

EPISODE 1151

[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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Sam Rust (SR): This is your daily Real Estate Syndication Show. I'm your host, Sam Rust. With us today is Matthew Vincent. Matthew is a 23-year-old real estate broker in Anchorage, Alaska. Main focus is off-market commercial real estate and finding new opportunities with corporate real estate companies. I'm looking forward to diving into that. Matthew's a voracious reader, tries to read a book a week and is summiting mountains on the rare summer Saturday evenings in Alaska. Matthew, welcome to the show, thanks for joining us.

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Matthew Vincent (MV): And thanks for having me.

[INTERVIEW]

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SR: So I'm doing a little bit of research for the show, Matthew, noticed that you graduated high school from IDA, and I'm just curious. I've talked to a number of folks who've been home schooled, actually, for disclosure I was home-schooled myself. How do you feel that that may be a somewhat unique path in education that has impacted your career up to this point, or your love of learning. Anything along those lines?

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MV: There was never really a set schedule that I had to do every single day, a lot of it was different, and a lot of it was self-directed. So if I wanted to get good grades, I had to make it

happen for myself. There were my parents, which were a big help, mainly I had to work on it myself, and if I had an issue, I could either go to my parents or go search it up. Most of the time I like to search them up 'cause I like to do things on my own. That's how I've been operating since. It really helps that my family was in the military for so long, 'cause that also, with my dad being in the marines, that really gave you a drive to keep doing stuff all the time. And if you're not doing anything, then find something to do. So being in school really helps with just that self-driven motivation to go find something and make it happen.

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SR: And so that drive to find something, make it happen has led you to real estate. How did you end up becoming a commercial real estate broker? What was that transition like? After you graduated from the University of Alaska Anchorage?

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MV: Yeah, so real quick, I do have to correct you, I'm not technically a broker, I just gotta say that out, just a licensee. I came here, because it started when I was going to the University of Alaska, there was a real estate program that I decided to be a part of, and there was an internship opportunity in commercial real estate with 300 North Commercial. They're a pretty good firm up here, and when I went to do the internship, it was a very self-directed internship. I worked on LOIs a little bit. I worked on showings a little bit, but just shadowing the principals in that firm and learned a lot and then saw what commercial real estate really was. Up until then, I just thought it's like, oh well, you saw a big building. Cool, but there's a lot more to it. First, developments, there's representation, the selling aspect, which in commercial real estate, you don't just work with your local market, you work nationally and thinking it's like, oh wow, I could be in Alaska and work nationally.

That's really cool, and now it's more prevalent than ever with the work from home from Covid. But that's what really led me to the commercial side of things. I tried residential for a little bit, I really sucked at it. I think, so far, I've sold four or five homes in my career so far, I'm just gonna stick with commercials, 'cause that's what I've found I'm good at. And specifically multi-family 'cause that's what a lot of my mentors and teachers are invested in. That's what they taught.

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SR: So what do you think about, what's the difference in your mind between single family and multifamily and what maybe makes multifamily easier for you than single family?

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MV: So, personally, I've never invested in a single family except for maybe getting my own home. But single family, to me, seems like it's, you can certainly scale with it, you can totally do it on your own, but it's not, don't have the cash flow like multifamily has in most cases, especially right now. If the market's down, you can probably buy a place to fix it up, sell it. If the market's up, though, like it is right now, you can be hard pressed to find any good deals right now, you might be able to find one, but you can't guarantee it's gonna deliver the returns. 'cause if lumber prices go up 200-400%, like they did, you can lose all the money that you were expecting to make and basically work for free for a year in a single-family. For multifamily, there's always the cash flow, if you buy right, you're gonna have cash flow, you could increase rents if you make some modifications to the property, but it's gonna be a good cash flow in property, that's just my experience in it.

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SR: On the Life Bridge Capital side, that's one of the things that drives our investing thesis is we look for projects that are cash flowing. We are getting into some development, and obviously that's kind of a slightly different risk profile, but broadly speaking, multifamily provides that really good cash flow relative to many other things, you think of the various places that you can invest funds and actually receive some form of a dividend, we're talking Dividend Stocks, maybe some bonds, you're doing really well, if you can get 3% or 4% on a stock and maybe 10% of that on a bond. Whereas commercial real estate, it's very feasible to buy in-place properties that are cash flowing, in between 6% and 10%, depending on your market and how much sweat equity you wanna put in and how much work you're doing on the acquisitions.

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MV: And the great thing is, commercial real estate don't have to be apartments exclusively, but you could buy an office building, do a net lease and all those things you're gonna write good, solid cash flow. Personally, my favorite, secure asset to buy is a net lease, triple net lease. Like a Dutch Bros Coffee Company or maybe even a Target. Where Target leases the mass building. They don't have to have a lot of capital for that, but that provides solid returns for quite a long time.

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SR: When you talk about finding new opportunities with corporate real estate companies. Unpack that statement a little bit. What does that mean?

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MV: Yeah, so mostly corporate real estate companies, they usually go after the big things, those are never gonna hit the market, almost never gonna hit the market, especially right now. If you try and go on the local MLS, look for a place like say, 400 units, you're gonna be hard pressed to find something unless you're in a very large capital market and it's at a very high price. Corporate, now when I say corporate real estate, I mean, like institutional investors and institutions that go after things like GreyStar, Blackstone of them, and a couple other of the giants that you think, oh, they probably, I wonder how they do that business and how they do that business is they use brokers. Like myself, people at (inaudible), people at CBRE, but brokers that are specifically focused on one asset class, like either hotels or multifamily. Having been in multifamily and just going after and researching and finding those owners, it might take a little bit, but once you find the owner that the institutions are probably gonna be pretty quick to put it in an offer, even if they have minimal underwriting data. Like, sometimes they don't even need to see the operating statement to find a good value because they have the resources to underwrite something without even looking at the place. Which I find is really interesting. That's something I'm trying to learn. That's what I mean by finding new opportunities. Just looking for places like, is this the whole period for this specific property coming up and can I get a buyer for that right now? Because once it's up, it's gonna sell either I'm gonna sell it or someone else can sell it.

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SR: Yeah, it's definitely a seller's market right now. There's so much capital floating around in space. I was reviewing a capital report for Newmark and the amount of dry powder that's sitting on the sideline for commercial real estate as a whole. Obviously, we talk here at the Real Estate Syndication Show a lot about apartments, but it's not just apartments, it's commercial, it's hospitality, it's light industrial and retail. Really every asset class is under pressure right now, and so if you can land those off-market opportunities, that's the Holy Grail. As you've been trying to find those opportunities, what are some methods that you've used that have yielded fruit?

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MV: Just calling the managers. That's a big part. Like, call the front desk of the property, say, hey,

say who you are and what you're looking for, and they're probably gonna direct you to the right person you need to talk to. And they might transfer you to somebody at the corporate level, or they're gonna pass you to the owner directly, if it's a small operation. That's one of the best ways to go after and see it. Like, hey, I've got a buyer for this place and that's what I say, 'cause even if I don't have a buyer specifically for that one yet, I know that one of my buyers would be interested, but I just go around and just providing some value like that, and then front desk just transfers me over.

Most of the time it happens. Sometimes I have had the gatekeeper that will never work with me, which has found to be very annoying, but there is always a way to get around that if you just play at their level for a little bit and keep calling, they might just give you an email and you might have to go through them, but it's gonna work out.

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SR: I think something that's important as you're searching down leads is obviously figuring out ways to add value to the people that you're pitching. And that can be difficult to do, especially in today's environment where they're probably getting pitched by a number of people. But what are some things that you do to add value on that side of the equation, so not necessarily your customers, but the people that you're trying to uncover a deal with?

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MV: Recently, I've been offering brokers (inaudible) value, just giving them, it's like, hey, I'm a broker or a licensee. I understand that market. I've done this, this and this. These deals are in the seller's market right now. I'm curious if you know what the value of the property is. If they're a corporate company, they probably already do have an estimated value, but they're gonna be curious with market value, 'cause their analysts can look over it all day long, but that analyst, you could be very different from what the market (inaudible). And as licensees, as brokers, we have the market data and that market knowledge to know what the market would be willing to pay for it, and that's some value that we can easily offer and we can even charge a fee for. So you could probably do it as well.

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SR: I'm curious, personally, what database you guys use. I know there's Yardi Matrix, there's CoStar, there's several other national platforms that can aggregate data, what's your preferred

database to plumb for information?

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MV: Great question. Since I'm in such a small market, I just network and talk with people to see what things are selling at. I have access to CoStar, but most of what I've been going after and what I've been learning has been just from talking to people having coffee with individuals who are at the higher levels. And just seeing what they're buying at, what they're selling at. That's what's given me the information. In Alaska right now, if you were to buy in the North-East Anchorage or Northwest Anchorage, you're probably gonna get like a seven cap, a seven and a quarter cap. If you buy in South Anchorage you probably gonna be closer to a seven cap, in variants of about 25 basis points.

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SR: That was the one thing I was curious about, 'cause cap rates obviously here in the lower 48, highly variable depending on your market, but substantially lower than what you just quoted. Very interesting. As you go out, how do you put buyer and seller together? What are some things that you have done that have led to successful transactions?

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MV: A lot of times how I started getting buyers for this type of stuff, I just look on the website. Most companies, you're gonna have a website, even if they only have a few properties and they're gonna have a contact page, I'd say, hey, I'm a licensee in the Anchorage area, have deals flow by my desk every couple of days, if you're interested in seeing these deals, here's my contact, please reach out. And the acquisitions guys will probably gonna reach out to you, 'cause they're always gonna look, they're never gonna not look for a deal. Even if they're not looking to buy right now, people still like looking at a deal. It's like, oh wow, that's a cool deal, I wonder what they're gonna sell for. Most of the time, 90% of the time, they're gonna reach back out and just introduce themselves, and that's how I get the various contact information, and then sellers, like I was saying, just call the property and say, hey, you got a buyer for the property and see where it goes.

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SR: You mentioned in your bio, we mentioned at the top of the show that you enjoy reading quite a bit. I love that, I think that that's really important. Especially as one is getting started in their professional career. I try to maintain that book at a week pace. Some weeks I might get two or

three, some weeks I don't get any but a day. What got you started on that and maybe share a favorite or two that you've read recently.

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MV: I started on it back in 2018, so I've read quite a few books. A lot of the books that I read are certainly re-reads 'cause I wanna get that information again. But my favorite book, I haven't read it recently, but I plan on starting it again this week, this upcoming week at least, *Predictably Irrational* by Dan Ariely. It's fantastic. It goes over the rational and irrational thoughts that cross people's mind on how they make decisions, I think that book has really helped me just understand people. Because, say, if a seller says, oh, well, we just re-finance, there's gonna be a prepayment penalty, probably not gonna sell right now, and you guys hang up and are thinking, okay, well, I didn't go after this in a little bit and see what happens. It was an irrational statement that they're probably not gonna sell soon, it's just a hurdle that you've got to go over now. And that's what the book talks about. It's all the hurdle that you've got to get over when what you think is rational, is just irrational.

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SR: I'm curious if you could share with us maybe a hurdle that you have overcome in your personal or professional life up to this point.

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MV: Being patient is important, but it can really hurt you if you're waiting for a property to come up. Also, over-analyzing, those two things go hand in hand. A little bit ago, a couple of weeks ago I was waiting on a property to sell to one of my clients, 'cause it was too big for me to go after. And, frankly, I didn't want to just because of the collateral of the property. So I was gonna present to one of my clients, but the other broker that was working the deal wasn't just being patient. Me and a couple other agents were being patient, waiting for some information on that property, so we could formulate a good offer. One of the brokers that was waiting decided to just talk to his clients, send them an offer anyway without seeing any of the financial information. And while we were trying to be patient, wait a little bit and so we could analyze the thing, it went on a contract for someone else at a good deal. So learn how to be patient, but also learn when not to be patient, and then also don't over-analyze 'cause if you have a good gut feeling, then it's gonna be most likely, be a good deal. So, submit the offer and see what happens. Because a lot of the time, even the off-market stuff, they're probably gonna be uninclined to send you information until they

have an offer.

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SR: That's very true. There's always a balance between striking right away and waiting for information so you don't re-trade. I always tell people who are breaking in, try your best not to re-trade and yet move quickly. And sometimes those things are mutually exclusive to a certain degree. And just be very clear, if you're moving quickly, just say, hey, we wanna get this offer in front of you, I stand behind it with the information I know, and we've had success doing that on a couple of bidding wars. An off-market deal, but really it's just a lightly marketed deal, and so there's five or six groups that are looking at it. And we'll tell them, hey, here's the factors that we're allocating capital resources for, we expect these things to come back so optimal and we're not gonna be surprised by that, but then that way they're prepared and they can balance our offer against others who maybe aren't blending that same air of transparency.

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MV: Yeah, exactly. That's something else now, it's like you say earlier to the seller's market, it is 'cause every seller is being approached, every owner is being approached. You're not the only one looking at the property. So the faster you are, the more likely you are, get the property in a market like we are in right now.

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SR: It's very true. What's something that you're excited about right now in your business specifically?

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MV: I'm really excited about getting some more places on a contract.

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SR: Spoken like a true broker, licensee.

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MV: Yeah. No, but more importantly for myself to syndicate myself, 'cause personally, I haven't bought, like my family, we own eight units up here in Alaska right now. And I just say, you know what, I'm seeing all these people do bigger deals, I'm helping my clients do bigger deals, so let's

go after 20 plus units. Let's see what happens. So hopefully soon I'll be going under contract with two or three properties just like that in the next couple of weeks. But that's a really trying apart for me. It's doing bigger deals and specifically for myself. Because one, I'm gonna get paid for it on the transaction side, and I'm also gonna have some cash flow, my investor is gonna have some cash flow. As the economy starts changing because of both the printing that happened, the values most likely gonna go up. So even if you're over-paying now, this isn't financial advice, but there's a strong chance you're still getting a good deal.

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SR: Yeah, it is interesting, you look over the last 10 years since the great financial recession in 2008-2009, if anybody bought a piece of real estate and called it 2010 to 2012, and they held it for five years, they probably did fantastic. Execution was nowhere near as important for the last three or four years, I've been telling people, I really think that the next 10 years, you're going to be different, that it is gonna be more about execution than it is just actually being in the market. If we continue to see inflation pick up the way it is, you make a good point that while none of us wants to over-pay, I think we have to be very careful to not divorce our purchases from fundamental economic realities. This is all occurring in a macro economic landscape that is changing. The rules are different than they've ever been in some ways. Adapting to that is going to be crucial. And recognizing that a lot of people are flying the real estate as an asset class, specifically as that hedge that is going to change how real estate is valued, it has the potential to further compress cap rates and definitely is contributing to the wave of buyers that we're seeing across the country, and even in Alaska, it sounds like.

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MV: Sometimes, I wanna add that real quick. When I say over-pay, I am in a small market, so its entire cap rates, maybe that price per square foot, that's probably gonna be like 100 bucks times 20 bucks. When you overpay 120 bucks per square foot, but you're still buying below replacement value, so even though I'm over-paying in my market, I feel like I'm still gonna come out on top over time.

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SR: Yeah, I think controlling for that risk-adjusted rate of return is always something, and a lot of times those risk factors, particularly in smaller markets, on smaller properties can be harder to quantify. And it really comes down to the appetites of you and your investors for that level of risk,

but you have an advantage there, being in Alaska, being a local already having your foot in the door as both a broker and a property owner. Yeah, I would imagine a lot of your investors are locals as well, and wanna contribute to the local economy, and there's other benefits beyond what you could quantify on paper for your network. (Yes.) Awesome, well, I really appreciate your time, Matthew. Where can folks, if they wanna reach out to you, learn more about you, or if they're interested in learning more about Alaskan real estate, how can they get in touch with you?

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MV: So, everyone should pull out their phone right now, and go to Instagram. Search out Matthew Vincent, it is M-A-T-T-H-U-W-V-I-N-C-E-N-T-T with another T at the end of Vincent. So it's, two, Ts and two Ts. I'm on Instagram. I'm always active, and if you send me a message, I'll probably reply within a couple of hours, that's the best way to reach me right now.

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SR: Fantastic. Well thanks to our audience for joining us on another episode of the Real Estate Syndication Show. I'm your host, Sam Rust, signing off.

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