

EPISODE 997

[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.

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Whitney Sewell: This is your daily real estate syndication show, I'm your host Whitney Sewell. Today, to their guest is Noel Walton. Noel is a husband, father, Army helicopter pilot, and skydiver, who built a general partnership team of military veterans creating passive income opportunities and giving back to other veterans. It was great meeting Noel, you're gonna enjoy this interview. He and his wife started in real estate maybe 10 years ago, but starting in a single family, and it was difficult to scale, they learned about multifamily, and then he talks about just the big mindset shift, going from that single family mindset to being able to start syndicating deals. But then ultimately how he and his business partner met and a little bit about that process and then how their team partnered. It's an amazing story, but then he also goes into different details about their first deal, some difficulties they had with 172 units. But then also how they're raising money using LinkedIn and different software. So enjoy the show.

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Whitney Sewell: Noel, welcome to the show. First off, I have to say thank you for your service, always grateful for our men and women who serve our country. So, thank you for that and just welcome. Honored to have you on the show, looking forward to hearing more about your story and from what we talked about before the show, it sounds like an amazing story of just how the team was created or came together, but let's own rayon. Who are you? Tell us a little more about your background and in real estate and specifically, let's jump in to the team.

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Noel Walton: Okay, thank you. Whitney. I appreciate you having me on today. It's a pleasure. My name is Noel Walton, I have about 22 years now, combined service in the Air Force and the Army National Guard. A long, extensive history there. I began my real estate journey roughly about 10 years ago, and single family as most people do. And it's just my wife and I grew that slowly, as I was active-duty military, and it just gradually worked our way through buying holes through flips, and then we realized we need to scale and single family just wasn't doing that for us. And that's when we started looking at the multifamily side and to dive into that head first in January of 2020.

So, from there, as I learned more about multifamily, it was such a shift in mindset for me, because coming from the single family side, you go out there and buy your own house, you do everything on your own, you might have your preferred agent, your preferred lenders and things like that, but it's not really a team sport. So, moving over to the multi-family side, it was such a huge shift in mindset and the way things are done, and had to learn, wow, this is a team sport, you don't go out and buy multimillion-dollar apartment buildings on your own.

So, this was something that I had to get my mind around. And as I started networking and meeting people, actually met a local Air Force officer here in near forefoot were instated, we met up for coffee one day and just online, and we say, Hey, you're under some multifamily... I am too. Let's meet up and talk. So, after a good meeting, talking over what it is we wanna do with real estate and our goals and visions, they were very closely aligned, and he said, Hey, let's just test the waters, run some numbers together, put some offers out there. And we started doing that and we worked very well together, and then we were able to connect with two other members that we brought into our team now four. We call ourselves the joint chiefs of real estate, each of us represents a different branch of the military. So, very fitting for us and we all bring some really great skills to the table, very well-rounded team, coming from former marine, now Foreign Service officer, a retired Navy Master Chief, a former Air Force now space force officer, myself as an army officer, so we bring a lot of that military leadership style and the way we think as a team, which is great. I think we don't butt heads that often because we all

tend to think in that same direction, which is great.

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WS: That's awesome. So, there's gonna be many questions the listeners are thinking through that, 'cause it's often you like your story of the new you people start with single family, I also started a small multifamily, it's like, Oh, wait a minute, this is gonna take forever to really make things happen and started discovering the syndication business, all of that, and jumping in to scale faster and the team component. But you wanted to scale. And I wanted to back up a little bit, you and your wife started with single-family homes, are you still on active duty now?

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NW: I am, I'm still in active duty..

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WS: Okay, but you were active duty then, you all started in real estate, you kept growing the real estate business. Could you just speak to you and your wife doing this? Were you all doing it together? Were you both on board with the real estate business? I mean through all that, you're still working full-time and trying to scale a business and now moving from a single family to multi-family, what are some of the components of how that worked?

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NW: Yeah, my wife was definitely on board. We were both very new to it in 2011, and just at the time I knew. We had just finished reading, Rich Dad, Poor Dad. So, that's where it started on everybody. That's the paradigm shift. And we started there, we wanna be on that investor side, that business owner side, to build that time from that we want to see as our ultimate goal. And so that's where we've got the idea, but we still needed a lot of education to "How do I buy a house at the price?" I didn't know that at the time, learned that lesson out of the hard way, but Hey, he was a lesson and just getting our feet wet, getting out there and doing it, taking the action, that was the first step. And we learned so much by doing that. It was confidence to progress more and more, but you have my wife, she was absolutely the property manager throughout that time for our residents, she was the, I guess you would say the project manager

for all the fixing flips that we did through about a three-year period. I had a very busy time in the military as a company commander, so she really ended most of that up, and then I would be out there swinging hammers doing whatever night, and on the weekends.

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NW: I thought the company commander just sat in the office. I'm kidding. Just kidding. No, no, I ask that because I talk often about just the support I had from my wife when I was still working full-time for a few years, while still trying to grow commercial real estate business. It was quite intense during that time, to say the least, and without the support at home, I feel like most just won't make it, you know. And so it is such an important component, it sounds like you had that, just another amazing spouse story that's supportive and behind you, and even helping in the business. In a big way. So that's awesome.

Well, then he met this individual, tell us a little bit for about the thought process behind partnering with this person, like you all met a coffee, you figure out, they found out, your vision is close to the line, could you elaborate a little bit there? I often get the same question about my business partner and I and other partnerships, how do you know that you should partner and what if it fails... All those things, right? That I get asked all the time as well, how did you do that? That's a big step, 'cause I treat it personally like a marriage, it's a big deal to partner, and especially when you've worked hard to grow this business... Right. And you're bringing somebody in.

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NW: Right at first, we didn't know, it was just one of those things that the conversation went well at first. We both had recently invested as LPs and different deals, they just got into that start in the passive investing side, and so yeah, it was as we talked through that, and we both want to get into some deals as general partners. So we knew based off that, hey, let's just test the waters, let's start talking, some brokers getting some deals and see how it goes. And if we like how we're doing together, we'll keep doing more. And if not, then we'll say, Okay, well, I don't think this is gonna work out, we agreed that right up front... Or like that, let's not make any commitment to anything, it's the dating period of the business partnership.

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WS: You are just very open with one another, we're gonna try this out, it wasn't like this permanent thing from the very beginning, I think that's very wise and get to know each other a lot better. But then you added a couple other team members as well, or are there specific roles that you all laid down, how did you all determine, Okay, who's got what skills and who's doing what to help us to move forward?

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NW: Some of that was trial and error as we progress through different phases of a deal, we would figure out, Hey, you were really good at that, we actually sat down as a team, and I put together a sheet that we all filled out and really anonymously, but for each person to fill out, this person did this Great, this person did this poorly. And just kept in thick skin, everybody, Be honest, tell me what I did well, tell me what I did badly. And we filled it out, then we went through it and we're able to kind of peer-assess each other, similar to what we do in the military on a regular basis too, it take a lot of those skills and those experiences to build our team and improve our team. And that really helped us kind of align and get our expectations and know, Okay, I'm better at this so I should probably focus more on this.

And we were able to kind of get ourselves into the right position, store best together. So, I think that was really great how we were able to work that, and then as we got into deals, I think that really highlighted a lot of based off of skills, based off of resources and things like that. Who was better at negotiations, who was better at the capital raising, getting out there and building that trust and that education with people, and so that, honestly, I think that has been more solidified as we've gone through one deal and a second deal, and as we move along, it just gets that much more apparent.

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WS: I like how you gave everyone the permission to give great feedback, right. And it prepared yourself any like let them know you're ready to receive criticism, I think it's important, and like you said, we think again, did say, Hey, really give me some honest feedback here, I just think

it's gonna help everyone improve when you can receive it... Right, it's difficult to hear. Right, often, and most don't wanna hear it, but man, when you can, I guess, really trust it that the other person has your back, I mean, it's just like going into battle it, I need to know my weaknesses, I really need my battle buddy to number weaknesses to right, hopefully he's got strengths there.

It just sounds like you all are operating that way, you're very open about strengths and weaknesses and helping one another and it's just iron sharpens iron. In a little bit there. It is good. So as far as the team moving forward, what's the business plan now, what type of real estate are you all focused on? How did you decide that?

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NW: Asset class, we really go for the C plus, B minus. 100 units and up apartment buildings is really what we try to focus on. And primarily in the central Texas market is because I'm Boson ground here. We do have a business relationship now with a great property management company that is largely headquartered in Texas, and so as a third-party company, they've been great. The way they're structured, it makes the most sense for 100 units and up for them as an institutional level property manager, so that's what we mainly focus on.

We are partnered with a couple of others in different parts of the country, but one in particular up in Pennsylvania. And he's heavily involved and invested in Ohio in that area, so we are looking at other areas there he has his own vertically integrated property management company. So we can go into some smaller deals, but we generally try to stay 50 to 60 and up there. And if it's a good deal, we'll go into it and it makes sense, so...

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WS: Nice. Well, what about just the investor relations side, how are you all handling that, how are you developing those relationships and raising money for your deals?

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NW: So really, it starts out with the networking, it starts out with building trust, obviously, the

trust is the number one thing. And people have to know who you are, they have to like you and they have to trust you, so that they're on the baseline foundations right there. So, it really starts with getting out there talking and getting on networking calls with people constantly. I'm doing several calls a week just with new investors that I come across.

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WS: So my questions are gonna... How do you do that? The networking and building trust, you talk about having a few calls a week, several calls a week, like a backup a step there, how do you get in front of those people, How did you create that call, that's what a lot of the listeners are gonna think Well, I know maybe they're not having any calls this week, but they want to... They wanna start creating the same thing there, so they can be building that trust component, no doubt about it, in the relationship. But how are you getting in front of the investors so they even want to know who you are.

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NW: Yeah. Absolutely. So, one thing I know that did help us, starting out, three of us, one of the same coaching mentorship programs, and that really helped the network side, and that we were able to really connect very closely quickly with people as they would also join and get to know who they were and what their goals were, what their current financial status was, and what's their starting point, what's their goals? And what is it you wanna do in real estate, do you wanna be a passive investor? Do you wanna be a GP and an LP? Do you wanna be just a GP?

So, I really, regardless of that, it was just having that genuine desire to get to know them and know those people and how can I bring you value. That's where it started. And outside of that, I've been doing a lot on the Clubhouse app, holding regular meetings on there, and that's been really great for connections as well. And it's a great opportunity to just tell more about who you are, getting people on there that are interested to learn and answer questions, have that dialogue.

And I have a passion for educating, I love to meet people and they ask me questions, I can go

on for days, but I'm on the education. And to tell people more about how they can get started and how the structures work and things like that.

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WS: Speak to using Clubhouse. We haven't really had anybody talk about or hardly, you're using Clubhouse specifically, how did you start to use it to describe just maybe some daily practices or weekly, however you do it to build the network using that specific platform?

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NW: Yeah. So me, if my partner Tom, primarily, the two of us started doing weekly rooms on there, and it would either... You don't have it as a specific topic or you would just have it open topic, commercial real estate, multi-family type of a topic, but we also try to bring in other investors that have more experience in some areas or more well-known as well to bring them in as more subject matter experts on whether it be the development process or construction and things like that, and that's our goal is to get more collaboration between investors and more exposure as well, and almost treated like that podcast structure in a way. We get on there and talk and we can ask questions, but also a great thing about Clubhouses, you can open the floor up for questions and bring people in. They can raise their hand, bring into the stage, they can ask their specific questions and also connect for your bio and Clubhouse, and click on your Instagram link and things like that, and then continue that dialogue off of Clubhouse, which is great, so it's been great. I have made some great connections there. Really. A huge value add. Honestly.

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WS: How have you seen growth and say... And I've not been on club house, just so all the listeners know, but... Yeah, I've not had an iPhone, I thought about it at one time, but I think maybe there's an app now for Android, but I've still not gotten on there, but I wanted to ask you, how have you seen, say, the growth of your meeting room or whatever the terminology is, have you seen that grow or how does it grow? How have you grown it? Give us some insight there.

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NW: Yeah. So I'm still learning the how, I guess the algorithms and the social media side, perfecting that, getting a better grasp of it, but the big thing is just created the Joint Chiefs Of Real Estate Group within Clubhouse. And so I invite everybody that connects with me to join that group, and then they get notifications when we launch a group room each week.

So I'll put it on the calendar. I also post on LinkedIn, on Facebook and let people know ahead of time, Hey, we're gonna be talking on this topic, and it helps bring more people in, more people connect, they get invited to the room, and then they can also follow along to my Instagram, which can lead to our website as well. And eventually, there's the structures there so that if they wanna get on a call with us and learn more about how to invest with us, they can do that as well.

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WS: What's been the hardest part of just a commercial real estate journey or process for you and your team so far?

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NW: For us, it's been... Everything is a learning process, but probably one of the most difficult things that we've had to deal with was just maybe one difficult seller, difficult situation overall, how did go through some really interesting pivoting throughout our acquisition process and the due diligence process and things like that. So, I won't go to in-depth on the details, but not every seller is going to always see things as the equal in fair, give and take type business transaction. Someone would want everything, and you have to work the best you can to make his fair deal as you can to still make the returns you need for your investors. So, I will say we did go through some difficult things on our very first indication, it was a large one, 172 units, but we learned a lot through that and absolutely, it was just, I would say worth probably a college education in one deal.

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WS: No doubt about it. That's a big deal for your first syndication, right. Could you share one

or two just main learning tips or things that you learned that the listener could learn from as well?

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NW: Really... Capital raise. That's one of those things that start early, before you get into little, start developing the relationships, start developing your team early on, and that's gonna make this easier as you go, and beyond that, as you get into deals, keep your attorney close at hand, especially as you get through due diligence and if you see things that potentially could be, I need to bring us up as a concession, although that's not done as much in multifamily as single family, there's a really high priced repair, something like that along the lines. The best course of action always takes it straight to the attorney, let the attorneys go back and forth on that would be one tip that we learned on this one, that if we did it over again, make it lost mother.

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WS: Yeah. It's not just relationships with your investors and key people like that. But it's also your attorney, a key team member that do the process like that, or it sounds like you had are just crucial to have on your team. And just that they know what's happening. It's so important. So how do you all prepare for a potential downturn?

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NW: So for us, it starts with the underwriting and the criteria that we're looking for, so we know if we buy it right, if we do the conservative underwriting, we put the safeties in place to allow for that. And there's several aspects of that, but we obviously wanna be sure that, Hey, if we take a huge vacancy hit, we can still at least break even. And at the men and we're not gonna lose money if we were to experience up to say a 25% to 30% vacancy level. And that's one thing.

Another is looking at the cap rates for that particular class of asset in that market, we want to assume the worst case, we wanna always assume, Hey, cap rates are not gonna go down, they could, but we're not gonna plan on that. And we always assume just across the board, we're gonna have an increase in cap rates through that hole of this property. So, that gives us a

larger Hill to overcome as far as how we properly perform for NOI and making that value go up.

So, it makes us work harder. Is that to assume the market's gonna be worse in the future, and there's several things as far as the rent growth and the expense growth, we always assuming that rent growth is not exceeding the expense growth and keeping those pretty much flat. And we incorporate all of that into underwriting as well as when we normalize the expenses, the taxes, we always assume taxes are gonna go up exponentially. And that's always an unknown, you never really know, but we try to keep that the high end and to avoid surprises, bad surprises. We like good surprises. We always say to avoid the bad ones.

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WS: Any predictions for just the real estate market in general over the next six to 12 months, you can speak directly to your market or just in general, either one?

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NW: I know for Texas, obviously is growing, especially the DFW, Austin, Houston markets, there's just this influx, it's just constantly growing. Those areas are spreading out, obviously. There's only so much room, and so that's why we don't go into those primary markets, we like the secondary, sometimes a tertiary if we know that this place is gonna start really growing. That's where we know there's the most optimal opportunity there because we're gonna get in the lower price, less competition, and as that growth happens over the next five, 10 years, that population is gonna start coming out to those secondary markets outside those, outside the primaries.

So, then you're gonna start seeing that increase in value in that demand, so that's really what we do there as far as predictions for markets or cap rate, I hear a lot and it's hard to say, everybody says, Hey, interest rates and cap rates tend to track with each other, to some extent. So, we keep an eye on that as well.

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WS: And we don't expect you to have the crystal ball, but people have been predicting your

crash for five years or longer, I guess, so it just... I just always wonder how people are thinking about either their specific market or future buying, selling, what's happening, but what about your best source for meeting new investors right now?

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NW: That source for meeting new investors really... We've been getting a... LinkedIn has been a huge one for me. I've put a lot of focus on LinkedIn and messaging through there, getting my profile set up, and even launching messaging campaigns to go on our interest, get people talking and get them on a call. That's really where it comes down to, is if I can weed out down to the point where somebody's like, Hey, that sounds really interesting, I've had this issue with being a landlord and I'm sick of it, Well, okay, well, I've got a potential option that is a great way to remain invest in real estate without being a landlord, and without those hassles, and we love so much about this. It caters well to military, to the people station overseas, investing passively. It can be done from anywhere in the world, no matter how busy your job is, you clearly hands-off. So, you can be as involved with whatever updates and reports we send out. Or you could just sit back and wait for it. Totally up to you.

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WS: Messaging campaign, what is that?

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NW: It comes down to pretty much automated messaging through LinkedIn, so third-party online software site you set up, and then also have your LinkedIn Sales Navigator where you can create customized list based off of criteria like income, where they live, current past employers. And just multiple factors that you can filter these lists by and create these custom lists. Then you can import those lists directly into the third-party software, and then create a series of messages that can go out on a very set schedule of how you want until somebody replies. And most of us have seen those types of messages come into our LinkedIn inbox, then I try to make them as personable and true to what I would actually say, and you keep that very non-robotic, I guess I should say. And just genuine.

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WS: Can you mention the third-party software you're using or that you found useful?

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NW: It's call we connect, that's a great software for really implementing that strategy.

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WS: What about any daily habits now that you are disciplined about that have helped you achieve success?

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NW: Yeah, so my wife and I came across The Miracle Morning book, and that kind of start us off years ago with the miracle morning routine, and that's been great, and it's not always set... Exactly as the book says, sometimes I'll get up early and I lock it up later. But I try to at least start the day with 10-15 minutes of meditation, mindfulness, get centered for the day before the craziness starts and got a five-year-old and two-year-old daughter and two daughters, and they're amazing. Once they're up and running, the day is, it's going... There's no collide at that point.

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WS: I understand completely, that morning time is so important for me anyway. It sounds like for you as a... Well, you in your life, what's the number one thing that's contributed to your success?

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WS: Really, it's the desire to setting the Y, that's ultimately it like, Why do I wanna do this? Why do I want to have this side hustle where I work even after I come home from my military duties till 11 o'clock at night, sometimes she knows I get the family time in kids to bed and then it's hit this hard. Why not just sit down and watch TV?

Well, you gotta have your own why. And it's that drive to reach that, you gotta know what's the

end state, what am I trying to achieve, what's gonna get me there and what's distracting me from getting there? And you just gotta be very intentional and deliberate about that, so that's ultimately, I'd say that is the number one.

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WS: How do you like to give back?

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NW: So for us, the JCORE team, we've made a goal to give back to homeless and struggling veterans. So starting out, we're still discussing plans of how we want to grow that, but our first goal is going to be to provide, basically, it's a tiny home for homeless veterans, through the veterans community project. So, it's a great non-profit we actually heard about through our friends that the active-duty passive income, Eric and those guys, so we've talked to them and to learn more about it, and that's ultimately our first goal is we want to take proceeds from each one of these skills that we do in acquisition fees and bring those into providing a home for homeless veteran.

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WS: Nice. Well, Noel, grateful for wanting to give back in that way and helping our veterans, but also just your service as well. Again, grateful for that. But thank you for your time today, just sharing how you and your wife as a team came from single family to multifamily and meet your business partners. Even going through how you meet new investors through Clubhouse and LinkedIn. You talked about that first unit that is really like a university, it taught you a lot. Grateful for your time. Share to the listeners how they can get in touch with you.

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NW: So you can linked me up on LinkedIn Noel Walton, N-O-E-L W-A-L-T-O-N. And also on Facebook. If you wanna email me directly, I'm at noel@jcoreinvestments.com.

[OUTRO]

0:28:14.0 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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