

EPISODE 995

[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 Tejas Gosai. Tejas has over twenty years of real estate experience including real estate development, property management, and commercial finance. He has an interesting story, he talks about he went to law school but then also partnered with his father with complimentary skillset, made pretty amazing partnership for them to start developing some commercial properties. He wanted to keep a legacy alive through real estate, he talks about some different ways he's done. He also goes on different ways to operate a fund. And, just about data that he likes, about private equity fund, and even some acquisitions stuff within a fund that maybe you should be aware about, and the acquisition process in general – criteria, metrics that he uses for a deal. And then data in general, different aspects, different software he uses to find and operate deals. There's a focus on creating focus on creating generational wealth for his investors, Tejas constructed, opened, and operated over a dozen major hotels, gas stations, multi-family assets, and developed retail & strip malls totaling over \$75MM in real estate holdings. Combining his experiences, he created one of the fastest-growing commercial real estate firms specifically focused on the Allentown, Bethlehem, and Easton markets.

I hope you enjoy the show.

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Whitney Sewell: Welcome to the show give the listeners a little more about your background

really, how you got your journey in syndication where you're at now.

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Tejas Gosai: Sure, and thank you again so much for being here. So, I love real estate It's been a long journey. I was bred for real estate, my father's position with the immigrant story came here with \$10 in his pocket. And, you know, over time, he really showed me and taught me what is possible. After graduating law school I spent a lot of time building, hotels, gas stations retail. Even convenience stores we built compressed natural gas refueling station. I had a really good early 20s, but everything revolved around creating generational wealth and keeping legacy alive through real estate investing.

So, you know, in my second life now that I have my real estate license. And we're on the commercial real estate side it's been really, really fun. And of course, we're going to talk about this private equity fund that we got off the ground that kind of has been my goal for the past 20 years so long history, lot of crazy deals a lot of fun stuff but very high end when it comes to trust level of, I would say, limited level of risk and what we're investing in.

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WS: So, yeah, so you graduated law school and then you started developing commercial real estate is that correct?

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TG: Yes, so I knew that I actually went to law school as like a finishing school I was really young when I graduated college, and I focused on real estate mainly just to just to hear and understand what people, you know, made mistakes on, and how I could protect my family in the future that was the primary goal.

And then right out of law school. I helped my father build his first hotel. And it was a good family project but that really spearheaded. You know, I had to tell my father I'm like hey there's other ways to use your money, rather than doing every single massive real estate project yourself, why don't we look at talking to investors and folks and you know he had never done that before. So, using my law degree, and his medical background and then everything that he's been doing it was neat to kind of marry things up to be able to syndicate, I didn't have a coach or teacher. We just had to kind of put it together myself and so I figured we might as well start with \$10

million dollar projects and see how it goes.

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WS: Now that's awesome. It's yeah it's great, amazing partnership there to father and son that had the those skill sets, you know, to make it happen love that. And so, you mentioned also like wanting to keep that legacy alive and through real estate and you know how, what was driving that and what are some tips maybe for the listeners well to keep up you know legacy alive through real estate like you've done?

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TG: Yes, so it's kind of funny the whole legacies alive concept. You know it's been going on for years and years and there's a lot of folks that over decades now have passed their tax basis, you know through death or an exit event to their children. And so, when I was studying a lot of this stuff in law school.

I, my goal was really, you know, learn how you, the mechanics of how you can create generational wealth, rather than just, I'm going to go do a big project, and this is going to last for 20 or 30 or 40 years so you know really looking at how the return works what the risk is what the investors are comfortable with being the GP on a project, you know, you don't sleep as well as night because at night because, you know, you have to burden the storm for your limited partners. So I kind of forgot what the question was...

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WS: We were just talking about you know some tips for creating that generational wealth like you have and just helping think through that you mentioned there like the mechanics of how to do that any, any, you know one or two tips that you would say, you know, this is, this is what I took into consideration or this is what we did to really think through creating generational wealth.

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TG: Yeah, so sorry, yeah, you're right let me go back to that.

So, being an immigrant and, you know, creating businesses for the first time. You really want them to continue to your family, and some of that doesn't take place today because kids don't want to do with their, you know, family businesses, so my biggest tip is, you know, my goal was

to build a foundation of trust, and then to be able to be the answer guy for when somebody who is in a wealthy position needs to either create passive income or active income. And there's the only two ways that you can kind of function real estate.

So, you know, understanding the mechanics, and then knowing what you're doing, not just to tell your investors what they're doing, but to really like in your heart, know that what you're doing is going to you know make them money over time you're going to be a good business partner you're not doing anything shifty. I think if you like really start with your core on those items, you'll be successful later on you know projects may fail but you'll still be honorable. Projects may succeed partners might get upset but at least you've always been forward about things so I think just the mentality of syndication and being somebody that that functions and creates the space.

A lot of people don't mention how you just gotta have your act together before you start things just go downhill.

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WS: No that's that's very wise words there, have your act together where you get started right, be integrity, all those things, no doubt about it.

Well, you know now, you obviously you're, you know you've been in this business for a good while, you've done lots of different things from development and I mean law school to development and syndicating and, and now operating a fund. Well, let's jump into just the topic around the fund a little bit. I mean that that topic alone is becoming so popular in our space so many more people are trying to start funds and doing friends as opposed to say a single asset, you know syndication. Why don't you just start with a little bit, you know, why a fund now why not just a single asset syndication Why have you all moved, you know, in that direction?

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TG: Sure. Love it. Thank you for the setup there. So you know I guess we're talking about my progression in my career. You know the beginning of my career and development was mainly data and figuring out like data metrics and what to do and. And at that time, we were pulling three four or five people per hotel, roughly \$5 million per hotel. They had 25% loan to value so you know I did everything and kind of like these micro possums. And then, in, I am now in the

Lehigh Valley market which is just over the New Jersey border in eastern Pennsylvania, it's a rising market. Beautiful place I was, I moved here because my wife is from here so I didn't have a choice. But when I restarted out here, I got my real estate license. And all I did was hunt inventory. And I said data few times here but you know I'm a big data junkie looking at feasibility studies and economic development data and demographics. And so, being in this market being in a rising market, and as a real estate agent, calling half of the people in my community, begging them for listing, or begging them for listing meeting so I can tell them about our media company what we're doing, you know, we've been we've been focused strategically on finding the listings.

And then, we call this farm to table, we're passing those real estate opportunities on to investors that can't find a property online. There's too much competition. they don't have an opportunity to see the property. So, you know, a big piece of the problems in real estate is that inventory doesn't make it to an individual or a group of syndicators it's actually a root problem because you know everybody in. Whitney, I know you deal with this constantly it's like how do I get my next deal, right. It's actually always been an issue, right, get the inventory. So that was my hard line focused I spent more money than anyone would in this market to acquire the inventory. And we did really well we were helping investors, you know, I'm 99% commercial so all of our investors folks looking for a four unit seven unit 10 unit people syndicating for deals we were the guys to provide that inventory keep a good relationship and we did a lot of it off market as well.

I don't know if you've talked too much about those topics but you know a lot of people don't want to buy online and we were the folks that buy that inventory off market Well, sorry for the long-winded conclusion. A lot of those clients that we've been working with for years and I've been developing with for years. You know, they've, they've kind of asked me hey do you, do you have a crowdfunding ability here or is there a way we can syndicate smaller deals. So, over the past few years it's taken two and a half years to get this regulation D private equity fund off the ground. It's been intense it's the hardest thing I've ever done in my life. It is incredibly restrictive it's even more difficult to find a property with our fund. But we kind of cracked the code there. There's a lot of people it's a \$50,000 minimum investment. We just closed our first round, and we have a lot of folks, you know, the goal is to do what we've been doing for years. Take investors capital, put it into properties they make a return, it's more on the passive side.

So, this has been my life school.

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WS: So, I guess like why fund like this versus maybe another kind of fund or single asset, you know syndication.

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TG: Our fund is called the Lehigh Valley private equity fund, so we're literally regional. Currently we're regional fund but the opportunities are in our market and our market is one of the fastest rising markets. So, it's kind of a right place, right time, you know, right build.

And the reason this fund, specifically a regulation D fund with the lending side and the acquisition side to combine lending and real estate and obviously owning properties. It goes right back to the inventory, we can create these 8% preferred returns with a 12 to 18% target here in this market, you know everyone all over the country is looking for that double digit return. We can do it here with this regulation D fund so it's the only requirement is that we have to have accredited investors, which just means that you have to be wealthy, or make over a certain amount of money.

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WS: Sounds like you got you know you've had this machine where you can find deals, you know you've had this team or you know you all been good at finding deals and acquiring deals and spend like you mentioned, you know, you have spent a lot of money to figure out how to acquire deals right to find them to market all those things. And now, why not buy some of them. Right, provide this return, you know, to your investors and others. You know, so what about what's the difference say in the acquisition process between say operating a fund like this versus operate you know buying a single deal, you know, by itself?

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TG: A lot more restrictive with a private equity fund. You know, when you're looking at an individual let's say multifamily or fix and flip, you know, it's really just you on the hook year, you might be a little bit comfortable with some capex or, you know, charging less for management maybe just saying, I'll scrap the management 5% on that deal and vacancy and I feel like there's a little bit more risk tolerance, when it's an individual or a couple folks looking at a property, and they might buy it around 8% cap rate or 10%. They might stretch a little bit more because they

have good financing. For the private equity fund, it's like, you're looking for the needle of the needle of the needle in a haystack. And so for us we have to look at. I mean hundreds of projects, to be able to fit the criteria and metrics that we are for our investors, and you know when the I'm like, man, maybe I shouldn't have started a fund its way harder than I thought it would be. But that's kind of the fun part. I'm in a new level where I'm looking at properties, kind of all over the place in different parameters we're looking at different classes, we're looking at the different communities to see if there's a bigger up term.

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WS: Would you put different asset classes or different, you know, in the same fund or different communities in the same fund, how do you see that?

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TG: Yeah definitely with my hotel experience and you know with Covid, it's not the best space to go and buy hotels, things like that but we have a lot of self storage around here, warehouse space, things like that I'm being a little bit regional.

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WS: You mentioned criteria metrics for a deal also in the phone, could you just elaborate on any of those?

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TG: Sure. So, we have an 8% preferred return that's kind of our, you know, bottom return. And it's a 12 to 18% target. So you know the difficulty really is buying it at the right price, you know, hunting it out and then being able to move quickly and whether it's a fix and flip. You know, or let's say a multifamily that's a 10 unit. We have to get in there, get out of there in a short period of time.

So, you know, some of the larger asset classes are a little bit tough to navigate right now but the smaller asset classes are very lucrative, there's a lot more people buying real estate for themselves individually or, you know, with a few folks. But there's a big shift going on it's just it's just a crazy world since Covid, it so it's fun to see it and then like keep analyzing and analyzing when you don't want to and it's good to have a Chief Investment Officer and a lot of colleagues to bounce things off of because you don't really have like, you have enough confidence to do

the deal but you want to feel good. It's tough to just feel good all the time in real estate.

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WS: For sure. Well, you know you mentioned about your background and data and, you know, finding data. Any tips on like where do you find the best data and maybe some, you know, if you're going to buy deals like you need to know these things and this is where you find it.

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TG: I'll share my whole world really quickly for the listener. So I started out as a Mojo, I use Mojo sells. One of the best triple line dialers that was like my first year in this business. I would call thousands of people every year using Mojo. That's just one software that allows you to dial but it also has scrub lists. It skipped traces data. And, I bring this up because it's actually, this sounds like kind of a rude comment, but it is so easy to find inventory with the software is available nowadays than it was 10, 15 years ago. If you're willing to do the mundane, boring work, everything's there. So, Mojo, there's My REI Pro, Intelius.com. There's so many different service providers for you to get the owner, and we're typically going for commercial folks, not single family residential. I know there's a lot of folks in the wholesale world and, you know, different parts of the syndication spectrum, but you can get ahold of those owners, and if you have a decent pitch, and you're willing to get rejected a lot of times, then you can get a meeting with those folks and that's literally how we built our business. So, there's just a couple software's that you can use, but just a simple Google search and that's how I learned scripts I learned from YouTube and I'm talking me personally, out of law school trying to learn how to, how to talk to people.

So I think with the data part of it it's available it's there, you can call it the systems or more different now than they've ever been it's just you gotta do it and it's not hard to take over a market if you set your mind to it or to town.

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WS: Yeah, I mean if you don't have tech in your business now, you're going to be way behind right is some tips like that I'm it's very useful. It just helps you think, or the listener to think about different software that can help them to scale a lot faster or to make a lot more calls right than they were.

And you mentioned that you get ready to be told no yeah you got to be ready to accept no many, many times free get to a yes potentially. What's been the say the hardest part of moving to the fun model or accomplishing starting a fund?

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TG: So, this is when I say new for me now, it's been a few years, starting a fund is just an unforgiving task, we raced to get our fund off the ground last year, and we got it off the ground in February right as Covid hit. So, it was a couple years of work, to have to basically stop for an entire year.

There's a lot of legal concerns, issues, liability, risks, when you're in the private equity fund space, and it is incredibly educational you know when you, when I was just, you know, somebody who's syndicated deals and I'm like I'm going to start a fund this seems like a good idea. It really did seem like a good idea and then you get into the difficulty of starting at the legal costs. You know, the restrictive parameters on marketing, the difficulty in finding the deal for your criteria. You know, it's a commitment so if you're going to do something like this make sure you're, you're ready to go on the ride for 5, 10 years.

And, yeah, at the end of it though it's fun, it's a new industry for me, it's, it's incredibly restrictive but I feel like that put some good parameters on me. We can only do our job for the best for the investors. So, there's a lot of different ways to function in the real estate world, private equity is probably the new frontier for the next many years with banks, being very difficult to navigate with right now and, and with the administration buying administration regulations changing. There's a lot out there.

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WS: Now that you've started the fund or anything that now that you think you would have done you would do differently on the next fund, just from what you've learned now?

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TG: Yeah, so, making any company a Swiss Army Knife is really difficult. But I learned that in, in real estate in our commercial real estate business, you know, we kept on having to be the people that helped with 1031 exchanging, and we kept having to be the ones that explained how this specific tax, you know, code function with how your real estate works and. And over

time, we just kind of were, you know, we became experts in at least finding the experts and and getting the folks together.

So, with any of these business with the private equity fund world, whether you have a wholesale business, whether you're syndicating, whether you're doing hotels, things like that, you really just have to have way more in your suite than you expected. So, over education, and then testing, friends and family and questions and answer and like building your FAQs and things like that it's really just a big data hunt. And then, you have to go to market, and it's daunting for anything like if you're starting to pizza shop it's really tough to get everything right and the ingredients in the register and when you get into a flow and then you see the established businesses, you know, they can really navigate and turn on a dime. I think that is the most important thing and the syndication space. People who you're working with, in the private equity space and when you're a real estate agent, people who you're working with they expect you to know the answer, even if you're not an accountant and when you say, I'm not an accountant, you have to go find an accountant or I'm not a lawyer, you have to go find a lawyer, they still trust you and they want to know from you.

And you know, you have to keep disclosing that that this is just. This is what you're saying but, and you know keep pushing him to an attorney, but people really trust you and especially after you've made them some money than they trust you more. So, so you just have to have a stronger periphery.

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WS: How do you personally or when operating fund either way you know prepare for a downturn?

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TG: Being paranoid. That is the biggest thing I can tell you like even every single day, I think, you know, is today the day that there's going to be one of our metrics that turns into something that's a snowball down the road.

I luckily have survived a couple downturns and having the indication, and then being more having more fear in your mind than the people you're working with, and the advisors that you have has been really beneficial for me. I think when its good people, ignore the data. And, my

philosophy has been like if it's good, like, the data is the only thing that's going to save you from what what's coming up next. So, I think no one's ever prepared for a downturn, but I think you know these bigger companies and a lot of folks all they do is keep a closer ear to the ground. And when you notice something you just kind of got to be I'm always in like a state of constant fear like happiness and constant fear but, you know, it works it's actually helped out and cyclical like everything is cyclical. Everyone knows that. But, you know, every year now for us as a real estate agency, you know, we have a downturn every winter. So, we double down on the marketing in the, in the second quarter or the third quarter of each year, so that we have a really good fourth and first quarter of next year.

And we're, you know, looking at those metrics and things like that as well so paranoia goes a long way and make sure your data is validated.

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WS: Yeah, that's good one to make sure you know where your data come from right and you're watching the day like so people ignore it when things are going great and it's so true.

What about any predictions for the next six to 12 months in the real estate market, anything you're expecting, I know no one has a crystal ball but just anything you're preparing for or expectations?

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TG: Have you asked me that my favorite quote is -- in chaos, there are ladders. So, everything is nuts right now. You're, you're here you know stock market and everything that's happened recently has taken real estate investors, away from real estate and put them into the stock market. There's a lot of people from the stock market that want to go into real estate. You know, Covid concerns everything. This sounds weird to say but there's just a lot of opportunity in this chaos. And nobody wants chaos, but we've been stuck with it for almost an entire year and a half now. But people are still raising money, people are still doing deals, people are still doing four unit syndication deals you know they're doing massive deals, private equity has had the largest uptick in investment in the past few years because of all of this that's happening. So, you know, piece of advice just like in your gut like everyone is still in this weird place where, where they are still reinventing themselves to some degree or they're testing out their hypothesis from last year and they're still kind of surviving.

So, just stick to your guns and make sure you have a good network you're, you know, you look at yourself in the mirror you enjoy your data you're really helping folks it's not hard. If you're helping folks and you're being truthful, you're going to do a good job in whatever business it is but right now we're nowhere near a stabilization on anything it's like, you can have your predictions and your metrics and those might go away in 30, 40, 60 days. But I can tell you, you know, it's still going to be chaos for another six months, maybe a year of course some sectors are doing well some sectors are having difficulty but everything's turning on a dime like there could be a new stock or some weird company tomorrow. You know, that that starts getting attention.

So, I don't know if I answered that I don't have a prediction, I just think the prediction is that you will be able to function, if you know that there's chaos.

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WS: Yeah, it's like you just know there's chaos and be prepared for it right it's where we have been kind of in a constant state of chaos at same for yeah, well over a year now. But, what about any daily habits that you have that have helped you achieve success?

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WS: Yes, I am a short order chef for my six and eight year old boys, every morning at like 6am. I spent a lot of time with my kids in the morning six to eight o'clock, and then I put them to bed at night. But, I work seven days a week and very consistent in my schedule. I think family is really important. It makes you work harder. You know, you want to put in the extra hours in work so you have an extra two hours with your kids on the weekend and things like that. So, yeah, I'm a big stickler to regimen, you know, practice makes perfect, and hang out with your kids when you get a break, you don't have to go to the bar.

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

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TG: The Internet Craxi, actually, have you heard of Craxi. Now what is that correct seed. com, it's basically replacing loop net to some degree, it's just a wonderful resource we have a lot of our listings on there and because it's kind of a newer it's been around for a couple years, we

have like hundreds of people that communicate with us on Craxi. We have like 50 million listed but the internet, Facebook, we spent a few thousand bucks a month on Facebook, we do a lot of LinkedIn. So, we have a podcast as well so we're just really active in just get into people emailing, texting.

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

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TG: Fear. For me, I like to be right. And I like to be calculated and I, you know, smart folks that are over, 60 and 70, years old, and I really don't want to be the guy that doesn't have the answer or, you know, can't find the answer or it's too embarrassed to admit that he doesn't have the answer.

And fear of a downturn, so you know I'm always in this like, Can I make sure, I'll tell you one thing real quick. I have actually in my early 20s, I had a real estate venture that did not go well, and it was. Luckily, one of my first real estate ventures that just didn't go well. And people lost money I lost money my investors lost a little bit of money, I couldn't sleep, I was, I was literally like I was, I was just in a depression, and it wasn't even a ton of money we were all okay but that happening when I was around 23 years old, 22 years old.

You know, I never, I just won't make the move, if there's going to be a bad run on the other side, or if there's if it's just not the right gut feeling. I just will stop. And it's really because I'm like I hope people have a setback when they're in their early 20s, and fail miserably. or they get their heartbroken by a woman like you know, I don't want those types of things to happen but those things, happening in your early 20s sets the stage for you, for later and so that's a lot of my, you know my successes in limiting fear, I guess.

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WS: Recommend good gut check a little bit right. How do you like to give back?

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TG: We do a lot of fun donations and then we promote them so we actually just helped the Allentown police department buy two canines. And I mean the \$14,000 dogs, and we help with

the fundraiser we contributed a large amount.

We have a couple charities that we contribute to one is troops, or homes for the troops, which is a big one locally, they're all real estate related to some degree or pets but yeah, we try to give back that way volunteer here.

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WS: Nice, well Tiejias, grateful to meet you and just hear more about your story and even coming out of law school and getting get into development even the partnership with your father, which I think it's pretty amazing. Just as unique skill sets and being able to make it happen and you know, you talked about data and just acquisition side and operating fund, even different software you all of us to be able to find deals and really go after it in a big way. I think you know making all those calls and not just making one call at a time but figuring out ways to be extremely productive in creating more deal flow, and then just numerous aspects, grateful for your time and tell the listeners how they can get in touch with you and learn more about you?

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TG: Sure, super easy. www.lvpefund.com that's Lehigh Valley private equity fund. com. I'm also really easy to Google Search. My name is Tejas Gosai, all my information is out there. My phone number is 215-317-1177.

[END OF INTERVIEW]

[OUTRO]

0:28:38.0 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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