them, and now the third potential investors.

**0:26:16.0 WS:** And how do you like to give back?

**0:26:17.9 MW:** I think we try to make it part of our mission and our business, first and foremost, we like to provide good, safe, clean housing in all neighborhoods and for all people

in our community, but other than that, we choose some organizations locally, I've noticed to have it that I typically do this stuff around the holidays, so my conscious effort is to do it year-round instead of just around the holidays when it comes to mind.

**0:26:44.0 DO:** Yeah, and to build on that, for us is just really important to be actively engaged in the specific communities we're owning and acquiring properties in smaller cities, like Albany, they really need leaders on the community level in our industry and our skill sets of naturally translate into that role, we like to donate and time and money to smaller organizations, like Matt referenced, Star Albany Foundation.

The neighborhood associations, there's a lot of different local arts and theater and orchestra, 'cause those things are what really builds the community and make people want to live where we're... Owning and operating real estate, so I think it's really important to donate time more than money and try to be a leader and those types of things.

**0:27:35.4 WS:** Yeah, a lot of times we just think about donating financially, don't we wanna think about our time as much in time is so valuable, and people will often value that even more than if you handle them cash. Right. So anyway, thank you guys so much, Dan and Matt, just grateful to get to know you all and hear about your partnership, it's helpful, I think to a lot of listeners who are attempting to do the same thing or looking for that partner that has those unique abilities and skill sets that are complementary to their own.

And just hearing about how you all met and really not just shutting that off there, right. You further investigated the potential of a partnership and did the small things together and then grow into bigger things, and then just going into even the campgrounds and RV park, like I said, it's not something we hear on the show much. So it's neat to hear. And your flexibility to say, You know what, this looks like an opportunity... Let's go investigate it, right?

Maybe this is something... And not just having your binders on completely and saying, Nope, we're just staying over here, but being willing to do that, I just think that's a skill set almost ten itself, but guy is grateful to meet you, tell the listeners how they can get in touch with you and

learn more about you.

**0:28:38.9 MW:** Yeah, thanks so much Whitney... You can reach us at our website, [newscotlandcapital.com](http://newscotlandcapital.com) and go with emails there, [matt@newscotlandcapital.com](mailto:matt@newscotlandcapital.com), and [dan@newscotlandcapital.com](mailto:dan@newscotlandcapital.com).

[END OF INTERVIEW]

[OUTRO]

**0:28:50.5 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](http://www.LifeBridgeCapital.com) for free material and videos to further your success.

[END]