

EPISODE 1100

[INTRODUCTION]

[0:00:01.6] **ANNOUNCER:** Welcome to The Real Estate Syndication Show. Whether you are a seasoned investor or building a new real estate business, this is the show for you. Whitney Sewell talks to top experts in the business. Our goal is to help you master real estate syndication.

And now your host, Whitney Sewell.

[INTERVIEW]

[0:00:24.3] WS: This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Spencer Gray. Spencer's a serial entrepreneur, multifamily investor and founder and president of Gray Capital, a real estate investment firm based out of Indianapolis, Indiana. Since founding the firm, Spencer has been involved in over one million dollars in real estate projects and invested in over 90000 multi-family units, Spencer has built an amazing business and brand and has probably grown a platform to be able to raise more money than most that I've heard or even had on the podcast, and so he lays out, when we talk a little more in depth about his specific platform, we go from the investment club that he's created, to Google Ads, to building your own platform, different strategies, to working with family offices or not but even some things he calls multi-family offices and some multi-family real estate, but it's multi-family offices, numerous family offices that are together or maybe have one spokesperson that you're working with, and so he goes into that, but also the tech side of his business that he lays out that he uses when he is raising money from investors and what that looks like, I knew you were gonna learn a lot that if you have a syndication business, commercial real estate business in any way, you're going to enjoy the show today.

[0:01:46.4] WS: Spencer, welcome to the show. I was just expressing that I can't believe we've not met before in person, it's amazing what you have accomplished, just reading your bio and the platform you have built, I'm looking forward to learning more about that and getting to share that with the listeners as well, but let's get started a little bit about how did you get into the syndication business or in commercial real estate, what does that look like? And let's dive into your platform a little bit that you've built.

[0:02:11.0] SG: Yeah. Whitney, first off, I really appreciate being on the show, I've been listening to your podcast for a while, so it's great to actually be here and actually meet at least on Zoom. My Way into real estate syndication was not at first as intentional, I was intentional about wanting to get involved in real estate, but I started getting involved in real estate syndication before I really knew what real estate syndication was, the desire was to get involved in buying multifamily real estate investing in multi-family, but I didn't have all the capital or the teams or the knowledge or systems to do that. So, I guess backing up just a little bit before I got to that point. I've been a little bit of a serial entrepreneur, I've started several businesses in different fields, I originally went to music school at Indiana University. (What do you play?) Well, I'm a little bit of a jack-of-all-trades master in that I can play a little bit of everything guitar, drums, keyboard, saxophone, you name, and I can make sand, I can make step thing... I make some notes on it. (Okay, absolutely. I had to ask), especially was a recording production and composition, so they let to New York City for a little bit after that, working in recording studios in build, trying to build my own book of clients, and I kind of figured out I love doing it, but I didn't really see a path to really build a scalable business, and as my two passions that point were music and building a business, being an entrepreneur, and so I start focusing on it. What else could I do to really build a business? And a little bit after that, I ended up moving back to Indianapolis, which is my hometown. Started a business with my wife and one of my best friends after we were sharing a kinda double IPAS, so craft forward brand, we situate all these hops coming from these craft brewers that are popping Marrero using...

Realize there was a hop shirt going on, we thought Indiana is a great state for agriculture, why don't we produce hops here for all these local craft breweries, I actually found out that just Indian is not the best climate to go hop, but in that process, we started acting as a broker between hop farmers out on the West Coast in Washington, Oregon, and craft brewers at first in Indiana, but eventually we started distributing tours all across the United States, we essentially found this niche kind of being a craft broker to all these craft brewers and so we were the fastest growing hot broker really in the United States, who became the largest in the Midwest, and then about 2015 decided to sell that business. All along the way, I had been investing in real estate, single family homes, duplexes, and I loved investing in real estate is something I always told myself I would be involved in on the side, but then when my wife and I, Alex, we were looking for that next business, that next step said, We love real estate, why don't we build a business around real estate and investing in real estate, and so we started networking, trying to figure out who was in the space, who was buying and managing apartment buildings.

[0:05:01.9] SG: We had the idea that we'd be doing it all on our own, if we could more we learn the

more we learned that we didn't know, and again, just trying to grab coffee and lunch with anyone who would take a meeting with us, and eventually we formed a relationship with a syndicate, you're in Indianapolis, we first want to invest in his own deals, but we wanted to do our deals onshore, eventually offered an opportunity to co-GP and co-sponsor one of their projects, and we saw this as a great of middle ground of getting our foot in the door, getting some experience, just investing to also on the GP side, also getting some loan guarantee experience of putting up our own balance sheet to help with the lung guarantee, and then we eventually went on to co-sponsor and co-GP about 14 syndication with that one, sponsor, and then after, I would say probably after our 12th or so, he said, okay, this is going really well. We really understand this business. We have a good relationship with our partner, but there's some things that I think we could do a little bit different, we wanna build out our own brand, build out our own systems, and so really kind of early late 2018, 2019, we made it a very concentrated effort to start doing...

[0:06:13.1] SG: And then in 2020, of course, right as the pandemic was surrounding us, we had our own sponsored projects, we did three deals last year in 2020, and we've got a couple other projects we've done this year, and all in all, we've invested in over 9000 apartment units. We've got a little over 500 million of assets under management of projects we actually control and continuing to build out our team, build our investment platform, and again, just try to build a group of individuals trying to allocate to real estate and have a similar line strategy and goal that it's been a lot of fun along the way. And we're still having fun doing it.

[0:06:50.6] WS: Wow, now it's incredible. I appreciate you just elaborating, and we had this other successful business that you sold, you mentioned you were investing all that time in real estate, what were you investing in.

[0:06:59.6] SG: But I was most like flipping houses, always trying to have a house flip going on the side, 'cause that was kind of my idea of real estate investing from the beginning, I actually... Even before my first real estate investment, and I was actually just getting out of high school, I had a opportunity to flip a house and that kind of plan to see how was that initial spark of saying, Okay, this real estate investing thing... It's possible, I can do it. It's not rocket science. You have to know what you're doing. Honestly, I learned that I should not do everything for the project, learn how to delegate really kind of early on, but I didn't think that was gonna be my core focus of what I wanted to build a business around until a later on to my life. Looking back, looking at all the options and saying, Why not kinda go all in on real estate, best decision that my wife and myself a made for ourselves.

[0:07:46.9] WS: Yeah, that's awesome. I just wondered a type of real estate and you were investing in, but was fast forward a little bit now, you've built a platform where you can raise a lot of capital, and obviously that is such an important part of our business, and so I wanna dive into that... What time we have today? I want you to talk about your platform a little bit as diving and some of the processes you put in place, maybe some different strategies that you have for raising capital that you've developed, and then also... I know you work with family offices; I don't want us to talk about that a little bit 'cause we don't have too many guests to work with family offices to express that to the listeners as well, but let's jump in, what is your platform look like, just express it any way you want. And let's dive into some different strategies that you use.

[0:08:26.5] SG: So, I would say our platform, we are all about providing as much relevant information and transparency for our investor partners or folks that are just kind of in our sphere who've kind of come onto our platform, joined our investment club. And so when I say that we're all bottom information, we have educational material, but I would say it's more focused on keeping everyone up-to-date of where the market is rather than kind of entry level investor... Multi-family 101. And so, a lot of that comes in the form of gathering and aggregating information, so we have a team that's dedicated to basically every new research report that comes out to every new data set, article, anything related to the multi-family industry. We put together a newsletter for everyone, and it's associated with great capital delivering to their inbox and really trying to break down what's going on in making sense of the market, and so really trying to add value to our investors, potential investors from the onset of... We're assuming, and this is just because what we've learned from our investors who do get in touch with us, most of people to do, they're already more or less educated about multi-family investing, they've read the books, they're listening to your podcast, and they're ready to make a decision, they're just trying to find the right group of the strategy lines with themselves, and so we're really just trying to give them for information about where we see the market and if what we say kinda resonates with what they believe in the market, it might be a good fit.

[0:10:01.3] SG: So then the other components of our platform have an all online platform on our website, folks can basically sign up, create an account, a few opportunities in, it's not too different than some of the other portals and platforms that you see out there, but being able to basically invest with us, however you'd like whether if you wanna get in touch with us, have a conversation, have investment strategy sessions, we're right there with you to kind of hold your hand and give you enough support as you need through the process, we have... So investors work, you can come

on our platform and never speak with us, if you don't wanna speak with us, sign up to invest, receive everything online. I'm really just trying to meet the investor where they ever wanna meet us, but being flexible.

[0:10:45.2] WS: No, that's awesome, I love how you are into adding value to them about the current market, and then I agree, there's so much information, you can go to YouTube and just watch for months and learn about the multi-family business in general, but it's not always gonna be like, what's happening right now that we need to know about... So, I love that. Can you just speak just 36 a minute about what's that team look like that's doing all at research and gathering all this information, 'cause I know listeners at myself like we wanna be informing our investors the same... Right, how do you have the time or all of us on the time to do that, but you built the team.

[0:11:16.7] SG: Exactly, so I originally started with... Do do the newsletter, so weekly newsletter, that's basically aggregating news articles as well as research reports, and we kinda knew where a lot of those were coming out of... We really kind of started expanding our search or who is really putting out good information on the multi-family industry real estate and the economy... One of our team members, mattes, our Director of Communications and Marketing, he kind of leads up the effort to aggregate everything for our newsletter, and we also have a website that's just dedicated aggregating reports and information, and so He leads a team of a handful of virtual systems that are kind of in the background, kind of going through all of our known sources, but as well as we have a handful of RSS feeds that are set up that are always delivering us information and then it's us sitting through... And then again, this is man, a virtual assistant's trying to curate that information, they got the noise, highlight what's important, and so it's been a little bit of a process, just really figuring out what are the best sources of information and staying on top of it, because I was being frustrated, I was trying to stay on top of it.

[0:12:23.0] SG: And all the brokerage houses, the property management software providers, RealPage and Yardi, they put out really great information, but they don't always do a great job of disseminating that information, a lot of times it's behind a pay wall, you don't always see it when it comes out tonight I was getting frustrated saying this quite report came out three months ago, and now I'm late to the game of getting this information, and so we really just built in the systems of knowing when those reports were gonna come out, who's doing the good work and putting it all in in one spot.

[0:12:52.2] WS: No, that's great, it's incredible value to your investors that you're doing all that

work, your team's doing all the work for the home so they can hit the high points and have a better understanding, otherwise you get nothing if you're gonna take that... If you think you're gonna take the time to read all those things for self like... Or if it's me like I just can't, right. So, it's great to have a place where you can have all that boiled down but let's talk about... I love that strategy that value. You're adding anything else that you're doing that's adding value to your investors.

[0:13:17.7] SG: We try to add value wherever we can, and again, it's a lot of figuring out what all of our individual investors are trying to do, what are their goals, why are they investing in multi-family to begin with, and how can we support them? And again, some people, they don't need a new support, they know exactly what they want, some individuals, they're really just getting started, and they've just learned about multi-family Syndication, and they need a little bit more help, not just investing in one deal, we're really thinking about portfolio construction of it's not just about doing this one deal that we're talking about, but let's look about over the next three to five years, what do you want that real estate portfolio to look like, what's your broader investment portfolio look like? Are you all in stocks and bonds, what is that break down and what can real estate due to that you have that full balance sheet of an individual or an entity, and we tell our investors or potential investors, you end up investing with us on a deal that's great, we don't think that just investing with us is the right decision though, you know, we'd love to...

[0:14:18.3] SG: We group people are working with multiple syndicates, are investing in different markets, different geographies, and so just helping them through that process, because we do the same thing, I invest as a limited partner with other indicators, different asset classes, and so I can sit in the same seat as they are, but I'm in their shoes also. I'm trying to build out my own diversified portfolio for my family, and so being able to take a step back, look more globally, I think it makes the conversations go a little bit easier, and not every investor needs that, but a handful do, and that's something we enjoy doing...

[0:14:49.8] WS: Sure, yeah, let's back way up a little bit or drill down a little bit more and less, so like how are you first getting in front of your investors, where do they see you first, some of the best ways you're doing that?

[0:14:59.8] SG: That's a good question. We have a handful of different ways we're trying to get in front of investors, obviously referrals are the best source, if someone's invested with us, I've had a great experience, they tell a friend, family member, you can't replace that, but one of the ways we've been really able to ramp up our ability to raise capital and get in front of investors, but it's not

only just putting out organic content on social media and LinkedIn, we've also used them quite a bit of Google ads and Google AdWords. And so really going out there and doing some ad spend to get in front of individuals and really targeting people who... Again, they've already made the decision that they want to invest in multi-family syndication, that decision has been made. They're looking for the right group that aligns with their interest, their strategy, the markets that they're trying to invest in, their similar hold period, similar risk return profile. They're looking for that group, and so if we can get in front of them and if we can be at the top of their Google search results, because that's what's still what a lot of people do when you wanna find something, you go on Google and you type in multi-family indicators, investing a multi-family, whatever it is, and if we can kind of be up at the top of that list, but really kind of our lead magnet that is the most successful is our weekly newsletter, the pre-report newsletter, and we've tried dozens of different combinations and different types of advertising for just great capital in our firm and what we do, but in that added value component, and I think it's...

[0:16:29.2] SG: The value proposition is the right balance is why I think it converts well, but essentially we're just saying Here, sign up for our free multi-family newsletter with the latest research reports, news and information, and that has been incredibly effective for bringing interested individuals onto our platform. Yeah.

[0:16:46.9] WS: No, that's some great tips right there, I appreciate you being so transparent about that... (Yeah, absolutely.) Well, thank you so much, Spencer, it's been a pleasure to get to know you bet, or I've heard of you as well, just in the industry, I can't believe we've not met before, but amazing business that you've built, and I know the listeners and myself have learned a lot from what you have shared and congratulations on the success and going from creating your investment club, I think it's just an incredible thing that happens in people's minds to... And they can be part of a club. Some don't wanna be that oftentimes people do, but just creating the systems that you have, and even from Google Ads to just all the advertising you've created in the newsletter you talked about, so thanks again for your time and willingness to be so transparent. Tell the listeners again how they can get in touch with you and learn more about you.

[0:17:29.7] SG: First, I absolutely appreciate it, Whitney, this was a really great time, it's a pleasure meeting you and being on the show, best way to get in touch with me or you can email me Spencer at graycapitalLLC.com. Also, just by hopping on to grayreport.com, we've got a lot of resources there, and if anyone's interested, taking a look at this multi-family intelligence aggregator that we built, it's kind of bring in all this report, this grayreport.com in that's updated essentially

every single day, but then also by signing up for our newsletter, you'll get kind of a summary of that every Thursday morning. So grayreport.com and graycapitalLLC.com.

[0:18:09.9] 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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