

**EPISODE 1203****[INTRODUCTION]****0:00:00.0**

**Whitney Sewell (WS):** This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today is a Highlights show that's packed with value from different guests around a specific topic.

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**[INTERVIEW 1]****0:00:24**

**WS:** Our guest is Edna Keep. Thanks for being on the show, Edna.

**0:00:28**

**Edna Keep (EK):** Thanks for having me, Whitney.

**0:00:29**

**WS:** Okay, well, I've had more people ask recently about Airbnb and you know, using that in a multifamily property, you know, maybe that's commonly not used for Airbnb but maybe we start using one or two units and see how that works. I bet, you know, can you – just got a couple of questions I wanted to ask you but while we're on that, can you elaborate on how that's worked for you so far?

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**EK:** We're just setting up our second one but our first one has been going for about six months now because we wanted to test the waters and see how it's going to go. You know, they're all one-bedroom units so they're renting about \$850 a month.

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**WS:** Wow, doubles the income. Do you plan to convert more units into Airbnb or is it like this balance of wait a minute, we want these 12-month leases here or you know, longer term leases but then we're going to keep pushing this over here with these few units.

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**EK:** We're going to do three immediately so we're working on the second one right now and we have one coming vacant at the end of August so then we're going to go with the third one.

We'll probably run that for a little while and then just test it. If we still get – keep getting a really good response, we could see ourselves going 100%. You know, we got other buildings in the city that's long-term leases and you know, unfortunately, we have investor partners on there that are kind of scared of Airbnb, they don't understand it.

They don't want to do them. In this building, we own ourselves with another partner who is very forward-thinking and loves the Airbnb concept. We can see the future of it. Yeah, we'll go as much as we can get and of course, you got to test the markets just to see but our area right now under Air DNA which is a way to kind of tell what rating you have. We're at an A minus which is a really good area. Meaning, it's not actually saturated or anything like that.

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**WS:** Air DNA. Tell me again what that is and why that's useful?

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**EK:** They rate your property and your city on the viability of the project, it's amazing what they offer on there. They can tell you what rates you should be charging every night and depending on what's happening in your area, there's actually two of them and sometimes they get mixed up because they don't work on that part myself, I usually have partners. So there's price logs in Air DNA and they'll rate your area and then they also help you with pricing. It's like a more of a hands of approach so you don't have to be monitoring it yourself every day.

**0:02:47**

**WS:** Nice. Okay, back to this property, what is the business plan long term with this deal?

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**EK:** Well, you know, we buy everything long term buy and hold. We're specialists in that area, love it, we absolutely love mortgage pay down. Right now with our portfolio, we're over \$25,000 a month in mortgage pay downs. That's like, that takes care of all our long-term stuff that we ever need to think about.

Now, since we've got all that in place, we're just focusing on how we can maximize our cash flow, get our investors paid off as quickly as possible and we really think that Airbnb'ing, not every place is suitable, but Airbnb'ing a lot of units will really help with that.

**0:03:24**

**WS:** Nice, okay. As far as you know, I know even your bio mentioned primarily with other people's money can you tell me, elaborate on how you all used investors, how you've partnered with investors, what that looks like. I know you know, in Canada, the syndication model is a little different but how does that work in your business specifically?

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**EK:** Well, generally, we bring our investors in as a joint venture partners. They're silent partners and they – we'll meet with them once a year, we send reports quarterly, we explain what's going on and given the option to you know, we told them all about Airbnb in some cases, some aren't interested, some love them all I know.

We kind of get them a little bit of a say, not a ton, we usually are always the controlling partners in that sense. But sometimes you have to let people get broken a little bit easier but yeah, we used to don't totally joint ventures, we do a joint venture agreement. When we first started out our joint venture partners were on title and mortgage with us. Now we're getting to the point where usually only one or two of us have to qualify where the mortgage so we – Although they're on mortgage and title, we're the ones that were responsible for the mortgage and that sort of thing.

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**WS:** How did you initially start attracting investors to partner with you all?

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**EK:** You know, I used to be a financial adviser and I – when I understood real estate, couldn't even sell mutual funds anymore, it was just like my gosh, I can't even believe it, there's so much more control, so much more money, love real estate, it's so much easier to understand. I like simple things. A lot of people think that a lot of my clients came with me but you know, they didn't. I must have did a good job selling them on mutual funds but you know, just basically networking.

We partnered up with somebody very early on who had been in the business about two years longer. They had a bunch of houses and they were actually already raising some capital, I was still a financial advisor when I first started so I couldn't raise capital. We partnered with them.

That took a lot of fear out of deals that we might have been scared to do on our own. From there, we just networked and people started coming to us with capital and we get people from all over Canada and US that want to invest in our project, just get to know them over the years.

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**WS:** How do they know about you? How do you I guess start that relationship, you know, people from all over. Is that, through social media, how do you ask that about yourself and what you all are doing?

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**EK:** Well initially it was just personal contacts but eventually email. I do a lot of Facebook lives. I do a lot of podcasts like this and people just get to know us and then sometimes they follow us on Facebook. I've had people say, "Yeah, I followed you on Facebook for about two years. I know, we understand your stuff," and then they start either become students or invest with us. We are actually finding right now that a lot of our students are investing with us.

Because you know much like us when we started, we were scared of everything. You know we were scared of making that wrong decision and just having a partner that had already been doing this for two years, took a lot of that fear away. So lot of our students go, "You know what? If I could be part of a deal, understand it before I start raising my own capital for other deals." So we do a lot of that as well.

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**WS:** It makes all the difference that's for sure. It makes all the difference but let us talk about that a little bit. You know you're coaching others. You have students now that are striving to do what you're doing right? To build their own business in real estate and what are some of the biggest things that are holding them back from making that leap into doing their own deals?

**0:06:34**

**EK:** You know I think fear is the biggest thing and when they are dealing with investor capital, one of those fears is losing other people's money and I tell students, you know what? When you tell me when you are scared of losing other people's money, I like that. I wouldn't even take you on if you were one of those people that said, "Oh I am not scared of losing other people's money, whatever it is their money," right? It is not the attitude I want people to take.

That is more precious than your own because they will help you grow but you got to help them grow at the same time. So that is a big fear getting over that and then you know, getting the mindset of your worth in the deal too. Like so many people think, "Oh if I could just get the money, if I could just get the money," but you know there's lots of money out there.

You are the one with the goal and if you can get that mindset that's going to make all the difference for you and you know yourself, Whitney — I mean there is a ton of people out there looking for a place to invest in real estate. They don't understand it, they don't know where to start. So they want somebody who knows what they were doing a lot of times. They don't have time to do it themselves so that is where we come in and we can help.

[INTERVIEW 2]

**0:07:37**

**WS:** Our guest is Alvin Cavalier. Thanks for being on the show, Alvin.

**0:07:41**

**Alvin Cavalier (AC):** Thank you, Whitney. Thanks for having me on.

**0:07:43**

**WS:** Alvin, also known as Coach Cav, is the owner of Your Space LLC. It manages your spaces, investor relationships, coaching program, outreach as well as oversees its investor network. Alvin has been involved in real estate investing for over 10 years and has extensive experience in short-term rental, acquisition, property management, and traditional owner financing deals. As a principal of Your Space LLC, Alvin continues to leverage his organizational leadership experience to create investments in deals for both new and experienced investors.

Alvin, welcome to the show. Grateful to have you on. One way that I know people are getting creative recently and in minimizing their vacancy and large multi-family is turning maybe a few units into short-term rentals. And so I'm looking forward to hearing more about that because I think it could be useful not just depending on where that property is located. It could even be a way to increase your income as well if it's something that would work well in that area. First off, I want to thank you for your service. I don't know if the listeners probably don't know, but Alvin is active duty military and serving our country. So I just want to first off say thank you, Alvin, for your service. But get us started a little more about what you do, and let's jump into how maybe thinking through turning a couple of units into short-term rentals could help our large multifamily portfolio.

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**AC:** Great. Thanks, Whitney. Thanks again for having me on and for your listeners. Happy November 3rd. Out of all days, I get the honor. But as introduced, I'm Alvin. I go by Coach Cav in the short-term rental industry. And my company, Your Space, we've been operating in short-term rentals for just over three years and we've amassed somewhere over 60 or so short-term rental and sharing economy investments across the country. And that's working between small apartments, large apartments as well as single-family homes in the portfolio.

One of the unique things that we do working with real estate investors, more particularly multifamily real estate investors, is helping reduce vacancies through creating what's called pop-up short-term rentals. And that's simply having the ability to leverage our services and processes, processes and services, and bring them to a multifamily property to help reduce vacancy rates. And what that simply looks like is being able to take a stored set of furniture and put it into an apartment, one to ten apartments in literally a day or two, and have those places up and running on short-term rental platforms producing income — in no time.

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**WS:** Nice. Okay. That's an interesting thought. Like, have this furniture available. So you just have a process, I assume. Okay. Well, immediately we can just say, "Okay, we're going to put this furniture in this unit," and all of a sudden we have a short-term rental that we can put on the market, in a different market, really, or in a different type of industry to some extent even though it's still real estate and rentals. It's a very different group of people, right? So instead of that typical renter that we'd be marketing to, all of a sudden we can market to somebody else in a different group of people.

And so help us think through that a little bit and some things we need to be able to have in place. Even thinking through the furniture and where to store it, the processes to make that happen, and maybe we could have that and we can get it in there. But then let's talk too about how to market that to that group of people and be successful in the short term rental space and then having that pop-up availability like you're talking about.

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**AC:** Great. And what we do is, one, we like to keep things simple. And that's simply dealing with things that we typically deal with as real estate investors that have properties across the country. And what that process looks like, it's simply having storage space in a given city, and hiring an interior designer to outfit what those places would look like. And then we keep that furniture stored in a location — that also becomes available, in most cases, to real estate agents for rental that are doing other real estate showings or pop-ups in a given area. So it becomes sort of multi-purpose if you think about it having furniture available to leverage and turn into a short-term rental.

The second part of that becomes part of our build phase within our framework. And that simply revolves around being able to find and hire the right people and put them into the right process that we have. And then that taps us or enables us rather to have ready teams available to take on the furniture. Get access to the space. Pop it up and then have it ready to rent.

Once we enter into this build phase, what's going to happen is we are going to either virtually build out the furniture package inside of the space, have professional photos taken. So we'll always have a running profile for that property or the properties on a number of short-term rental sites and available. So if we know, for instance, we've got a vacancy coming on 1 October, 2020 and we are three months out and nothing's coming in, we can turn a profile on the drop of a dime and start to pan out at least maybe a month or two. Open the calendar for maybe just a month or two and start taking reservations against that.

And that becomes powerful, because in most cases if we're looking out a month or two, all we're going to look at is where our profit margins need to be for that particular unit. And then we're going to price competitively just to hit our targeted and profit margins, which means we may not be competing against the entire market because our margins for that one or two units may be significantly lower. And that becomes one of the game changers, because we're taking on income at a lower rate in most cases, because larger properties have lower profit margin thresholds, especially for one or two properties. And it allows us to take that on in most cases significantly earlier in the rental cycle. And once we hit those targeted occupancy rates that drive us to our targeted profit margins, it becomes a win-win for everybody.

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**WS:** Nice. I like the thought of planning ahead and being able to turn something like this on. So we could look at our rent roll essentially and say, "Okay. Well, unfortunately, we're going to have 25 units vacant between November and December or January." Maybe that's the worst time of year to have some turnover. But to fill that gap so we can have them available, say, in March or April. We can look back in, say, September and say, "Okay. Well, we can go ahead and be planning for this and turn that on so we can start filling up some of those 25 units to short-term rentals for maybe the holidays or through Thanksgiving, December," if that's when that vacancy was. So maybe we could have more units filled. Is that kind of how you would plan that?

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**AC:** Exactly. And I'll let you into one of our bigger secrets here at Your Space and what we do well across most markets even with traditional single-family homes. We will aggregate our properties. And all that means is if I've got five homes in one geographical area, I will build a listing to accommodate all five of those homes. We do the same thing in the multifamily space, and that's simply taking the concept of you've got a basketball team coming into town and that hotel doesn't have 40 rooms to accommodate the entire team.

We look at it in the same light, and all that simply leads us to do is provide that same accommodation for larger groups across that one geographical area. And obviously, in an apartment complex, it becomes a better deal because they're all within one complex. But what that allows us to do, Whitney is it allows us to create unique value in the market. And when that happens, when you create unique value in the market, you're not competing against every home in the market against every traveler demographic. And then we get out of the discussion about nightly rates and then we start talking broadly about our profit margins because in these cases, then we can set prices for weekdays and we can set prices for weeknights and we don't have to move them because we've got value in a market that doesn't exist and we're not competing with everybody else for.

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**WS:** Nice. Well, help us to think about – What about, other than, say, the furniture and maybe our team that knows how to stage the unit and we got our photos ready? What other software? What are the things do we need to have? Where do we need to be connected to be able to turn that on to start taking reservations?

**0:16:58**

**AC:** So it all starts with the platforms that you're part of. And in our case, we use a channel manager, and there are several out there. We go with a channel manager called IGMS. And what channel managers do is connect your teams that service your property to your guest. And then what happens is that becomes a way for you to automate your communications, automate your cleaning schedule, and communicate between – allows constant communication between both from one platform. It also enables in some cases for you to price, right from that one management tool.

The other thing I'm big on is our security features for homes. And what we do with each of our places that I ask you to think about, we have a corporate contract with Vivint.

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**WS:** With who?

**0:17:53**

**AC:** Vivint Smart Home Security. And what we do, we outfit each home with a smart security package that also doubles as automation, a smart automation package for short-term rentals. So we've got smart thermostats, smart door locks, doorbell cam, outdoor cam all linked to a Google or Amazon device for connectivity. And we've got constant access for properties from anywhere in the world. And we're able to give guests access right from our smartphones. So that becomes a game-changer especially when you're scaling and you're not having to work between four or five different apps to do the same job. You get it all done in one package there. So that becomes huge with the automation.

The other side of that in the center of gravity and all of this becomes the housekeepers – because they have the most access to your place especially if you're doing remote operations. You've got to ensure you get that right. And then part of getting that right is building redundancy in your housekeeping team. So if life happens, you've always got a backup on call to help service your property. So as we call it in our build phase, we are hiring the right people, bringing them into the right process. And in our managed phase, we are getting those same people into the right technology so we can automate our processes from anywhere across the country. And with those two in place, it usually sets us up to do this well and then we can focus



on working on the business instead of working in the business once we've got those things set up.

[END OF INTERVIEW]

[OUTRO]

**0:19:35**

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