

EPISODE 992

[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]

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Whitney Sewell: This is your daily real estate syndication show. I'm your host, Whitney Sewell. Today our guest is Jeff Cook. Thanks for being on the show, Jeff.

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Jeff Cook: Thanks, Whitney. We appreciate the opportunity.

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WS: We're honored to have you on the show. Jeff Cook, he lives and breathes commercial real estate, and can usually be found at his office. He finds great fulfillment in the transformation of poorly performing properties resulting in a very attractive product. He started his career as a project manager for a market research company and began purchasing multifamily properties in the city of Rochester in '97. He purchased his first mobile home park in 2009.

Jeff, welcome to the show. Why don't you give us a few details of what your focus is right now on the real estate business and let's dive into a few of those key things that help you to be successful.

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JC: Sure. Thanks a lot. Yeah, so right now we're focused on the acquisition of a mobile home parks in New York State. We're trying to get some more scale here in New York State. Right

now we're up to about 4,000 pads across 40 parks, and we're looking to continue to grow that through the next several years.

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WS: You know, I have to ask this because, you know, listeners are wondering just about New York State in general right now, you know, it seems like everybody's leaving there, right? Going south or going west or whatever, what's your take on that? And you being there...you being an operator, what's your thoughts around that subject?

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JC: So, a lot of the people that are leaving are actually coming from the New York City area. We find that upstate New York is much more stable than the, you know, downstate area. We've been here - I mean, me my brother Brian who's our COO, you know, we're born and raised here. We have operated mobile home parks here in New York State since 2008, and that we've been very successful. Doing so, we're very confident in our ability to continue to be successful. We know what's going on New York State and all the different regions, you know, we're very in tune with the rules and the regulations, and you know, we just do what we had to do to continue moving forward.

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WS: Now that makes complete sense. I would imagine your tenant class are typically the ones that are going to be moving a whole lot, is that accurate?

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JC: That is correct, yup. Well, we know most of our residents are lower income working families, we are certainly providing an affordable housing option for them so their mobility is limited.

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WS: For sure. Well, you know, why don't we just jump right into maybe some ways that you're focused on, you know, how you're scaling your mobile home park business right now. I know that's your focus in New York State. You know, tell us, you know, how are you doing that? How are you all scaling right now? How are you finding deals? What's your best sources, you know, for finding new deals and scaling?

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JC: We are finding our best source of deals is from brokers, and from just off market deals. We get a lot of deals from just people that we know in the business in New York State, you know, with us being here so long, and just being, you know, larger players in the state. We have good relationships with many other operators, some of which are, you know, getting ready to sell or already selling. In addition, we also have great relationships with a lot of the brokers. They know if they bring a property to Cook Properties that make sense for us economically, we'll buy it and we'll close and we won't nickel and dime a seller to death. Obviously if there's a major due diligence item that's no one is aware of at the time, and then of course we would expect that to be taken care of, but we can close and we do.

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WS: You mentioned, you know, obviously, you've been in the business a long time people just know you're you have deals that come through just relationships that you've had over many years. Any other tips there to finding say off market deals? It's a big subject right now. Everybody's looking right, you know, for those off market deals, you know, anything that you found to work so you can get to those deals?

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JC: We do a lot of cold calling. It's not hugely successful, but we have gotten some deals. I mean, we've closed on a, you know, half a dozen properties over the years from direct seller to buyer relationships that I've been talking to for years. And we have other relationships where I'm continuing to talk to...I call potential seller every six months and, you know, have a quick conversation and see, you know, "Hey, are you ready to sell?" "No, not quite yet but call me back in six months." So eventually, you know, they'll be ready to sell.

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WS: Nice.

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JC: As far as brokers we know...we like talking to brokers. They do a lot of the cold calling for us which certainly helps, and it saves us a lot of time and a lot of money and energy when they're able to bring us a deal where our sellers ready to sell.

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WS: Any ways that you incentivize them to bring you the deal?

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JC: I mean not really. Just the fact that we're, you know, we're good buyers. You know if they bring us a deal that's priced accordingly we'll, you know, if that makes sense we'll try to buy it and try to execute.

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WS: Sure. What about just specific to mobile home parks ways that you're increasing your income or you know net operating income, any ways that you're growing that right now that may be unique to this time in the market cycle or just unique to mobile home parks in general?

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JC: Well, as you know, affordable housing is super important. It's a big thing in the news these days. So what we've been trying to do here in New York State is, we do heavy infill, very aggressive infill on our vacant pads. In 2020 we ordered 75 homes, and 2021 we brought it up to 200, and for 2022 we're probably going to be in the neighborhood of 225 to 250 brand new homes for our parks.

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WS: Nice. Well, just quickly, what does infill mean? Somebody it's not used to talking about mobile home parks. Specifically, what does that mean?

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JC: Sure, so say for example we have 120 space park and we have...it's permitted for 120 spaces, and we only have 100 hundred occupied pads. So when we buy that park, we will right away begin bringing a new homes to fill those vacant 20 pads. That way it really just jumps the RNOI, our net operating income significantly.

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WS: Nice. Are there any...I mean just unique to say, what's this past year - COVID, everything that's happened, you know, in the real estate market, how's that affected mobile home parks or maybe even your portfolio over the last year?

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JC: Yes, so COVID really hasn't affected us a whole lot. You know, our collections have been great all throughout the whole COVID period. We've actually had a few months where our collections exceeded 100%, because residents were paying, you know, in advance. I mean, there has been some difficulties. We know we do have some evictions that we have not been able to do because of COVID. But all in all, it hasn't affected us a whole lot. So we're, you know, we continue to push forward.

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WS: Okay. Any things that you've learned just from, you know, over the past year? Anything that's helped you all to, say be more efficient in different ways or just better operational operationally?

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JC: It's better get you know, we've continued to be strong in our communication with our residents. We have had some instances where residents have had issues because of COVID as far as payment. And if they had a good track record prior to COVID, you know, we would work with them to make sure they could make their payments, whether that be, you know, weekly payments or, you know, sometimes they might have to skip a payment and they catch up, you know, next month. So just continue strong communication with our residence.

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WS: Do you have an example, you know, of maybe that poorly performing property like we talked about your bio that were, you know you all found that property and been able to turn it around and some things you had to do?

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JC: Almost everyone. We really try to stay away from the "coupon clippers" where we just buy and hold. Our great skill is doing the infill and driving that NOI growth. We like to find a property that like I said for an example that has 120 spaces going to only 100 of them are occupied. That's really where we can add value to our parks and for our investors. We have our own site crews that do all of our own work, you know, prepping the pads and running new utilities, getting that home ready for occupancy doing the steps of skirting. So that's really a great strength there in New York State.

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WS: Nice. So what are some of the biggest issues that you find? Or maybe you see a property that's poorly performing and it's like "okay." I mean you just see lots of value because of these some specific things that are being done poorly.

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JC: Oftentimes when we buy a property, you know, there's the owners haven't been paying attention to it. So we may have to just some management efficiencies, you know, making collections. We have a couple of parks right now on our fund that have had some connection issues. And it's not because of the asset class, but it's because of the current manager and the current owner. You know, sometimes these mobile home parks, they just need some attention, and some people to run them properly and efficiently. Oftentimes we find that payroll has gotten higher than it should be - repairs and maintenance have gotten higher than they should be. And so we'll try to scale those back, and then also scale payroll back, you know, as much as we can without compromising the operations.

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WS: What about any significant, say challenges? I mean anything like that, that are prevalent now versus, you know, two or three years ago?

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JC: I mean, well the big thing right now for us is fulfilling demand. Our homes, they're sold before they're even done. We have a waiting list in most of our parks for new residents. And, you know, somebody has caused by the lack of affordability for a stick built homes. And also, of course, we're having some issues with supply chain. Pre-COVID we could get a brand new home in six to eight weeks in our six to eight months. So now we're ordering homes six months in advance to make sure we have our pipeline that it stays continually full with new homes.

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WS: Interesting. So, I mean I could see now because the prices of homes have gone up so much. Maybe people that would have normally bought to stick built home now they're looking for maybe a nice mobile home somewhere because of the price has just skyrocketed. But what about internally, how do you plan, you know, buying homes like that say six months in advance

not knowing what projects you're going to have them?

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JC: We know where our vacant pads are going to be, so we plan ahead. We know that...we know they're going to be vacant, because they're already vacant, and we just plan ahead to bring those homes in and get excited and ready to run ourselves.

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WS: Sure. What about, Jeff, you know, just like as you're buying a mobile home park like this, how do you prepare for a downturn? How do you prepare for something like COVID or worse?

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JC: I mean, we just try to operate as efficiently as possible on, you know, like with COVID, we never know what's gonna be around the corner. We always operate, you know, as most efficiently in the best that we can. Again, not knowing what's going to happen in the future, we always operate as we're going to own on the parks for, you know, for eternity. We always wanted to fix things right the first time, we don't want to have to come back to fix a band aid later on.

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WS: No doubt about that. Is there a way that say you all, you know, having a certain amount of reserves in place? You know, when you're purchasing and project.

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JC: Yeah, so generally we keep between one or 2% of gross income and reserves, you know, for those unforeseen circumstances. We're also just in general very conservative with our underwriting and our pro forma. So, we always say that, you know, again make sure we're conservative and don't be too aggressive in our assumptions. But being in the park business for, you know, 12, 13 years now, there's not a lot of unforeseen circumstances that can't be taken care of, you know, not too expensive have a manner. So you know, we're comfortable with our performance and comfortable with our assumptions. Again, being on the conservative side.

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WS: Do you have any predictions or anything you expect say in the real estate market over the

next six to 12 months?

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JC: I continue to see affordable housing to be in great need going forward. I see that happening. Got some more ground up development is already happening in various parts of the country. We're trying to do some of that here ourselves, in the Rochester area just start, you know, fresh with newer mobile home parks. I can see the need is going to continue to be there for affordable housing. Prediction...I think we'll continue to see cap rates compress, even though interest rates my co-op, I still think cap rates are going to compress, given that there's not a lot of places for investors to put their equity. That's safe and stable like mobile home parks.

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WS: What's your biggest challenge right now in scaling? I know we talked about a little bit right now, I'm just thinking about as you all are so well established, you've got these connections, you know, what is that that's a keeping you all from, I don't know doubling your number of assets or something?

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JC: So even with all those connections, we find the biggest challenge is finding deals still. Yep that's definitely the biggest challenge. Equities there, but finding deals is difficult.

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WS: Yeah, well same for us. I think the same for many operators. Most probably in the space at the moment, a lot more capital than there are our deals available.

Jeff, you know, as you have just, you know, becoming a successful entrepreneur, do you have any just daily habits that you are disciplined about that have helped you achieve success?

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JC: Yes, I like to get up early in the morning. I like to get my workout early in the morning and that's just for me as a great way to start the day. I don't have to worry about it later on, it's exercise is very important to me. So I usually get up about 4:30 in the morning, get my workout in, and I like to get into the office about by about seven. That way I have a couple of hours to kind of collect myself, get some stuff that wasn't done the previous day before the phone calls

and emails start, so that's important part for me.

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WS: Yeah. That morning routine I hear so many talk about how important it is being up early, even the exercising I think just does something mentally to get you going, you know.

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JC: Absolutely.

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WS: What's your best source for meeting new investors right now?

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JC: Doing podcasts. This has been really great for us. We've been making the rounds here recently over the past few months and it's a great, great venue to get our name out there. We talked to every prospective investor. I talked to every prospective investor on the phone. So I spent a lot of time doing that and just trying to develop a personal relationship.

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WS: And what's the number one thing that's contributed to your success?

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JC: Hard work, consistent effort. Just doing the same thing and just being consistent day in and day out.

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WS: You know that right there is so crucial. It's like people think these small things...they seem small at the time, right, aren't really going to get anywhere, but it's that consistency over a long period of time that just starts to escalate. Do you have any examples of that or maybe any things that you do that you've seen over time that have helped you to grow or help your business to grow?

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JC: I mean just doing the right thing. Like I said, you know like, not doing a band aid fix that

you're going to have to come back and fix later, you know. Fix it right the first time. You know, even if it maybe stretches your cash flow a little bit, you know, do it right because you're just gonna have to come back and do it again later. And it's going to cost you more money and more time than...I guess you're going to be again will be the exercise and getting up early in the morning to do those things. You know, just being consistent and daily activities. Now a lot of people say, you know, "Jeff and Brian, you're doing so great, you're an overnight success." No, it's 20 years in the making, and all of a sudden now it's just, you know, things are, you know, coming to fruition. You know, a lot of times I like to consider ourselves to be farmers, you know, you plant your seeds and then, you know, it takes a year and then all sudden it's, you know, growing and flourishing. So we're farmers, but we started 20 years ago.

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WS: Yeah, it may be a few more years before you start producing fruit, right?

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JC: It could be, yup. We're starting to see some buds on the trees and some stuff like that, but yeah still we're still working hard for sure.

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WS: And how do you like to give back?

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JC: I'd like to get back to back, just, you know, charitable donations. Me and my wife give quite a bit to various charities throughout the area. Every time we...are income goes up, my income goes up I like to give more to charity.

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WS: Nice. Jeff, appreciate you giving back to us today. I just really talking about New York State a little bit and, you know, I know there's a lot of talk around New York City, I guess specifically at the moment. But still, you know, it's great to hear from somebody that's there and is investing there as well, and just scaling your mobile home park business and congratulations to you all as well just to the hard work that consistency over a long period of time and to your success. I personally know that doesn't happen overnight, but that is the way it's viewed often by a lot of people, you know, on the outside, right?

But, you know, thank you for your time and sharing. You know, how can the listeners get in touch with you and learn more about you?

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JC: Sure, they can or they can call me on my mobile phone 585-233-4699. They can also reach us reach us through our website which is cookpropertiesny.com

[END OF INTERVIEW]

[OUTRO]

0:15:30.0 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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