

EPISODE 1136

[INTRODUCTION]

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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 (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today, our guest is Jamie Stadtmauer. Jamie is a seasoned real estate professional with nearly 20 years of experience in the operations and acquisition of commercial real estate and residential properties. He now uses his industry knowledge to help real estate companies become more efficient through leveraging technology.

We talk today about how real estate has been so slow to transition with technology and just the huge need there. But he's been in real estate a long time, and now he has jumped over to the technology side of the business to help real estate companies through an investor platform. I don't see anybody living without them anymore in our industry. It just provides that layer of professionalism and ease for investors that we just want to have for them. And, so I know you're gonna learn a lot about many things around technology today and investor platforms that maybe you haven't considered and needs that you may have that you didn't know that you have inside of your syndication business.

[INTERVIEW]

WS: Jamie, welcome to the show. Honor to have you on and get to meet you. I know you have a long background in real estate, and then now you're doing something a little different, but in the real estate field as well, and looking forward to learning more about that. I know, it's gonna be educational to the listeners. Give them a little more about, maybe your focus right now and how you got there.

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Jamie Stadtmayer (JS): So right now, I work for a company called Agora, which basically is investment management software. But my whole background has basically been real estate. I love real estate and I love technology, and so where the two come together is something that I'm very passionate about and real estate is an industry that specifically needs a lot of technological advancement. I'm happy to be part of that process, basically.

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WS: So, you were in real estate though for many, many years. Tell me about why you transitioned to the tech side or maybe that thought process a little bit.

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JS: Yeah, no problem. Like you mentioned, I've been in real estate my whole life. In real estate, things were always done a certain way. The deals are made in person. There's a lot of old-school ways of doing things in terms of commercial real estate. Everyone was getting by without so much innovation, and then slowly but surely, the investor base changed. All of a sudden, we have these millennials that are getting involved in the industry, becoming investors, and the expectations are different. It kind of forced the industry to move in that direction, given the fact that there was so much need for what's out there. And the expectations are there and really, really pushed everything forward. And I was drawn to it because of my background in real estate about all the ways technology can help the industry move in that direction.

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WS: Why do you think the real estate industry has moved so slowly to adjust to technology?

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JS: Until recently, where I think that technology helped give more people access to the industry. But in the past, it's always been multi-generational real estate giants that have been in the industry and they were usually doing things a certain way and who were the new people to tell them that this is not the right way to do it, they're doing this for years, and everything was working by. The generations have moved forward and the children and grandchildren of these real estate giants branched out on their own or brought the business forward. I think that kind of started the transition but it moves so slowly.

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WS: It makes sense, right? I feel like there are no large real estate portfolios owned by families who have been in the family for 80 to 100 years, a couple of generations, we are on their third generation, I guess, actually managing it, and they kinda wanna do it the same way grandpa always did it. It's kind of a big mental block seeing that. But just looking at it, I can see so many inefficiencies. It's just amazing how much income is left not being had because of those inefficiencies or the willingness to adapt to new technology that could help them perform so much better.

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JS: Yeah, 100%.

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WS: You recognize this need. What about from your experience in real estate, what are some, maybe some technologies that you've noticed that are just crucial now to operating efficiently as possible, even outside of an investor portal? We'll talk about that. Some, over many years of real estate, you've seen it just happened that have helped you all to just operate better.

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JS: There's so many things. So, my background is property management in Manhattan, for example. So, in Manhattan, the way you have it is most buildings, especially luxury buildings, have doormen and these packages. And I can't tell you how overwhelming it is for these doormen, especially around summertime, when they get an influx of packages, keeping track of everything, giving it to the tenants, making sure that everything is secure. So, one of the first technologies that I was really exposed to was, at the time, it's called My Buildings. I think it was bought by a different company now, but basically, it's to help doormen and luxury buildings in Manhattan to be able to keep track of maintenance requests and all the packages that came in and really just keep everything organized, so no one lost anything. It was really like out of desperation that this kind of happened, and this also goes beyond that.

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JS: There's the, even though this is not like technology advance, even something like a key track

system where instead of keeping 500 keys hanging in the key box, you have a key track system where you literally record the person's fingerprint, then the door opens. It's now logged on what they're taking. There's a little magnet on the bottom that you pull up the key, so now you know who took that key last and when it goes missing, you know who to go to, and it's not just laying around for anyone to take in the office it's in a lockbox that could only be opened by a fingerprint. So, that's another example, obviously, keeping track of leasing. That's huge. Before we had all this technology in terms of leads and leasing, and it was crazy. You have to write it down on a piece of paper, you have to remember how many times you followed up with the right person, and take all the notes by hand. All while other people are coming in and you're taking notes by hand. It's really very inefficient, and it goes so much. There's so much more, this water metering technology, and (inaudible) technology and everything, this technology to look for new real estate. It's really come a long way in the past 20 years.

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WS: No doubt about it. I've not seen the fingerprint readers, that's incredible technology right there. You know, that's probably more property management focus. But what about on the acquisition side, I know you were in acquisitions as well, any tech that has helped in that space?

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JS: Yeah, so for sure. First of all, you have, the way it works with real estate, there's so much information you need to pull from everywhere. You need to do market research. You need to understand what your comps are. You need to understand lots of different little data points. And until companies started aggregating it, you'd have to go to these individual places. You'd have to get on the phone, call, which is still important to do, by the way. But technologies that aggregate information that's in a bunch of different places really make it much easier to research a property or market when you're underwriting it. And even now they're taking it a step further. There are different companies that use AI in order to automatically do a lot of the research for you instead of just aggregating. You take it to the next step and kind of do some of your work for you, per se. That's really, really been very helpful.

And I can tell you also, even something as simple as Google Maps, 20 years ago, you'd have to drive to all these properties. If you're looking at a property in a different state, you're literally losing so much time going there, walking the properties. Here, at least you can look around the neighborhood. Use Google maps to see what things look like. You have an idea of the situation

before you have to actually spend time to take it to the next level, basically.

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WS: How do we live without Google Maps? Just blows my mind. On that same note, I mean, we also use an investor portal and couldn't live without it now, it's kind of like Google Maps comes to that part of our business. I don't know if I've heard of it or maybe I have. Not as familiar anyway, but I'd love to just know a little more about Agora. If you are syndicating deals, if you are raising money from investors and funding through that method, a platform like this is just a necessity. It is so worth the investment. Some people say, Oh, it's too expensive, I can still get my Excel sheet, and I'm like, good luck. There is just no reason to not use a platform like this if you wanna have a professional presence as well for your investors, and they'll have a portal account where they can log in securely and sign documents. Just making their life easier. That is our goal, and so we just love stuff like this. Give us a little about Agora, a few things that stand out to you, or how they stand out maybe in that industry?

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JS: Excellent, so you really hit on it perfectly, there are two sides to the story. It's the inefficiency on the GP to syndicator side, right? Doing everything either by spreadsheets, making individual phone calls, sending an individual email, sending out all the documents individually to people is very, very inefficient. Whatever money you think you're spending on software, you are spending more money on labor, there's no question. But it goes beyond that, it's the investors. The investors expect more. There's no reason why investing in real estate should be any different than logging on to your Morgan Stanley or your bank account. Why should you not login, know exactly how much money you have, know exactly what went in, what went out, all the reports are there, there's no reason not to have that.

I can tell you, I've been in real estate companies for many, many years. What happens every single quarter, if you don't have technology, you get calls from, I don't know, 25% of your investors. No one knows how much money they have, no one understands the returns, everyone's like I've said, You didn't send me my K1 from 2015. Even just fielding those phone calls is crazy. A system like ours, like our software, for example, you can raise for the whole deal, we have a CRM built-in, you can keep track of everything organized in different categories, you can sign all the documents, all online, you could generate reports, send out 100 K1s with two clicks and send to individual emails. If you wanna send a document out to all your investors who need to sign, it

can literally be prepared in 10 minutes and then go out to everyone. You can send out emails that are integrated into your email system and the system. It's really very easy, and even people that are using technology, let's say, to help them with this process, it needs to be aggregated and connected in one centralized location. Now, if you're using maybe something for your emails and something for your data storage and maybe in a CRM, so you're not using four or five different technologies, but nothing talks to each other, the most efficient way to deal with it is that really have one centralized system where it's accessible to your investors, it's easy to use, so that they actually use it, 'cause if it's complicated, they're not gonna touch it. And it's easy to use from your side, it increases efficiency, your investors will be happy. They'll invest in you more because you have such a simple process. Listen, the investors are not only investing their money with you, they're investing time and they wanna invest a little of that time as possible, most of your investors have other jobs.

Now, this is not what they wanna be doing. They want this to be as smooth as possible, make an informed decision of where to put their money, and then be able to step back and check in on it every once in a while, whenever they want, at their convenience.

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WS: And I think also like, it really helps an operator have such more, an official presence with your investors. They log in to this portal, they see your branding, so much better than having to mail documents back and forth and having to have them sign and then it wasn't done correctly and you have to mail it back. It takes all that nonsense out, right? Much as possible, it saves, like you said, so much time. Would you walk me through a little bit how Agora does, say, because this affects the operator in a big way and his team, and just, because I know from personal experience, I am the investor, just the capital raised process in a system like this, what should an operator expect when they're gonna launch a new deal, new fund, they're gonna send it out to their investors, kinda what happens then? What does Agora do for them, the operator or the passive investor?

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JS: Yeah, so great questions. It all starts with the CRM. What you would do is, let's say you would go to Agora or Agora would, basically, take your investor base. It doesn't have to be your current investors, even if you have no deals and you're raising for your new deal, you take your list of 300 people with their email addresses, the people you wanna reach out to. And then you're able to

communicate with them through the CRM once you have an actual deal, you can gauge their interest, maybe it's not a deal that's appropriate for all your investors, so you need to pick specific investors who you wanna reach out to with this deal, and you can easily attach the investors to that specific field and upload all the information into a data room for them to review and communicate directly with them for the people that are appropriate for the specific deal. Once again, it all starts with the CRM, which helps you keep track of everything. Keep everyone into categories, 'cause you know what, you're gonna have investors that want a stabilized deal with quarterly returns, and I only wanna be in it two to three years and I want my principal back. You'll have other investors who are okay with doing the development deal where they don't see a single penny, except a huge upside in five years, those are not the same people, and you should not show them the same deal and it won't look professional if you just show them the same deal.

You need to keep everyone organized. And also, the guy who's investing \$50,000, is not the same guy, who's investing a million dollars. So, you need to keep track of everything and categorize it properly. And systems such as ours allow you to really keep track of everything and search with filters and really, really be organized instead of using a spreadsheet, which is not efficient and bad at mistakes. And another thing, by the way, all the communication and documents that you're sending now on email and whatnot, that's not a secure way to be sending very sensitive documents. So, our system is fully encrypted and is very secure. That's why it's important to use a system, a secure system instead of doing what you have been doing. Not you, but the majority actually, of real estate GPs are using nothing. And I'm talking about multibillion-dollar funds and the guy just getting started, starting out. And you're also touching this a little bit before, if you're just starting out, besides the fact that you're probably just one person. I need to do everything yourself. This really presents, makes you present yourself as if professional and you really, really know what you're doing. And that is very helpful, especially getting started in this business.

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WS: No doubt about it, it's a must of an investment, if you ask me. You wanna have that, I call it like a white glove approach for your investors. You wanna make their life as easy as possible, and this is one way that it just takes out so many things that lessens the number of mistakes, potential mistakes when you and your team can automate so much of this process. And what about the banking side of it, have you all integrated that yet in the system as far as distributions are investing through the portal, things like that?

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JS: Yeah, so distributions can be made in multiple ways for the system. There's bank transfers, the system is able to produce NACHA files which you could then bring to the bank, and they'll have them do ACH files for you. And there are multiple options with that. And in terms of doing the distributions and calculating it, it can either pull it directly from the system, which they put data that's in there, but if you are really attached to spreadsheets, which I know real estate people love spreadsheets, and if you don't wanna completely get rid of your spreadsheet, you wanna keep just one, then you can actually drag the spreadsheet in and the system actually cross-references the information and allows you to input it that way as well. So, it's very dynamic, it's meant to work for you, not you to work for it.

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WS: That's awesome. Well, changing gears just a little bit, just from your experience in commercial real estate for many years, I'd love to know just your thoughts on the operator that is or maybe how you've seen the sun in the past, what's the best way they should be prepared for a downturn?

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JS: I said so. Great, great question. You need to underwrite, realistically. You're on LinkedIn, you're really been us, things are going for crazy, crazy prices now, so you need to either be seeing something that someone's not seeing, have a specific strategy that's out of the box, or you need to be getting off-market deals you have to come up with some other way to be buying these deals to make sure that you're making the right thing, remember, it really, really stinks losing your money, it hurts, even more, losing other people's money, so you need to treat that money really responsibly and make sure that you can serve. Underwrite, I was looking at deals, I was underwriting, cap rates going up, not going down, they've got my crazy, crazy down and there is a limit at some point it's not, this is not gonna continue forever, and eventually interest rates will go up.

Take the whole picture into account, are you gonna be able to refinance when the rates are much higher with the same plan that you have, selling it when the financing is not gonna be the same situation? So, you need to just be very careful. Now, your plan, execute it, be responsible with your underwriting, really just make sure that you return capital to your investors when you say you're going to under-promise, over-deliver.

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WS: Yeah, so for sure, you wanna return that capital at least by when you project it. Right. Hopefully, every penny of it. What about any predictions, Jamie, that you have for the real estate market over the next six to 12 months?

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WS: Yeah, I think in certain areas markets are gonna do great. I think you need to be creative when you look for deals, I think out of the box, think of cities that are outside of those cities that you're looking in, I can tell you now, for example, just to pick a market, right? I know Dallas. Dallas is super hot right now, right? I know people who are investing in southern Oklahoma because it flows the Dallas where it's right outside the market over there, and that's a very interesting area to be looking at, so I think things are gonna continue to be like this until interest rates go up and then things get tighter when the money is not as cheap, you need to save money somewhere else, and so it's gonna be on the purchase price or something from the returns, things are gonna change as the rates go up. Once again, you just have to be careful of what you do and make sure you're looking for unique situations to capitalize in this market.

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WS: What's the way you've recently improved your business that we can apply to ours?

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JS: Listen, in my life, in my career, first of all, I always ask questions to everyone and I speak to people all day long in different areas of real estate. I love learning, and that is the way to grow, grow your knowledge, and that is how you'll succeed. Keep on learning from people, don't be closed off, be open to learning, there's a good chance that other people know more than you in certain areas that you may not be as familiar with. So, just be open-minded with that and keep on learning.

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WS: You said there's a good chance other people know more than you... I would say there is a great chance. I love what you said that people are constantly asking questions, it's a great way to learn from those other people who do know more than you in many other areas of business, but what about some daily habits that you are disciplined about that have helped you achieve

success?

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JS: I like waking up early in the morning, that's like a thing that I like. It's not for everyone, but my brain works here when I am when there's nothing else going on for me, personally, that's something that helps, and also specifically with real estate, and you have a deal closing soon and there's a million things going, you gotta stay focused 'cause if you do a little bit of everything that nothing gets done, stay focused. Know what has to come first, what has to come second, what has to come third. Finish the task and then move on to the next one. Otherwise, you're doing a lot of nothing.

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WS: Jamie, how do you like to give back?

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JS: In what I do, I speak to tons of people, tons of people just trying to get the word out there about the company I'm working with, and it doesn't hurt me to connect two people who meet each other, so, like this has happened so many times. I find people that are looking for money, I find people who are looking to invest money, I find someone who's very big in Phoenix, I have someone who's been looking to get into Phoenix for a year. I love helping other people, it doesn't hurt me, and it's a really good way to just get back, honestly, and it's just a nice thing to do.

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WS: No, it's awesome, Jamie. No doubt, connecting people is a massive value when you know two people can add value to one another, you're adding value in massive ways by making the connection.

Grateful for your time today, Jamie, get to know you and just really think about how real estate has adjusted so slowly to technology and some of the reasons why. Even some of the new technologies that, just like the fingerprint readers and the tech around the acquisition. Some of those things that maybe people haven't thought about, but even Agora, and thinking through a platform like this, an investor portal, and just almost the necessity of it, personally, I just feel like it's a must if you're doing capital raises like this, you're working with investors and you want that professional presence with them, you want to make it as easy for them to invest with you as

possible with no mistakes, and the systems like this, just walk them through that process and is a place to store all those documents purely, it just gives them some more peace of mind as well, what we want. Every step of the way, if at all possible. Thanks again, Jamie. Tell the listeners how they can get in touch with you and learn more about you.

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JS: You can email me at jamie@agorareal.com. Check me out on LinkedIn also, you could connect with me there, and you could also check out our website, agorareal.com and I'm happy to speak to anyone. Even if it's not about Agora, I'm happy to talk to anyone about real estate. I love real estate and I, like we spoke about, I love trying to connect with people. So, it never hurts to meet new people, you never know when you can help someone, and when someone else can help you. It's never a wasted call, it's never a wasted connection. Thank you very much for the opportunity to be on your show.

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