

EPISODE 923

[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 and her guest is Apurva Shah. Thanks for being on the show, Apurva.

0:00:32.0 Apurva Shah: Thank you so much, Whitney, for having me.

0:00:33.4 WS: My pleasure. Real estate has always been a passion for Apurva and has become a way of life in the last 10 years. Today at Jay's Properties LLC is focus, is on residential and commercial real estate investments, including renovation rehab office multi-family mobile home parks. He works very closely with other investors to also teach them how to run their business.

Apurva has completed over 40 million in real estate transactions and manages an eight-figure portfolio with Jay's Properties LLC with a back-end focus on operations, negotiating deals for value-add properties and managing the current and future portfolio. Apurva, welcome to the show and I look forward to hearing more about your story on and now you've managed also to do all this while working full-time, and that is just a common issue for most entrepreneurs, especially getting started, many that are listening are in those shoes, I was definitely in those shoes for a long time.

It is difficult to say the least, I mean, it was a very trying time to keep everything going and juggling all those plates are spinning them all at the same time, keeping them going, but welcome to the show, I wanna hear more, a little bit about your background in real estate and then maybe what your focus is currently, and let's move into your specialty.

0:01:45.2 AS: Awesome. Whitney... Definitely, thank you. Thank you so much for having me on the show. A real quick background. So I always grew around real estate, my family, they convert office buildings to luxury condos. So growing up, I was always around that and trying to learn from my parents and see how they were operating that business, and then transitioning when I went to college, I had a deal that I worked on closely where it was in Syracuse, New York.

And really got my feet went on the operation side of it, so really fun, and as I got out of school, I wanted to kinda do my own thing and see how I can continue to grow and do real estate, so I started out in single family flips and wholesaling properties, as many other real estate investors started off doing, and then over the last four years, we started Chase properties and met Jack Yen, he's one of my partners. Great guy. He's also an W2 job and has that data analytics background, so for him, he does all of our research and analyzes the deals and helps part about underwriting, but then for us, we primarily focus in on now mobile home parks as well as multi-family and invest primarily in the the South East Market.

0:02:57.6 WS: Nice. Well, let's talk about your transition here or just where you're at now, working full-time and keeping a business like this going, even starting your business, you are 40 million in real estate transactions, you are all working full times... No small feet. So share a little bit with the listeners just about, how do you manage that and maybe give us a couple of tips on when you were first getting the started, but how that's progressed to where it is now.

0:03:20.5 AS: Yeah. So, like many folks in real estate, right? I started the business with almost no money, we were struggling to purchase our first single family flip, so with us, what we really wanted to do was we took every dollar, scraped together every penny that we had and said, okay, hey, let's do a split...I was in pretty close to downtown Rolly where I'm based out of...

And then while working full-time, I'm a product manager for a large manufacturing firm done in the Southeast.

And for us trying to manage both the day and working at night on real estate was definitely trying... So putting together those processes early on was exactly what we needed to do, so some of those process included hiring the right contractors for the first flip, we did a lot of it ourselves. So we'd be working at 9 to 5, and then after 5 o'clock at the house, tearing down walls and changing toilets and changing cabinets and stuff like that.

So it was definitely an interesting progression because as we continue down flipping houses and wholesaling, it started building up that capital stack, and that's the probably one aspect and a really important piece of trying to build the business, and once we got to the spot where we were like, okay, well, we're doing well, and this is a great business for flipping houses and wholesaling, but you're having to put in a lot of time, in a lot of effort in finding these deals, and we wanna create more of a passive income approach, of course, mobile home parks and the family that it's not passive, especially if you're operating in...

If you're hands-on and if you're doing the day-to-day, but for us, the big thing was creating those processes around the property management, and especially in the multi-family side and the mobile home parks side, as well as having the skill set and building that up with negotiating and learning every aspect of the underwriting process, so one of the big things for us, and I tell my W2 job income leadership this quite often.

The skills are transferable things that you learn in your W2 role, they apply to real estate, and then things that I'm learning in real estate, I'm actually re-applying those back into my W2 job, so one of the big things I'm learning in real estate was how to negotiate, how to build processes around making things to scale the business. Right, so you're taking all of that and you're actually converting that back into your W2, you're scaling that company management product line, so scaling that part and also being able to negotiate with our clients and saving the company thousands of dollars, so that's been a big help on the transition.

0:06:06.4 WS: You know, you were talking about just putting together the processes early on, I could not agree more, is something we help some clients with as well, because if I had known early on what I know now and just some of the systems, it makes such a big difference, it's such a stress reliever, it could have been anyway, just not thinking that I had to do everything manually personally, and that there were some easier way... Any easier ways to make things happen at that point.

You were flipping homes and rehabbing and everything is now you're focusing on a multi-family in mobile home parks. Could you tell us a few of the processes now that are just crucial or that save you time, now that you're moving on to larger type properties versus when you first started?

0:06:45.7 AS: Sure, so one of the unique things... Or I mean, when you're first starting out, I feel like spreadsheets and excel spreadsheets are your best friend, so for us, especially when you acquire, when you're executing a multi-family property, you're trying to collect the rent, who's behind, what's going on, and instead of utilizing that spreadsheet, we use podio. Alright, so podio, a great tool that we tell our property managers, Hey look, this is the tool you're gonna be using, you're gonna input everything, and then for us on the back end, when we're sitting at home looking at how is this asset doing...

We're able to pull reports, being able to, okay, so these people are not paying or these people are paying. This is your monthly revenue, and not having to do that manual process of, okay, hey, here's this person, they're not... They paid this much this and constantly keep track of it. I think that's probably been one of the biggest time savers, but at the same time, when you're looking for these deals, a lot of this is the phone calls, networking with brokers and things like that, one of my partner, Jack, he actually...

We've got a deal machine, it's a great way to ... these opportunities and see where, you know... What are the hot areas and kind of pull together that research, you know... Their city data, there's all these different things, so pulling data together is probably the core in that... of our business, and that also translates to how we're approaching and finding these deals.

Right? I know a number of industries where they're just throwing out thousands of offers, you know, yearly and maybe they get five or something like that, which is one way to go about this.

But for us, we've been concentrating on location and continuously pulling that data where it's a lot easier than trying to fly out and travel to all these places and using that kind of process in line with utilizing deal machine to kind of put it all together.

0:08:39.8 WS: Yeah. Tell me, speak a little bit to just the integration of family and day job, and not so much process now, but actually making things happen throughout the day. Right. You mentioned earlier, like early on, you get off W2 and then it's like, man, you're right to that flip up or whatever it is, and you're in there tearing down a wall, but now that things have changed or you've grown quite a bit, what does that look like on working with your day job and now doing larger deals?

0:09:08.1 AS: Sure, sure. So basically, routine has been important, so our early mornings prior to even jumping onto the day job, my partner's, I, we have calls, we'll make sure we line up things correctly with our property managers, with the folks that the core tasks that need to be completed during 9 to 5, right. I mean that is important. That is key window, and for us you know, while we're working, things still need to be getting done.

So early morning, we'll have conversations discussing what we're gonna be doing throughout the day, and then we'll also around 5 o'clock watch or you touch base again saying, Okay, these are the things that did get done. These are things that didn't get done, I... Like many of us, I'm married, I don't have any kids yet. But that also plays a role. I can't be working 24/7 anymore.

0:09:55.0 WS: It better play a role.

0:09:57.2 AS: Yeah. 100%, right. So having that flexibility has been important as well, because my wife understands there's gonna be phone calls that are gonna happen at 8 PM or 9 PM just because of the nature of that business, and I love my wife so much because we've been able

to work through that. I've been trying to do better. I'm trying to put my phone away and things, especially when we're more family time and things for us alone, so...

0:10:21.0 WS: Yeah, so what is your focus in your business right now, where do you see just the next growth happening... What's your next big thing?

0:10:30.0 AS: Yeah, so we're certainly continuing to scale the business by acquiring more properties, but while we're doing that, we also need more staff, so we're in the process of looking for another project, basically an operations person. I'm only one person, I currently manage our pretty managers and then we house up a proper coordinator that works through and deals with the day-to-day on the operation side, but again, a lot of that still comes back to me.

So for us to continue to grow we need to increase our staff, we need to increase trying to build the team around the properties that we currently have, and also we're in the process of trying to acquire another about 100 or so units, and with that, there's gonna be someone else who's probably gonna be coming in full-time as well.

0:11:16.4 WS: Yeah, yeah, so you're continuing to think through how you can streamline your processes, and you're thinking about who do we need to bring on to the team so we can be as efficient as possible and even do it better potentially because you're... So you're not pulled in so many different directions, what about it is your plan to continue the schedule or to plan to leave your W2 at some point?

0:11:37.1 AS: Yeah, so I get asked this quite a bit. When is that right to transition into doing your business full-time? And to me, the answer, I guess, I don't have a clear cut answer for that, and the reason being is I love what I do on my W2. It's been a great, great ride. But at the same time, you also will have to look at the balance of how much you're gonna be working and how much effort it takes, so the goal is continue to scale that real estate business and then hopefully transition over the next few years and see what that looks like.

You know, across... We have organic growth, I've talked to folks that buy 1000 units a year, and that's amazing starting out, and good for them. Cause, we've had a little bit of slower growth, we bought 200 units last year, it's still significant for us, but we wanna continue down that organic, organic growth and scaling in that way.

0:12:31.1 WS: Tell me what's been the hardest part of this growth in this process and real estate for you to get to where you all are at now.

0:12:37.1 AS: I think the biggest aspect has been time... Right, I mean, time is incredibly valuable for us. Being able to focus on what truly matters has definitely been a core item that we're trying to work through, and even though we're putting together these processes and it's giving us time back, that's absolutely amazing. But also the team side of it, you wanna be around a team that's gonna be self-sustaining.

They're able to do it, you're not having to manage every aspect of it, and that's also been... It's been a little bit of a concern, but we're actually getting through that, I think over the last month, we've actually done a lot better of basically putting together, hey, these are the core things that you guys need to be doing, here are the processes, it's like something happens, these are the people to contact. This is not something that partners need to be a part of or having conversations around. So having those expectations around your team has also definitely been helping us to get this next step.

0:13:37.6 WS: For sure. What would you mean, knowing what you know now, what would you have done differently, say on your first few deals, or maybe even just your mindset in general...

0:13:45.3 AS: Yeah, I think my mindset is certainly important, I wouldn't say I would do anything different 'cause we've learned so much over the last year, a number of years on how to structure deals, how to flip deals, things like that, and with that being said, Right, I think prior the first couple of deals, we probably didn't need to do everything, we didn't need to be the ones doing the construction and things like that. Understanding how much the construction costs, those are important, 'cause that's obviously you're gonna be paying folks to do this.

So I would say probably pulling back the reins a little bit and letting the contractors, letting the folks that are the experts on that aspect of it, not the business side of it, and for us to focus on the business, not... We rather work on our business versus...

0:14:31.3 WS: What about when you all are looking at deals right now, especially what's... From what's happened over the last year? How are you preparing for another downturn,

0:14:38.0 AS: That's definitely a great question, we get asked that quite a bit. The big thing is reserves, we wanna keep at least six months to about a year worth of reserves, is that possible for every single deal, not all the time, 'cause we're gonna have CAPEX, we're still trying to improve these properties, we're adding value.

We're reinvesting back into the communities that we're purchasing, but what we're seeing is in mobile home park investing, these are probably the more recession resilient communities, so for our portfolio specifically, we're seeing 95% on time payments across the board for our mobile home parks. Now for our multi-family side of it, that's not necessarily the case, so for our multi-family side, we're consistently trying to make sure we have enough reserves even something does happen over the... next few months.

And we've started planning for that, since last March, it's been a crazy year for many, many folks for real estate investors for the tenants, and you're of course gonna have some bad apples in the past as tenants, so making sure you're tailoring that for us, we're not trying to just kick out people and that there's a human aspect of this as well, it's not just the business, so we're trying to work with folks instead of telling them hey, look, you just gotta pay... I lost you drive and you have to pay all this at rent, let's kind of back, let's see if there's payment plans, forget them, late fees and try to wave it and support these people first, trying to get 'em kicking out onto the street.

0:16:06.0 WS: I love the... Even the first thing you said was the reserve, right? Having six months, eight months, whatever reserves... I don't hear that very often. I personally loved to

have six to nine months, if not more, in reserves, and I just like, nothing is like having that cash there if something happens... Right, there's a lot of comfort in that. And I think for our investors as well, do you have any predictions for the next... Or just in real estate? Over the next six to 12 months? Yeah.

0:16:32.2 AS: So we're seeing compressed caprates all across the board in mobile home parks and multi-family, and my expectation is that they're still gonna be consistent, especially in the major metro areas, we're gonna keep seeing very, very competitive market, I guess, properties that are on the market... Off market, maybe mom and pop shops may have a little bit of a pull back, but those are... That's not opted. We're gonna see that.

So my biggest thing is, I think we're gonna keep focusing in on how we're structuring our deal is making sure that we're able to continue to focus in on things that actually matter for our business versus the economical piece, which I'm sure people are gonna say it's gonna go up, people are gonna say, it's gonna go down. We wanna focus on, okay, we have mobile home parks, are people paying our people doing the right things, or rules being followed, and then continue to reinvest back into those communities.

0:17:32.9 WS: Apurva, do you have any daily habits that you are disciplined about that have helped you achieve success?

0:17:37.6 AS: Yeah, I would say those morning calls with the partner are certainly the most important for us, that's probably for the business side. And for the personal side, I believe in working out. I think it clears my head, it helps me focus in the early morning to see what needs to happen throughout the day, I mean that's usually my time to hone in on exactly what I need to focus on for the day.

0:17:58.6 WS: Is that every day? I mean, morning call with your business partner.

0:18:01.8 AS: So it is typically at least three days a week for us, it's just because we're both working in that full-time job, some days we know exactly what we need to be working on,

because we'll also have that call to be at five, just to make sure we're all on the same page. And a lot of that carry student will say, Okay, we don't need to have this call just because we know exactly the next steps.

0:18:21.5 WS: Yeah, is there an agenda that you have like do you try to keep it to 10 minutes? Do you try to keep it 30... Is this as long as it needs to be, is it like, Okay, these are... Is there any kind of thought process to this is what we're discussing on this call?

0:18:34.5 AS: So for us, we have our typical task list, we also get a lot of podio as more of a, Hey, these are the core properties that we need to be working on and what needs to happen on those properties, whether it be underwriting or due diligence or whatever you have... So what we'll do is we'll go through those pretty quickly. I'll probably take about 30 minutes. We try not to keep calls for more than 30 minutes because after that it's when it starts cutting a day job side of it but also there's only. So much room brain capacity.

You're gonna have to do this. My biggest recommendation is try to keep calls really short, keep it to the point, and we're really just wanting to make sure that these specific tasks are getting done, and if you don't know how to get it done, let's figure out a way to help each other on it...

0:19:18.6 WS: What's the number one thing that's contributed to your success?

0:19:21.2 AS: Yeah, so great question, not accepting no as an answer, and I'll touch a little bit more on that. So during our initial deals when we were investing in mobile home parks, we got no from lenders, we got no from investors or like mobile home parks. Why would you wanna do that? Right, especially when you approach a lot of these bigger banks, and for me.

I think the biggest thing was just not accepting the no, but it was understanding the feedback behind the no, so was it the language that we were using, was it something that we were doing personally, that was causing that no and reiterating, I think my biggest takeaway from that was continuing to iterate on how you're presenting deals to lenders investors and finally getting to that... Yes, I think that was probably the biggest biggest key to our success, especially just

being able to iterate, not just hitting our head against the wall and doing the same thing over and over again, but iterating and making it better.

0:20:21.8 WS: And how do you like to give back?

0:20:23.6 AS: Yeah. So for us, the biggest thing is focusing on our communities, these are lower income housing, for motor home parks, and what we do is we bring in our team where myself are basically core, Tim mentioned goes in and sets a time where... We'll work with single moms, I work with folks that might be struggling, we don't know exactly what's happening day-to-day in these communities, so for us, we wanna spend our time with them, we wanna see how we can help you create budget models.

Or figure out, what are you missing in life, is it something in the community that we can do or is it something personally that we can do for us spending two hours or a couple of hours on something like this and helping those that need the help, we love that we love seeing our tenants happy and it also helps them morale in that community where they're like, Okay, what these people are giving that they're actually helping, and I wanna continue to live here, so our retention stays there as well.

0:21:18.0 WS: Apurva, it's been a pleasure to meet you and hear about your story and just pushing... You know what I mean, to close on over 40 million in real estate while working full-time, I know that first hand is no small task and all of it, just hearing about that process, how you were... You put processes in place early on, and the importance of that, how you use Perpedio talked about a lot, but having those things in place...

And so you're not having to think about them as much. For one, you're more organized, you're more structured, things can be just more routine, but then also to how you have grown to now hiring an operations manager and other people on your team so you can be more efficient and be ready and prepared for more growth, and then even your morning calls with your business partner, I think that's three days a week, sometimes it can be challenging to get all those in, but

I agree, it can be so important, just ensure you're both pushing towards the same goals, you can help each other.

You're thinking different things, so you can pull together on those thoughts and discover how to accomplish things faster, and so I just appreciate you elaborating on all of these things, tell the listeners how they get in touch with you and learn more about you.

0:22:22.3 AS: Yeah, no, definitely. So I'm on LinkedIn, I'm pretty active on there, so feel free to connect with me on it, it is APURVA SHOP, A-P-U-R-V-A, Shah SHAH, feel free to visit our website, connect with us. Click the contact us on there, it is chase investments, J-A-Y-S investments.com.

[END OF INTERVIEW]

[OUTRO]

0:22:42.4 ANNOUNCER: Thank you for listening to the Real Estate Syndication Show, brought to you by Life Bridge Capital. Life Bridge Capital works with investors nationwide to invest in real estate while also donating 50% of its profits to assist parents who are committing to adoption. Life Bridge Capital, making a difference one investor and one child at a time. Connect online at www.LifeBridgeCapital.com for free material and videos to further your success.

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