

EPISODE 1026

[INTRODUCTION]

[00:00:00] 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]

[0:00:01.6] WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today our guest is Rafi Mizrahi. You are going to be motivated after the show, no doubt about it, and he calls himself out of stay real estate investor, however, he's out of the country and he's halfway around the world, but He has acquired a multifamily portfolio syndicating deals of 7660 units worth over 50 million, I hope it helps you as a listener to guy check yourself. And the difficulties or challenges that you think you are having. But he really breaks it down. It's the same business you talk about, I've just gotta get on a plane for a little bit longer, obviously, us in the States, we still have to fly often across the country of doing it next week for needling, and he built a team. He built the team just like we have, but he's developed many skill sets that have helped him to overcome challenges including the distance, but he's just gained a large experience and he's coaching many, many people in Israel.

[0:01:23.8] WS: Now, I'll own how to purchase properties in the US, but he's doing a phenomenal job in the real estate industry. I hope you enjoy the show and are motivated, right. I hope you really check yourself and things you're complaining about and he's making it happen, and I hope you learn a lot or motivated as well. Rawle to the show. Just getting to know you a little bit before we started recording. I'm very impressed at your story, what you have accomplished, most don't accomplish that, living in the states, much less living in another country, and it's so far away, is your massive growth and success... I'm looking forward to getting into that. Share some of that with a listener though, so they can understand a little more about who you are, and then I wanna

use your story to help motivate them for one, but also give them some tips that they can do as well to do what you've done.

[0:02:10.9] RM: Alright, thank you. First, thank you for the opportunity to be on your podcast. It's amazing, podcasts have been following you for a long time, so it's really an honor for me. So my name is Rafi, I lived in Israel. I've been doing real estate for 13 years. I was working in it, got fired, I think a lot of people in redistricted the same way I did that five. They didn't find a job. Ready reached on to that and decided that this is what I wanna do about condos in Israel for two years, and then in Israel, I found out that the market is... I don't know if anybody knows that, but it's a small country, so there is not a lot of inventory, and it's hard to get in to deal, and I heard about the real estate in the US and decided to buy in the US since the last 11 years I've started a singing family arms, I did over 300 transactions, fixable, pulsing, pinhole, everything for me, will not jumping on the plane for every deal, I gotta say that, and in 2018 and shifted to multi-family and date six indication. 766 units from Israel, I'm coming to the States, but not that often.

[0:03:24.8] RM: It's leading there, but I'm doing kind of the same as Americans do, so I know it shortened my story, the...

[0:03:31.3] WS: No, it's incredible, you did a lot in single family and you grew quickly, you charted syndication business, and now you have... I'm looking at your bio, thought 766 units worth more than 50 million. I just want to listen or to think about that while you're halfway around the world. What excuses do we have? Right. Yeah, no, it's us.

[0:03:49.0] RM: Right, so let's back up a little bit though, tell me about how you educate yourself to be able to jump into the syndication business and even have the confidence from that far away. From that distance. Yeah, so first I am into the in Israeli development or in Israel, you teach people how to buy houses in the state from Israel. I have more than a thousand students, and I always tell them you need to educate yourself and find somebody who can help you achieve what you wanna achieve, and always trying to find a mentor that achieve what you want and have students that are a few steps ahead of you, so you have the right environment, the community around you to support you on your way. So what I teach them, I was looking for myself, it's working for my students. What it's not unaware for me, so I was looking for a mentor and I started as a

co-sponsors on this, raising funds, but I first started two one ideas for me, it was very important to know how to underrated and I'll just say, okay, I would raise funds for these deals... Just to get a track, I wanted to understand the process.

[0:04:55.8] RM: I like control, so I wanted to be in control while I do my first deal as a co-sponsor by raising funds...

[0:05:05.1] WS: Where did you go from there? Where did you start on the network... Yes, it's so important. Educating yourself in the very beginning, especially I continually, I think, but especially the very being so important. What were some of your first steps... Was it the raising fund side, was it finding deals was a... Targeting our acquisitions. What did you do? So

[0:05:23.0] RM: The first thing was to learn how to underwrite, that's a thing, the fair thing, you need to understand the deal and stand the story behind it, so it doesn't mean if you wanna find a deal or you wanna just sign a loan or you wanna raise funds, you gotta stand the deal, so in order to understand the life, you need to know how to underwrite the... Is the first thing I was focused on his underwriting DAS, then I was trying to get myself a deal by reaching out to brokers, but while I was using is a lead sponsor who has his tracker... You gotta have somebody who has a track. So when you submit the offer, the brokers and the seller will take you seriously, because if you don't have any experience, it's not like in San or family that they don't care how many properties you bought before, they really care... So I was working with the lead sponsor, there is enough juice for everybody, and I didn't care... Actually, I didn't care about the money, I was scared about getting the experience, so I was learning how to underwrite putting offers, and one of the things I said why just putting offers...

[0:06:30.1] RM: Let's get a track. I could also by raising funds, I know how the capability to do it. So the first deal, I actually raised almost a million dollars in two weeks just to be a part of the first deal, but I underrated saw the deal, everything did everything like I'm the one who is called funds, not just by... Because I'm raising the funds.

[0:06:54.2] WS: I wanna back up a little bit, but before we do that, I wanted to ask you about... You mentioned a track record by raising funds and obviously letting your investor base know that,

Hey, this is the ropes, do it now, right. And just to open their eyes set, but the congratulations on a million dollars on the first raise even within two weeks, most cannot do that. Right out of the gate, right. Tell me about that network though, how did you find those investors, how are you connected with them, or are they long-time friends, were they people that you just met, how did you nurture those relationships to be able to raise a million dollars on your first deal?

[0:07:25.4] RM: So most people don't tell about... They have a deal now they start raising funds, that's a sin mistake, or what I've learned in the process is that you should share your story with others or what you wanna achieve when you wanna go to the moon, the people you wanna go to the moon and people will start looking how to help you when they know you... They care about you, they wanna help you. They don't go to them and tell them how I ever do. Give me your money or Let's see how their returns and invest, now it's too late to do that, you need to show them what you're doing, and then we'll start asking you a question without a select... They will ask you How do you find an AR? I is gonna sign a loan, I ask you all the question, but without the defense, people have when they feel like somebody is selling to them, so what I did, I shared when I started, I said The... Everybody in my students, my family, my friends that I'm gonna shift to multi-family and really the story that I'm working with this and I'm working with that I was offering and then tell them about everything like very transparent.

[0:08:32.6] RM: So when people hear that I have a deal to work on, it wasn't a surprise for them, they were waiting, they actually were waiting to join, so... I was ready.

[0:08:43.1] WS: So you were already doing some releases in the US, like single family, what, not even had clients for students, mentees or people you are mentoring, and so you've built that trust... Right, you had built that trust in other ways before moving to multi-family, it sounds like they were like, Okay, you know, ropeway, we trust you and now... Yeah, we wanna do that with you, right? And so that's what we have to do as well. Whether you have a real estate background or not, you do have to build that trust one way or another, talk about even finding that lead sponsor, even people in the States as you're getting started. I mean, it's so helpful. I've seen done so many times where you do, you finally sponsor that has a track record, so you're not having to build this massive team from scratch starting from nothing. Nobody takes you seriously. You've never done a deal before. All those things, how did you finally lead sponsoring... Especially from

so far away, so

[0:09:32.8] RM: Google, listen, Americans. Doesn't know how lucky they are. You have bigger podcasts, you have Facebook groups, have so much of sharing information, look at all the Facebook groups, when you put a pass, how many people will answer you in Israel? We do have a full Roman, but it's not like that. It's not that advance, all the information is available, people help each other always away, so you don't need to do much, you just go to a few Facebook groups, put yourself like, what are you looking for, who you are, and you don't start talking with people and you know the rest will follow. Everybody has their own path, everybody will select the mentor that they feel like they are a good match for them or a less phone... Maybe you don't have to, although I do think people should know how to underwrite a deal and not just looking for the and have a lead sponsor, because I think lead sponsor, if you don't know what you're doing, they will feel like you're wasting the time... Right, because people now always tell me, Oh, I have a deal here, I have lived there. And ask them, Do you know I've gone right here? How do you know Danie, do the 50% expenses, all park and say, Okay, now don't send me and it's gonna be your waste of time for me right now, right.

[0:10:55.2] RM: So learn how to do it and reach out to people and you will find a lead sponsor.

[0:11:01.6] WS: Nice. Yeah, it's crucial. Surround yourself by people that are in the business. Right, have been there and done that. What were some of the next steps for you, Roberto grow that fast? Whether you can speak towards your investor base growing that, or just so you know the deal flow as well, how have you manage that, how did they scale, right. What were some of the next steps to scale to where you're at now.

[0:11:21.5] RM: So holistic me, out of the thing, everybody's saying I wanna have a 1000 doors, I want a 2000 doors and tea, I don't believe in that, because I push myself, no matter how many doors and I don't care about the doors, for me, it's about the process, it's about the result, but it's not about 15000 units, and I have very small chair, I wanna be more and more a leader on the way I wanna do things. So right now I'm working on deals by my own with team, but I'm deletes puncture before I was a co-sponsor and then Elite pontoon a deal, and now I wanna do more by myself, so I don't care about how many... A number I'm pushing myself in many deals I can do... I

will do a minx for me is I'm working on building our farm in Israel, because I have a good imputation here in Israel, I have access to family offices and people industrial, and I'm working on building the first... Fine. It will take a while. Probably, I just started working with a few more people I know left 50 million fun, so I can go and work on acquisition...

[0:12:35.5] RM: Ready with money and not vice versa, that's what I'm doing, and also, if there will be a correction, I wanna be ready with money

[0:12:42.6] WS: Now... That's awesome. And so many people are pursuing the fun model now, no doubt about it. I mean, I says, Well, it's just a very different way of thinking, different way of thinking for your investors too, but man, like you said, you have such a stronger offer when you are going to buy a project, you can show that balance statement, the cash is already there, but also you got some cash as well when there's a correction potentially, and so a building and find... You as a whole another model. But moving in that direction, you mentioned leading your own deals now doing your own syndication, give us some challenges there from being so far away now leading your own deals in the States that you've had to work through... You know, I've heard that so many times. It's finally... Cause Israeli asked me, How do you do it from Israel? American asked me how they do it for me, well, and I say, what is the difference if somebody lives in California and he's buying in Florida.

[0:13:31.7] RM: He doesn't leave in Florida, I still need to fly, so for him it still need to be on the team on... Management company to write them as IT... Antennal, the fame reactivation or everything. Why living in California? So for him... How many flights from California for a 5-3?

[0:13:49.6] WS: Oh yeah, yeah, I'd be probably at least two flights

[0:13:52.4] RM: For me, 24 hours... For me, it's 20-24 hours fly, but I would get the next day, it doesn't matter, so you know somebody from California will get to flow it out before me, but it's not a competition, we can arrive at different times, I just fly away on days we defied and everything, it's easy. So I'm doing the same as American. I always say from the beginning that I started that I wanna do it even better than Americans, I wanna be better, I believe in myself that I can do it, so it doesn't matter for me. And I tell you the funds in Israel, I'm saying the same thing,

who is your local boots, who is your partner, because they are used to having a sponsor local, they're doing that, but I'm telling them, I'm telling them the same. But it's the difference, I've been doing it for 11 years. It's all about building the team. It's only fly away. Why would say I can go online and book a fly there and I would drive tomorrow night.

[0:14:50.3] WS: Now, I love that mentality is just like, okay, whatever it takes, I can be there, I can do it too, and I think in the States or even halfway around the world, that mentality goes along the way, right. Don't tell me how difficult it's gonna be or complain about it, like let's just figure out the next step and let's go take some action, and it sounds like what you've done in a big way, and I would bet also when you're going to play offices on a dear, you show up, I mean, that's a big statement. Somebody's come as far as you have, especially with the track record now that you have, I think that's gonna go a long ways with a broker when they know that, Hey, he's pretty serious ES2 hours yesterday to get here is pretty darn serious. Right.

[0:15:24.6] RM: I'm actually leveraging that. I know that's effect. I'm surprised that that's the effect when people here... That I find from Israel, I say, Okay, well, so what? But that's the reaction. So I use that. For me, it's a leverage, but like I said, for me, it doesn't matter where I live, it's always about the process, it's always about the building the right team, even I will leave there, let's say I buy in the plan, I will live in a planner, it... I don't wanna be going to the property every day, if I'm going to do properly, I'm not managing your business, I wanna be a business owner is not a self-employed... Right, so that's how I love trees as a business.

[0:16:04.1] WS: I just think it's incredible. Just the mindset alone. And also, you're stressing building your team, right. It's exactly what I've done. I mean, it's exactly what I've done, is finding experts, not being willing to just go make it happen, and I was able to do it from much closer... I am going across the country, but not... I have way around the world, and so it is... Congratulations to you at roaming it happen. And I hope that's motivating to the listeners that are hesitating, right, to make that person offer or to maybe get on the plane and go, right, go somewhere to show your serious or just to learn and educate yourself. So very worthwhile. And so tell us to preparing for a downturn, you're starting this fund in Israel, you're looking to buy projects in the States, what's your thought process behind preparing for a potential downturn?

[0:16:51.4] RM: So when I am the ride, I take into consideration pushing the care, and I always take the last year core, meaning today's cap rates are so low, and you know, I don't think it's gonna stay that... So even when I underwrite, I'm not talking about the buying Capri, talking about the exit, curti used the previous year carat, and I push it every year by 01%. So let's say in five years, it's 10% or even... Sometimes depends on the market, I will use even 0, 75%. So I know that I prepared this way also, one of the things I'm preparing is the rank, using the rents, I don't use the Performa rents that everybody is using. It's harder to get there this way, I gotta say it, but I think I've seen a market that people pushing the rents too high where less tenants can pay that. Right, we need to recognize that there is a limit. How much tenants will be able to support the rent, it's not that the salaries went up.

[0:18:03.4] WS: We need to remember that it

[0:18:04.8] RM: Falls Elwin, not all the grocery store everything... All the prices are going up, but the salary is not, so you need to be careful when doing that, and like I said, I don't have a knife in my head, Vol, I gotta have a 1000 units this year, it's all about doing a good deal.

[0:18:24.3] WS: Do you have any predictions just for the real estate industry or market over the next six to 12 months, anything you're... You're saying to this is gonna happen, or this is how it's affecting our buying or selling, you

[0:18:33.7] RM: Gotta say, I don't have a crystal. I thought the correction would come with black last year, or I begin Dear. But you see that the market... It's all about what people think about the market. If so many people care about the market, so people will not buy, then they will start to be a correction or something from the stock market. I think that the stock market will change even with all the unicorn, all of this, if that would collapse, then we will see a correction, but I did... I don't see comment right now, because everybody thinks I got it by idea, I got a valid... Everywhere you go, everybody's talking about being tails, it used to be 15% or now, and hear people buying 12, it used to be a prayer, now you hear it, 67, people are willing to push to be aggressive on the underlining just to get a deal.

[0:19:30.9] WS: What about any daily habits that you have, Rota, you are disciplined about? That

have helped you achieve success.

[0:19:36.1] RM: First, I exercise almost every day. It's clear in my mind and it's like a relief from the previous day, and I wake up in the morning, even before the kids and everybody... And I write myself, what are the goals for the day, what I wanna do, what I wanna be better at, this day today, and what I wanna achieve today. And this week, so when I do that, I implement that to task, and this is our progress, I need to make Agra every day by 1%, I learn it. So for somebody, I don't know from whom, storybook it a long time ago, 1% every day. That's it. No crazy name, I gotta do. I detritus to it, every day, pushing yourself to the next step.

[0:20:27.0] WS: Consistent daily action and improvement in those small things add up, numerous shows recently talking about that, it's like you feel like you're not going anywhere, you almost don't even start those daily actions or habits or routines whatever people wanna call in, because you feel like, Well, that's not gonna get me anywhere, but man, six months from now, if you've done that consistently, you've gotten place and see like things have changed, right. What about your best source for meeting new investors right now.

[0:20:52.7] RM: I gotta say, I don't know how to do it, but most of my investors have never met them before... Always over a phone call, zoom, never met them. Even before the Corona, I used to talk with people over the phone, I believe if I need somebody, it's gotta be one to many, so it's about giving them value, helping them on the way... If you have them on the way and you have a goal to achieve something and also it were worth for them that will join, that's how I meet investors, but I over the phone, and I don't need them in person...

[0:21:26.4] WS: How do they hear about you?

[0:21:27.7] RM: Google, Facebook, I have so many students, so they recommend... And I have a fan of also... So again, I have a mentorship, so my mentorship I... Of course, a seminar. Last week I did a seminar, 450 people joined the seminar, it's a lot of people, so it's all about putting yourself out there now, people who may say, Okay, he has confidence, and I don't have that, but not a lot of people know that I was shy before, I wasn't like that. I force myself to be in this position because I know this is how you make opportunities, if you be shy with what you do and what you

wanna achieve, I will be harder. So I put myself back out, you put yourself here, you interview people, you give you... And you get the recognition by... That's the way to do it.

[0:22:21.5] WS: What about the number one thing that's contributed to your success? I

[0:22:24.5] RM: Think persistent, persistent and honesty, honesty is the thing that I really believe in some people, it's hard for them to hear that in my honesty, because I'm always say my honesty, and I expect people to tell me, so I think honesty is what has contributed a lot to my success, and

[0:22:42.0] WS: How do you like to give back?

[0:22:43.5] RM: Usually it's connecting people, if I have a chance to connect people with somebody, I feel like I'm blessed, so connecting people, give them value each time something they wanna push them to do the next steps to start the journey... I know the journey starting the journey from being an employee is very hard, that's something I talk a lot, it's very hard because you have habits as an employee and as internet push yourself. And you believe in yourself that you will have it. But when you start, you don't have it, so I feel like my mission is to help people, help them achieve their dream, the secret dream that they are not allowing themselves to say that they wanna have and show them and give Him inspiration. And show them that it's possible for them. That's why I always dress... I don't dress like I'm a big shot or anything, I wanna keep myself simple, so people wanna say, Okay, for African do it, we can do it. That's really the inspiration. And that's how I help people.

[0:23:44.9] WS: Yeah, that's awesome. I... Yami Lion in real estate from halfway around the world. It's very impressive, just being persistent, like you said, being honest, all of those things, but the willingness to step out, you said you were shot one time and you had to be willing to push through those challenges... Right. There's limiting beliefs. All those things we've talked about so many times. That is such a great story. I hope it's motivational to the listeners as well, you have to step out, you have to work on building that team, it's like Roy said, we've done so many shows on team building and hiring and using VAs and full-time employees, it's so important. You've seen how so many have done it, including myself, it's out there, right. Rate information is out there, there's people that will help you Brophy, amazing story. Congratulations again to your success,

tell listeners how they can get in touch with you and learn more value.

[0:24:29.3] RM: They can find me on my website, proud communities dot com, and contact me. There is an email and a phone number they can call, I have a VA who take the call and I can call back, I'm very, very to more... One of the thing I believe in is always be reachable to people, no matter how big you're gonna... I'm gonna be... I will always be a guy, I remember where you started, and I wanna be reachable for people, so yeah, anybody wants to ask me a question and I will find a time... I'm a busy guy, but I always... Always find time people.

[0:25:01.3] ANNOUNCER: Thank you for listening to The Real Estate Syndication Show, brought to you by Lifebridge Capital. Lifebridge 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. Lifebridge 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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