

EPISODE 928

[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. Today, our guest is Hunter King. Thanks for being on the show Hunter.

0:00:32.0 Hunter King: Thanks for having me, Whitney. Excited to be here.

0:00:34.0 WS: Yeah, I'm excited to have you on the show. I know he's sharing, he's listening to the show every day for like a year, so it's a need to have people on the show who are out there making it happen in our business and who have been listening to the show as well. Grateful for that Hunter. And Hunter is a recent college graduate who acquired 8 multi-family units while going to school full-time. Hunter found his passion for real estate after completing an internship with a local property management company.

He now focuses on acquiring more deals and scaling out the property management arm of his business. Hunter, welcome to the show. It's always encouraging to see guys and gals like yourself that are younger or even in college or while... is a busy time, and while maybe a lot of friends are doing other things that seem like would be fun, maybe, but you're choosing a different path than most.

And that's always difficult, however, it's one that definitely pays off and everybody else is gonna be looking to you and thanking me, and I wish I had done more things like he did, right? So great to have you on the show. Give us a little about that time in college, I wanna hear just a little bit about, you know... I mean, it's difficult, it is difficult to say no to all those are the things that's so inviting to go have a bigger focus and bigger plan over here.

Share a little about that 'cause I think it's great for many of the listeners. And then you also have some skills in just networking while young, which is difficult also for a lot of those, probably same people, but then also finding deals and finding deals, ransome thing that everyone in our industry is they're always struggling with it or are always pushing to find better and more deal, so we wanna get into that, but give us a little about that college experience and finding that first deal.

0:02:11.1 HK: Alright, yeah. Well, again, thanks for having me on the show. It's really cool that you provide this educational content for everyone. It's really enjoyable, but after graduating high school, I earned a scholarship degree to play football, after my freshman year playing football, really found out that I didn't wanna do that full-time. I was kind of a multi-sport athlete, I like to play a bunch of different sports, and once you get to the collegiate level, that one sport is your day job, your night job, everything else centers around that.

And that wasn't really enjoyable for me, so I kind of after my freshman year, I took about a year and a half off to just explore what I really wanted to do and what I was passionate about, and during that time I moved back home, saved up a bunch of money and applied for a property management internship, upon re-enrolling in college, and I loved it, I loved interacting with the tenants, getting to take a lot of the maintenance calls and meeting with the property owners at their property and devising a strategy on how to lease out a unit more quickly and efficiently, or maybe some improvements that can be made.

So I really got a good hands-on experience on real estate investing, and I gotta learn from people that have a long track record of doing it, and a lot of the people I got introduced to our small business owners that took the money that they made from their main business and flip it

over into buying real estate, and that was really powerful for me to realize that even the successful business owners aren't relying on just one source of income, they're spreading it out and they're hedging their risk in different types of markets, so that was really intriguing for me, and it really just was an eye-opener for me to take control of my own financial future, and really the success is up to you, and that's really what stuck out to me in this industry.

0:04:14.0 WS: No, that's awesome. It just sounds like you're surrounded yourself, even if it wasn't extremely intentional in the beginning, but you did. You surrounded yourself with people that were doing things, especially in real estate or successful business people who you noticed we're looking for other sources of income, and one of those being real estate, tell us about your first deal a little bit, let's spend a couple of minutes there, and I wanna get to how you're finding deals now, a little bit about maybe how your business has grown since that time.

0:04:42.2 HK: Yeah, definitely. So my first deal, I would not recommend any... anyone starting out, maybe dive into the deep end this much, but my first deal was a new construction duplex. I found a vacant lot on Facebook marketplace that was for sale, and I had enough cash saved up that I could just buy the lot out, right. And I got it bought and then from there, I went to a bank and showed them my business strategy, what I wanted to do, which was build a duplex on top of that lot.

And the numbers all panned out and they were pretty confident in my ability to make this happen. I had, prior to going to my lender, I already had a list of contractors in references of people that I would be working with on this project. So that really helped out, especially being a beginner, bought that property, I believe in August of 2017, and by March we had it completely rented out.

I rented out one side and then I house-hacked the other, so I actually lived in one unit for about a year, and then at the end of that year, I found another six-unit apartment building that was a really good deal, I bought it for 265,000, so a little less than 50000 a door. It had some maintenance, some capital expenditures on it, some things that needed improved.

0:06:02.9 WS: So how did you come up with a down payment? Or even for the six plex now.

0:06:06.5 HK: So for the six plex, I actually used my cross-collateralized with that duplex, so I pulled some equity out from the duplex and used that as my down payment for the six plex...

0:06:18.6 WS: No, that's awesome, 'cause I was just thinking, Okay, I know the listeners and myself, wandering, wait a minute, you're in college, unless your family is just wealthy, it's like, Where did the down payment come from? That's neat to hear. There's ways that you're getting creative, you already have this duplex, that new construction congratulations and even house hacking it too. Any push back during that time from friends or family that are like, Wait a minute, Hunter, no need to do this now.

You got plenty of time or enjoy your at these years, you don't need to be working this hard, or you need to be focused on a career, not real estate, any of those things.

0:06:52.0 HK: All of the above. There was a lot of self-doubt for myself and people that are very skeptical around me, since I've never done anything like this before, but if you do your due diligence and you're confident and the research that you've done, then you should never really restrict yourself from taking action, and that's kind of what I did since completing that duplex, we've actually had other builders move in the area around me and kind of copy that same template, which was reassuring for me that I was on the right track and I was actually ahead of the game, compared to some of these other builders in that specific location.

And so that was reassuring for me once the deal was completed and we went for full circle with it, but yeah, absolutely. There's always gonna be self-doubt or a lot of concerns from your friends and family because they care about you, they don't want you to just completely go off the rails and have a tragic incident, your first deal...

0:07:55.2 WS: How did you stay focused? Even though there's push back like that, what was it that... You know what I mean, just kept you moving forward?

0:08:01.0 HK: Honestly, a lot of podcasts and books like this one really just help encourage myself, I just kept diving into the podcast and the books and just staying focused, and when things got hard, or I would be in class one day and I'd get a call from a contractor on some issue at the job site that I would... I'd have to balance between all that, and on top of that, I was working a second shift night job as well, so it was a lot to handle, but it was definitely worth it in the end.

And that's one thing about real estate, is it's not a quick deal where you know you're gonna do a deal one day and you exit the next... It's something you have to be dedicated to. And you have to have the conviction.

0:08:43.0 WS: I love stories like that. You're a full-time college student, you're finding deals, you're working on all the stuff, new construction, you have another job as well, it's just everybody thinks that any success in most businesses are just like overnight, right, and that kind of helps them to justify not doing it themselves, but more times than not, it's like yourself, people who have put in tons of time, just lots of work and been very focused and dedicated it...

Just congratulations to you and just making that happen, it's encouraging, but I wanna move forward now to your business now, and I want us to talk about how you're finding deals now, I know that's one of your strong points, and I think it's something everybody's wondering about new ways to find deals, or, how are other people doing it?

0:09:26.2 HK: So yeah, one strategy that I've found to be really successful, especially during a time period like this one where the market's really tight, I'm still doing direct to property owners that have portfolios in the location that I'm looking at. I think a lot of times when people think of direct mailers, they're targeting property owners that maybe own one property or two properties. The people that I'm targeting on upwards to 80 to 100 units or more in the markets that I'm looking at.

So even though they may not be specifically set on selling one property, there could be others

down the line, and I wanna be at the front of their mind when they make that decision to sell, in doing that, you have to tell a story about yourself, just the straightforward sales tactic of, I wanna buy your property, it doesn't really resonate with a lot of people if you approach it from a human-to-human standpoint and you tell a story about yourself, for me, graduating college, I was really interested in getting started, and a lot of people resonated with that.

A lot of the established veterans in the game, they resonate with that because they were in my shoes at one point, so even though you don't have a track record, you can still market yourself in a way that tells a story and tells them a little bit about who you are.

0:10:44.0 WS: How do you find them? Is there a specific software as our website, what is it that helps you to figure out who to send your mails to?

0:10:52.1 HK: So I use the Geographical Information System, the GIS for the State of Nebraska, where I can search up parcel IDs and see who owns those parcels, and then I take that information and put it into an LLC search to figure out who are the partners in these business entities that own these properties...

0:11:14.0 WS: Okay. GIS search, can you give us just a couple of details there that you look for on the GIS to be able to build that list and are you doing all that yourself?

0:11:22.2 HK: So yeah, hopefully in the future, I wanna outsource more of this stuff, but right now I'm curating the list myself, and what I do is apply zoning filters to the map, so you can see where the multi-residential zoning is, and you can see we're on certain vacant lots, whether or not you can build multi-family units on it, or if it's just a single residential dwelling, a lot of information like that is useful when you're first starting out and you're looking for a specific deal, so that's really how I discovered properties is by using that zoning feature, where I can see where all of the multi-family units are.

0:12:00.5 WS: What about some responses that you've received, or what's the number or the ratio versus how many are you sending and how often, and then what about some of the

responses...

0:12:10.8 HK: So I'd say for every 10 that I send out, I might get two calls...

0:12:15.8 WS: That's probably pretty good, right?

0:12:17.1 HK: It's really not that bad when you consider. A lot of people, they just throw the letters in the mail, they hardly even read them or take that into consideration, and I understand that it's part of the strategy, but it's a funny story. One of the letters I sent out about two years ago, I never heard back from the guy, and then about a month and a half ago, he called me out of the blue interested in wanting to sell off some of his portfolio.

He has 80 units in the market that I'm living at now, that he's interested in starting to unload and get ready for retirement, so that was really cool. Mesic thing about the letters is you don't know who's actually holding on to those, and a year down the road, their mindset may be completely different,

0:12:59.0 WS: So how often are you sending the letters?

0:13:01.8 HK: I do it once a month. I'll curate a whole new list and then I also have a separate spreadsheet of people that I've already contacted, and once I send out those letters, I give it about two weeks before I make a follow-up call where I'll actually call them and not be very pressing it just, hey, have you seen my letter? I'd love to take you out for coffee some time, even if you're not interested in selling, I still wanna hear about your journey and your experience, and they really appreciate that.

0:13:31.5 WS: That's a great point that you're following up with a call, you assume you're getting that phone number also from the LLC search or something like that,

0:13:39.1 HK: On the state website. Yep.

0:13:40.1 WS: Are you writing all these yourself?

0:13:42.1 HK: Yes, I am.

0:13:43.5 WS: Okay. No. That's some dedication right there. And again, so you're sending monthly and you have a new list every month, are you mailing back the same people wherever.

0:13:51.4 HK: So no, I don't mail them back and if they don't respond, if they don't answer to my follow-up call, then I might wait another week to call again, but after the third contact point, I'll probably move on and then I'll still have their information in my spreadsheet and I might circle back later in the year and try to reach out to them again, but I don't really want to bombard you with a bunch of mail, one or two letters is good enough. They've seen it, and then if they were interested, they would have called, so I try not to be too pushy. More of a soft approach.

0:14:25.3 WS: Okay, no, it's interesting to hear you're approaching... Especially if you're receiving 2 of 10... 20%. Does that letter say anything specific? What kind of card is it? What does it look like?

0:14:35.9 HK: So yeah, the letters that I typically use, I explain that I've just graduated college and I'm still working a full-time job, but I'm trying to get into real estate development and real estate investing. And following that point, I'll put in a line where I notice you own this property located at XX something, a street, and you know, and then I'll ask, are you interested in potentially selling this property, if not, would you still like to meet with me over coffee?

I would love to talk about your journey in real estate, and then I leave it at that, and I provide my contact information at the end of that letter, but definitely you mentioned that there is a property that you notice that they own to see if they are interested to figure out their level of interest and then just ask them to take them to lunch or put in, can I take you to coffee sometime... A lot of these people, they just wanna... Conversate with other like-minded individuals.

0:15:36.2 WS: No, that's awesome. I like... Direct mail is not a new thing, but it's like not everyone's doing it right, and it's people like yourself who are still out there working every avenue that they can to get in front of those sellers to find deals that are making it happen because... Oh, that didn't work anymore, and I would say, you're wrong. People, I can... Or out there doing it and finding deals, so you say, do you plan to continue the direct mail, is that gonna be something you say, you know what, this is very beneficial and... Yeah, they plan to continue?

0:16:07.6 HK: I do, for as long as I'm buying the smaller multi-family properties, it's a lot more competitive in the larger multi-family space, so working with brokers in either way, you have to establish a connection with good brokers in your area because they know a lot of the economics of the market, but using direct mail is a great way to get your foot in the door and get your face in front of these people that do own all the real estate in your market, and every market's different.

Like I mentioned before, we started the show. The market that I'm investing in is not a Denver or a Kansas City market, it's much smaller than that. And so you kinda have to be a little more creative because there aren't so many larger multi-family deals in my area...

0:16:53.8 WS: Yeah, but if you're finding, you're emailing 80 to 100 unit properties that's a pretty good size, that's bigger than most, I think would think of direct mailing to, right? Tell me what about finding property that's larger than that, but would you say direct mail will work on larger properties as well, but it's just more competitive.

0:17:11.0 HK: It could work if you can find the decision maker, like I said, find out who owns the LLC. A lot of on those larger properties, the address will be linked to their lawyer's office or whoever the agent is that's handling the legal part of the business, so you kinda have to get creative in how you reach out to these people, and I would consider maybe bringing a broker on a conference call with you, if you're gonna call the people that own the larger properties, because that just adds another layer of credit to your resume if you have a reputable broker

coming in with you on the front end.

0:17:47.3 WS: That's interesting point. Your team is so important, and chose credibility, I say is you've done a lot of work, a legwork ahead of time. Hunter, what's the most challenging part for you right now and just scaling your business or moving towards the next deal.

0:17:59.0 HK: So the most challenging part for me is growing the team while having a full-time job, I'm trying to go completely full-time real estate, I'm currently taking my real estate courses to get my license. I would like to get into the more sales and brokerage side as a way to generate more income that I can then put back into real estate, and then going forward, I would like to continue to buy up the smaller multi-family properties in my area.

Formulate a property management company around that, and then through the connections I've made in my market, use that to maybe participate as an LP and larger syndication across the country, because that's really the goal. I don't wanna be invested in one location, I wanna spread out and get to experience the benefits of all those markets.

0:18:48.7 WS: Hunter, is there anything that you would have done differently? Say on the first few deals, maybe you wouldn't have done the construction new development very first, but anything else outside of that that maybe you would have done differently?

0:19:01.0 HK: I would have definitely reached out to more brokers and went bigger from the beginning. That new construction deal was definitely a learning experience, and I'm grateful that I had the opportunity to complete that, but looking back on it, if you wanna be serious about scaling, you need to go bigger, you need a volume of units, and so looking back, I would have networked more with the multi-family syndicators that are doing the 100-unit, 200 unit deals, and maybe you participated as a passive investor from the beginning and focused more on raising capital.

That's definitely one of the skill sets that I'm trying to improve on right now, is raising capital from individuals.

0:19:42.2 WS: How do you prepare for a downturn?

0:19:44.0 HK: You always have to budget, and I use a lot of underwriting tools on Excel to stress test everything. During covid, I was lucky I only had one tenant that was affected by... Had their job affected by covid... I'm really grateful for that. I didn't really have any issues through that time period, but you have to buy the deal right, and my criteria, I have to cash flow when I buy the deal.

If it has units in it already, it has to cash flow.

0:20:10.3 WS: Do you have any predictions just in the real estate market over the next six to 12 months?

0:20:15.0 HK: I don't expect a run of inflation where interest rates are just gonna skyrocket, I think it's gonna take maybe three or four years. For us to really see that come to fruition. I think the next six to 12 months, I'm still sticking to my guns, I'm looking for more deals, I'm not really concerned about where interest rates are going, as long as you're buying long-term debt on these properties and you're not completely under water when you purchase them.

I think that's where a lot of people get caught is in the middle of a large project, a big CAPEX project, and then the price and materials going up and it's harder to lease the units, and then next thing you know, the holding costs are starting to skyrocket so definitely, you make your money when you buy.

0:20:59.2 WS: Do you have any daily habits that you are disciplined about that have helped you achieve success?

0:21:03.9 HK: I don't really have a specific regimen that I do besides have my coffee every morning... Coffee definitely helps out a lot. But no, not necessarily. I have a Google calendar, I look at what needs to be done for that day, both for my job and for my rental properties, and

then typically I make all of my business calls in the morning since I work nights and in the evenings, I'm not really available so I wanna make sure that anyone that I need to get in contact with, I'm doing so in the first part of that morning before everyone gets their day started.

0:21:37.8 WS: And what's your best source for meeting new investors right now.

0:21:40.6 HK: So right now, I've been hitting LinkedIn very hard, trying to be more active on there, that is a great platform for real estate investors, whether you're trying to grow your investor list or trying to find deals, there's plenty of brokers on there that you can just network with them. Just talk to them, and you can really find out a lot of information completely for free just through the social networking, which is... I mean, that's crazy.

0:22:06.7 WS: What's the best source on there, is it... Are you making your own posts or you just connecting with people, reaching out personally, what's been your method there?

0:22:14.6 HK: So yep, I'm making my own posts trying to add a little bit of lifestyle flavor to it, as well as the real estate component as well, and then searching through the comment sections and finding people that have similar ideas as me or are interested in following the same pages as me, and then I'll just connect with them, shoot them a message and it just organically grows from there.

0:22:39.1 WS: What's the number one thing that's contributed to your success.

0:22:41.6 HK: Definitely having the conviction to invest in real estate in the first place, especially being as young as I am when I first started, I was only 20, and I haven't been in the game that long. But it can be definitely very intimidating, so... Just trust yourself, trust the process. It's gonna be really rough, but it's also gonna be really good at times, so as long as you just stick it out and stick to your principles and the things that you learned in your self-education, you'll be just fine.

0:23:09.8 WS: How do you like to give back?

0:23:11.3 HK: So right now, my long-term vision is to build a dog shelter for rescue animals, there's not a lot of animal shelters where I'm at, so that's definitely a non-profit project that I hope to complete in the future. Other than that, I do a lot of umpiring and coaching, I coach track for the local high school team, and then this summer I'll be coaching youth baseball or umpiring youth baseball.

0:23:35.3 WS: Nice Hunter, it's been a pleasure to have you on the show. Again, thank you for listening to the show for so long, and it's great to have you as a guest and hear your success and just congratulations on making it happen even while in college, even while having another job, all those things, and it's those decisions that most people will not make, they will not choose the hard path for success, they'll go the easy way and then wonder why it hasn't happened for them, Right?

And that wasn't you, and congratulations again. And just grateful to hear how you're using direct mail and details about that, that the listener can put in place today to potentially find their next deal, as you said, it matter so much how you buy that you can count on those details today. It's hard to know exactly what the details are gonna be five years from now, but how you buy is so important. So thanks again for being on the show. Tell the listeners how they can get in touch with you and learn more about you.

0:24:26.3 HK: Yeah, so if you wanna reach out to me, I'm on LinkedIn, like I said, Hunter King, I'm on Instagram at Hunter King 3. And then my email is HunterKing308@gmail.com.

[OUTRO]

0:24:37.4 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.

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