

EPISODE 1145**[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.

0:00:24

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today our guest is Justin Goodin.

Justin is an apartment investor in Indianapolis, Indiana. He started investing in apartments after graduating from business school with a degree in finance. Realizing that there is much more to life than working a corporate job day in, day out, and investing in a 401k, Justin founded Next Level Equity telling passive investors to build generational wealth with real estate. Justin and I have a great conversation about his desire to get in this business, to make himself uncomfortable, to keep pushing forward. He did that by just being consistent and persistent and through thought leadership. He has a degree in finance and a background as a bridge lender. You'll hear about underwriting deals done with some great skill sets. He also has some unique abilities around finding deals and even used some direct mail. There are different things about finding deals that he talks about on the show - where he finds deals, maybe unconventionally, even blowing some myths that you believe about direct mail. He also talked about ways he's finding new investors and what he's done around that as well. I know you're going to enjoy the show.

Justin, welcome to the show. I know I've seen you around on social media, in different places you said you mentioned you heard me speaking somewhere. So it's interesting, we've not

actually connected before now. But I'm looking forward to hearing more about your story and how you got started in this business. I know you have some valuable help for our listeners but tell us a little bit about that story so we can learn more about you.

0:01:57.6

JUSTIN GOODIN (JG): Yeah. First of all, I'm just honored to be on your show. I've been a long-time listener. So pleased to be on your show and add some value to your listeners. Just a starter, born and raised in Indianapolis, Indiana. I started in real estate when I was going through business school for a finance degree. I was searching for different avenues to earn passive income. I tried some different things that did not work out for me, some day-trading, swing trading. I went through the market, so volatile and unpredictable which really led me to real estate.

I started in residential real estate by flipping houses, investing in single-family houses. That was a great experience for me. But what really gave me the idea of investing in apartments is in fact that one house I bought from a local investor. When I asked why he was selling his house, he mentioned he was liquidating all his assets and going to invest in apartments. At that time, I was fascinated by that. He was an average-looking guy, he was my age and just seem really normal. So, I was like, "How is this average-looking guy, young guy, going to go out and buy apartment communities?" So, after that, I didn't really think too much of it. But shortly after that conversation, I was set at going out to buy another duplex or another fourplex - and by the way, nothing wrong with that strategy - but for me and my goals, I know I wanted to go bigger, faster, all that scale and benefits that investing has to offer.

0:03:32.9

JG: So, I stumbled upon a book on financial freedom by Michael Blank. That was really the first book I read that opened my eyes and changed my whole perspective on what is possible with the right education, the right team, and most of all, persistence.

0:03:52.0

WS: Tell us right there, what was your perspective before that? What happened right there? Because that happened to me numerous times, it was crucial pivoting moments when your perspective changes. Fill in a few more details there about what your perspective was, why you had that perspective, and what it changed to?

0:04:07.7

JG: Exactly. Well, just like the mindset that a lot of people have. You know, in general, I think we're raised and trained to start small, be safe, be conservative. But I thought I wanted to get into real estate. My mindset was small, and a lot of people are just saying, "I'll go flip a house. I'll go buy a single-family house." And that's exactly what I did. That's all I knew at the moment. So, I think it takes a lot to step outside your comfort zone, and do things that average people are not willing to do. And you really have to surround yourself with like-minded individuals. Take that action to work for your goals and go bigger.

0:04:49.7

WS: You have to take action to work toward your goals. No doubt about it. I just love that you highlighted the perspective change. It's interesting that you bring that up. Just last night, my boys had to go get the horse up in the rain. My six-year-old comes in and he says, "Dad, that was hard." He got some cuts on his hand and they were getting wet of course, and staying in a little bit. But it wasn't raining that hard, thankfully. But see, I knew that that would stretch them a little bit, right? I wanted to stretch them a little bit, and so he comes back in and he's like, "Dad, that was kind of hard." And so we got to talking about perspectives. What is hard? And I just think that helps pivot his thought process on what is hard. Well, now he's accomplished that. Now, I guess he'll be looking toward the next thing that's more difficult. Or, the next time this happens, it won't be as difficult. To him, 'cause he's six, that was the difficulty for him. But for you, your whole perspective changed about what you could accomplish in this business and all these things that you were exposed to. Give us some of the first steps then that you started to take.

0:05:48.5

JG: So, pretty much after reading that book, I was hooked instantly. I knew that that's what I wanted to do. I knew I wanted to go down this apartment investing journey. That was towards the end of my time when I was in business school. I knew I wanted to work on commercial real estate. So, I started working for a local commercial bridge lender as a multifamily underwriter. That was a fantastic experience for me. Seeing how banks underwrite properties. how they do loans, how they look at sponsors. I did that for a few years and was a fantastic experience for me. I was able to use my finance degree at the same time. And that just proved my point even more - seeing the value of these apartments, what kind of income they're producing, seeing the balance sheets of these guarantors that invest in real estate. I knew I wanted that for myself.

So, I'm on full-time real estate now. By the time of reading that book, I've just been doing a ton of self-education -- going to in-person conferences, hiring mentors, listening to podcasts as much as I can, reading books as I can, co-hosting in-person multifamily meet-ups with my partner, Kent Ritter. I've just been doing everything I possibly can to go down this apartment investing journey.

0:07:03.9

WS: That's incredible. It's neat to hear, how you've taken those steps, you put yourself out there, you're becoming uncomfortable. I know we talked about this a little bit, but some other ways you've put yourself out there to be uncomfortable, to grow? I know one of those is through creating a thought leadership platform, is that right?

0:07:20.1

JG: Absolutely. So one of the things that has been a game-changer for me, something I wish I would have started on day one of going down on this journey - this is one of the things that Joe Fairless preaches in his book - is creating a thought leadership platform. Like I mentioned, that's one of the first things, if not the first thing, you should do when you're going down this journey. Creating a thought leadership platform really attracts active investors, passive investors, brokers. It really allows you to stand out, be unique, and show people that you're serious. You do this every day, people see your posts every day or every week about deals

you're looking at, podcast interviews, things like that. But what works for me was, like I mentioned, hosting in-person meet-ups in Indianapolis and also creating a Facebook Group. So, I do have a Facebook Group called the Next Level Apartment Syndication. It's been a fantastic way to connect with other like-minded individuals and keep people updated on things I'm working on. And it's a really fantastic way to build our brand at the same time.

0:08:28.8

WS: Facebook Group. How have you stayed engaged on a Facebook Group and helped use that to grow your presence or your business?

0:08:35.5

JG: It's a lot of work. It's definitely not too time-consuming. I post deals that I'm looking at. I post market news. I find things and I post things that are valuable to me and things that have helped me. I share it with my group members to try and help them in their journey. I was posting anything relevant that may help other people who are going down to any form of investing. So, it could be market news, underwriting tips, and tricks. Anything under that umbrella.

0:09:04.3

WS: Nice. It's incredible. I just heard different ways people are growing their presence online. And Facebook Group is a great way to do it. So, how are people learning about the group? How are you getting people in there?

0:09:13.7

JG: Usually I do organic growth. Just through posting online, posting on LinkedIn. I'm pretty active on Facebook, LinkedIn, BiggerPockets. It's just all through organic growth, other members inviting people they may know. And then people find me just through search engines and things like that.

0:09:33.2

WS: Yeah. Any other ways, Justin, that you've taken action to accomplish goals, to move forward? In the earlier stages, you feel like you're pushing the train. It's so hard to get it going to get the momentum going. Even then, I think it's an easy time to get discouraged when it's not happening as fast as you would hope or like. It never goes as fast as you would hope or would like. But, what are some things that helped you to really stay in there and stay consistent and persistent and all those things?

0:10:02.7

JG: I think mentors are great, mentors and masterminds. Those can all be really valuable. Definitely not required by any means, but I think you get a certain standpoint of credibility when you join these other groups of serious people. So, I think joining masterminds can be great, going to in-person meet-ups, starting the podcast, and most of what I preach as well, but finding ways to add value to more experienced operators. We find people that are doing what you want to do and find ways to add value to them. One example of that is - being in Indianapolis, a fantastic market to invest in - I have connected with other experienced operators that are interested in the market I'm in. I've sent them deals before, I helped out with property tours before, kind of like being loose on the ground rules. I went to help out another sponsor with due diligence and ask for nothing in return. That's a good day off from work and just took time out of my day to go and help somebody out with due diligence in my local city. And really, the main goal is just to learn. It's my main goal every day to learn and add value to more experienced people.

0:11:16.1

WS: You mentioned helping this other operator with due diligence, how did you reach out to that operator? Why would they allow you to tag along? How did you make that happen? Because I often will stress as well to find somebody you can add value to. You probably have some skill set that they could use on their team and do it for free. Some people are like, Oh, do that for nothing, for free, and I'd say that's a very small mindset. This person does not ultimately probably need you, but if you can add some value, there's a chance that they'll allow you to help them in some way. It's all about that relationship you're building. You're talking about learning every day, getting inside that person's network, and adding value to them. It's

just so valuable. More value than you're going to bring to that person probably the first year you're working with them. But how did you build that relationship so that person would allow you to help them with due diligence?

0:12:04.9

JG: I think this particular relationship started with a simple Facebook message and we got on a simple phone conversation. I stayed in contact by that means. But again, that goes back to that thought leadership platform. This other investor was a member of my Facebook Group. So, when I reached out to him, he kind of already knew who I was, kind of seeing me online. So, just having that little bit of credibility in the beginning and being perceived as that of an expert in having some experience in the field already really helped me get into his inner circle. He allowed me to shadow him on that due diligence day just because he already had that idea of who I was. He saw that I was seriously sold out, working every day towards those and things like that. So, that was just a way I was able to kind of stand out and show these other operators that I was serious.

0:12:56.4

WS: It's great! You made some small connections right before this thing happened that allowed you to spend time with this person, right? So yeah, crucial, crucial. Alright, it's like, don't go for the sale the first time. Build some relationship, and that's ultimately what you did. What are some other skill sets that you're using now in your business that you've developed? I know you have some skills around finding deals and maybe different ways you do that also.

0:13:21.8

JG: Some of the things that I'm trying to be unique with what I do as far as finding deals is using direct mail. We're closing on a deal in two weeks that I found using direct mail campaigns. I like using that to supplement my deal flow. Brokers are still going to be your number one resource for deals, the most efficient way to find deals. Usually, in a given market, brokers are transacting on 90% of the deals in the market. So, brokers are definitely the most time-efficient way. But something I've been doing to supplement my deal flow is using direct

mail. I do have a free e-book that I made to add value to other investors to help find deals with direct mail. I think it's a fantastic way to supplement your deal flow.

0:14:09.6

WS: Give us some details behind how you use direct mail. Because I think there's a mental block behind that. Well, some say that works for single-family or some small multi-family, but you're not going to find a large commercial deal using direct mail. Is that a myth or not?

0:14:24.9

JG: I think direct mail is definitely more effective with some of the smaller asset sizes and more to the mom-and-pop type owners. But I do think it's entirely possible to come across in a large partial deal. Once you go over that threshold, 80, 90, 100 units, as you know you're dealing with a whole different kind of buyer. You're dealing with another multifamily investor themselves that they're incentivized and listed on market with a major broker, ridiculous asking price to deliver the best returns as possible to their investors. So, I don't want to say anything is impossible, but it does seem to be more suitable to find smaller asset sizes, 40-50 units, and more the mom-and-pop type owners which are along the lines of the deal I'm following.

0:15:14.0

WS: Sure. I feel it isn't a myth. It can be done. People use it often for many different things. But definitely in real estate and finding large deals, I feel that it can work. What about some tips around that though? How do you find things used to build a list? And other tips and why are you sending a postcard or is it an envelope that's half-open? I've heard all these different things.

0:15:35.3

JG: Yeah, definitely a great point. I like using postcards. With postcards, they don't have to open a letter, open an envelope. They get to see exactly what it is, right then and there. I like including in the message something about the team I'm working with or maybe a deal I just closed nearby. And I like including a picture. I think a picture is one of the main things you can do for yourself, to put you out there. It makes the letter a little bit more real, more personable. It

helps the reader to relate to you more when they see that an actual person is sending it. I've done direct mail campaigns that are actually hand-written, computer-written. I've tried a variety of techniques like including a stamp on there that's actually a little bit crooked. It might seem like a small detail but it helps the readers see that it may not be done by a machine and actually being put on there by a real person.

0:16:32.0

WS: It's interesting these small details. How much they matter, right? That's incredible. What kind of response should someone expect? How many are you sending and what kind of response rates are you getting?

0:16:43

JG: Personally, I'm targeting a two-tier market, and I'm sending maybe a couple hundred. Other people here talk about thousands of letters every month, and it's just not the approach that I take. I like taking what I call more of a sniper approach instead of a shocker approach. So, I target the exact criteria that I want in a deal. Send letters only to that targeted owner. One, I don't want to waste time or money. Two, when I get a response from the owner, I already know it's going to be a targeted list or a targeted property that I want.

0:17:17.8

WS: Tell me again how you build that list that's targeted.

0:17:20.5

JG: I usually get my data from CoStar. CoStar is my go-to source for getting data for properties. There're a few different resources out there, I think, but relatively the same. But personally, I use CoStar.

0:17:33.0

WS: Okay, that's good to know. I mean, it is available to everyone, I guess if you're willing to pay for it, right?

0:17:37**JG:** Correct.**0:17:38**

WS: Now, that's awesome. There're numerous different places you can get lists and information like that. That (list) where you send postcards or letters to people. So, maybe you can use that deal as an example that you got through a postcard, walk us through a little bit of how they responded. What that process looks like to actually get a contract on something?

0:17:58.2

JG: Yeah, so this particular deal that I mentioned earlier, on the west side of Indianapolis we're closing in about two weeks. This is a smaller deal, but it's a fantastic deal that I couldn't just pass up. Every deal we see nowadays is that quote-unquote value-add deal. This is an actual value-add deal with the mom-and-pop owner. The dealer lives onsite, and one of the units has lived there for 16 years. All the value-add quality is there, the below-market brands, outdated units, the owner pays all the utilities, which is not common in Indianapolis. From all points of view, it's a fantastic deal - stable cash going, owners put a lot of good money into it over the years. It is just not being run as efficiently as it can. And I feel really thankful to find this opportunity. I did get a little bit lucky. The owner did receive other postcards, other mails for this property, but something about my letter must have just resonated with him and he was the first that called me.

0:19:00.0

WS: Do you know what that was that stood out?

0:19:02.1

JG: I don't know what it is. I didn't ask that. But he called me on the phone one day. And that's another point when you're sending out direct mail campaigns, you need to be able to answer your phone. No matter what time of day it is, what you may be doing, always make it a point to answer your phone 'cause you never know who may be calling you. So, I answered the phone, he told me a little bit about his property, and I was on the site touring the next day.

0:19:28**WS:** Wow.**0:19:29**

JG: Yeah. In that conversation, I didn't ask anything about price, anything that he wanted for it. Just some basic details about where it is, how long he's owned it, and I really just wanted to get it in front of the owner that I was serious to start building that relationship.

0:19:45.7

WS: Nice. Now, that's incredible, Justin. I like the listeners to know that, hey, there are other options to finding deals depending on how motivated you are. You can go out there and make some other stuff happen. Justin, congratulations on your success.

Pivoting just a little bit, but what's been the hardest part of this syndication process or journey for you so far?

0:20:02

JG: One of the most difficult parts starting out is the consistency of it. There are a lot of people that want to get started in this industry, but not everybody is going to put in the time and the effort to be successful in this industry. I think that's what separates different people who are in this industry - how much time and effort you're willing to put into your goals. And that's what really separates people. So for me, in the first two years of not finding deals, being outbid on deals, and feeling like I wasn't making a lot of progress, but I actually was. If you think about finding a mountain, and then when something happens and you fall down, you're not falling down to the very beginning, you're falling maybe back to the halfway mark.

0:20:54.3

JG: So, long story short, it may feel like when you're starting you're not making progress but always know, you really are.

0:21:02.1

WS: Some wise words right there. Appreciate you talking about those two years. You just have to keep at it. Keep at it. You couldn't give up. One thing I wanted to ask you with your experience, a finance degree and then a bridge lender, you're underwriting properties, some great experience coming into this business, to say the least - I wish I had that experience that I could add but I don't - but because you have that experience, I want to know, how do you prepare for a downturn? How do you know that you're prepared for a potential downturn? Even as a lender, what do you like to see when the underwriting says, when this thing happens, when the market shifts, this operator or yourself, we're going to be able to withstand that?

0:21:42.9

JG: A couple of things, I think knowing the market that you're investing in is really key. As far as really knowing what market you're investing in, know the population growth, the rank growth, know the employers that are coming to the area, and just being really confident that it is going to continue growing and driving in the commoners. I think the realistic expectation in your underwriting is key. There are some deals going around, on the OM perspective you see this huge jump on income in year one, but that's an OM for a broker you're looking at. I think really making realistic expectations and really counting on that, you hope everything is going to go well. But being cognizant that something may happen along, and so just tailoring in, slowly baking in these rent increases, income growth over a realistic expectation. I think any feedback from your property management company is really key, verifying proforma, verifying your rent increases, and really just having data to back up your decisions and back up your underwriting.

0:22:55.3

WS: Do you have any predictions that you can share for the real estate market over the next six to twelve months, two years? Anything like that that you're planning for or hedging against?

0:23:05.4

JG: I think real estate even multifamily is still going to remain strong in the coming years. I can definitely see a softening coming. I don't expect rents to keep growing at the rate they're growing forever. So, I do expect a softening coming in the next few years. I don't expect a

crash or a huge slowdown. I think multifamily is still going to be a really valuable and thriving investment in the coming years.

0:23:32.2

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

0:23:35.1

JG: I would say probably Facebook, BiggerPockets, LinkedIn. Those are my three biggest ones. I also make a ton of local investors at my Indianapolis meet-ups that I co-host. And conferences are a great way to connect with other like minded-individuals all across the country that come into that one spot. I think all of those are great ways to meet new investors and like-minded people.

0:23:59.0

WS: Which one would you say is the best for you?

0:24:01.0

JG: Probably conferences. As I mentioned, there's just a ton of people coming into that one spot and it's a great way to connect with the people around the country in different markets.

0:24:10.6

WS: How have you used BiggerPockets to find investors?

0:24:13.6

JG: Using forums. The forums are a way to go in there and answer questions. I post about different topics, and I have things on my profile picture or my profile that will make me stand out. So, when people come upon my profile, they can see my Facebook Group, my blog posts, and things like that are kind of unique.

0:24:35.9

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

0:24:40.9

JG: I wake up early every day. I do a few things on the Miracle Morning, I'm a huge fan of that. I don't need to do everything to the T, I get a couple of things out of that and incorporate them into my own morning routine. So, I think waking up early is key. I think doing things that you're uncomfortable with every day is going to help you continue to grow. That could be a podcast, that could be going out for a run. But I think doing things that makes you uncomfortable can really make you stronger in a way, so when something hard actually does come into your life, you're a lot more prepared for when it does happen.

0:25:20.6

WS: No doubt about it. If you're not uncomfortable, you're not growing.

0:25:23.5

JG: Right, exactly. Yeah, I love that.

0:25:26.0

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

0:25:28.9

JG: Creating a thought leadership platform. Like I mentioned, that's been a huge part of it - taking action, changing my mindset, working with different coaches that have helped me deal with all of the above. When I first started, mindset wasn't really a huge thing that I took seriously, but I think a lot of the things in this industry do start with the mindset. If I didn't take the action and change the mindset to feel bigger after buying that single-family house, I might still be investing in single-family houses and doing similar things like that. And there's nothing wrong with that, but for me and my goals, I just knew I wanted to make a career in real estate and go bigger. So it just made sense to change my mindset, take action and work for my goals.

0:26:13

WS: How do you like to give back?

0:26:16

JG: Great question. In my spare time, I volunteer at a hospice which has just been an incredible experience. I'm also a mentor for The Big Brother Big Sister organization. Those are a few things that I do in my spare time.

0:26:32.7

WS: That's awesome. I appreciate you sharing that. That's challenging, I think to all of us. I hope it is to the listeners as well. But those methods are just incredible. My wife has been a part of the Big Brother Big Sister program locally for some years. That's just been great. I mean, it's just a great way to build relationships with young people as well.

Justin, grateful to have had you on the show. It's great to hear your story, moving into this business, your background, and some tips around thought leadership platform. Also, the direct mail stuff that I feel like is used probably to a bigger degree, however, I feel like it's still probably under-utilized by most. It's just that myth behind that, "no, that doesn't work in our industry". But there're people like you that are out there making it happen. So, just grateful for your willingness to come on and share. Tell the listeners how they can get in touch with you and learn more about you.

0:27:19.9

JG: Absolutely. You can connect with me on my Facebook Group, "Next Level Apartment Syndications", and also through the nextlevelequity.com website.

0:27:28.5

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.

[END]