

EPISODE 1244

[INTRODUCTION]

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MATT JONES (MT): With networking, you really have to add value to somebody first. If you approach somebody first and say 'Hey, I want you to give me your time, your knowledge, and your money,' you know, that's really off-putting for a lot of people. But, if you approach people first like, 'Here are some value I can give you...' without expecting anything in return, that's gonna set yourself up for networking because people are gonna like you more.

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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 Matt Jones. He is the CEO of Hawkwing Capital, which syndicates large apartment buildings. He has a master of science in mental health counseling which comes in handy with building positive relationships in real estate. Matt co-hosts the Pillars of Wealth Creation podcast and owns 55 units of multifamily and 244 beds of senior assisted living as well.

Matt made a transition and started investing passively. And he was thinking, you know, small single-family was just the way to go and he couldn't do the large multifamily. He walks us through some of the paths of how he got into where he is now – doing large multifamily, the limiting beliefs, the mindset change. Those things that he must make happen, right? Your mind has to think about it before your feet started moving forward in that direction, a different direction maybe than you've ever been before.

I know you're gonna learn a lot from Matt today.

[INTERVIEW]

WS: Matt, welcome to the show. honored to meet you and have you on. I know you have been and are in positions in this business that many of our listeners are in or even want to be. And really, I think and you're gonna provide a lot of value to them today, I think just really thinking through how you got started, how you found that mentor, how you started networking and I do

coach few people and it's like that time when you learn to that, you have to step out and start networking, meeting people that can be pretty overwhelming at times. But even going from small multifamily to large multifamily and getting started raising money all, those things that, and so many limiting beliefs around that and fear, you know, stepping out and making that happen.

So, I'm looking forward to hearing more about how you did. Give us a little more about who you are, though, and let's dive in.

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MT: Yeah, sure. So I started investing in real estate in 2015. You know, started with small multifamily, just whatever I could afford to buy, based on my own savings. And I think of myself as a smart guy, and thought like, "Hey, I can just do this all myself, and save money from all these expenses, property, managers, and things like that." And so, you know, I did my own property management. I did a lot of my own construction work, and you know what I found was that things just went so slowly, and it was really a matter of like you said a limiting belief upon myself. Like thinking that I have to control everything. and I have to get all the profits, and that's the way to make the most money is by doing everything myself.

But so, eventually, after you know several years of things not going anywhere very fast, you know, I buy a few multifamilies. But I realize that you know I have to take a nice big slice of humble pie and expand beyond myself. And so then, you know I'm actually a shy introvert and so like networking is really hard for me meetings strangers, and talking to them is just scary. But it's worth it when you can expand yourself and you really scale, the more people you reach out to. And so I started meeting potential partners and learning about deals and learning about syndication, actually, your show is one of the first shows I started listening to. It really expanded my understanding because like one of the other limitations of myself with the small multifamily was my ability to raise money for the next down payment. You know it's very limited when you're stuck with that.

But syndication kind of solved all my problems of like "hey, I'm no longer using other people's money and hey, I can scale instead of buying a triplex. I can buy a 300 unit place through syndication." So I would say that that's probably like the biggest setback for me, and a lot of

people out there is your own limiting beliefs like thinking like you got to do everything yourself or you can't do large multifamily because you can't afford it or you don't know how or things like that.

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WS: What opened your mind, or you know, made you be willing to first, or I guess first, what helped you see the opportunity of large multifamily versus what you were doing?

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MT: The first thing was the frustration that things were not working out the way that I hoped doing things the way that I was. So I knew I had to change. So first of all, being willing to change myself, and how I viewed things. and that was about the time that I learned about real estate syndication. And I thought, "Well, this is bananas like this is real?" You know this is like an old boys club that it's impossible to get into with large multifamily as you can just jump in. Actually, one of my buddies, his first real estate deal was a 120-unit place, he didn't even start with the small stuff. He just jumped right in so it can be done, and it doesn't have to be rocket science or anything like that to do that. You just have to work with other people and add value to them and be part of a team.

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WS: So you started by investing passively. How did that play into moving into being active, as far as you know, starting out being passive? Was that your plan, or was that just you know what I'm going to invest this way? And then it came later that you decided to actually become more active.

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MT: Well, the goal was always to become active, and I saw that starting out passive, like passively investing in other people's syndications was a great introduction to the business to see how other people operate things, to see how other people communicate with their investors and set up, you know, the paperwork and do distributions and everything to

understand, like what looks good, bad, and ugly about it. And create my own understanding to for my own business later on.

So I was passively invested with so several other syndications. but now I'm making the leap to the active side of things. You know I feel like at my education I've learned everything I can through books and podcasts, and learning from others. And it's just you know at a certain point you just have to take action. And so I'm at that point now so I've been searching for deals. I built a lot of connections with brokers, and so I do a lot of underwriting.

But then I'm also working with my mentor, we're gonna be doing some capital raising for him as well, which is a great way to get started into deals. If you can find deals, or if you can do some capital raising like you can just walk right into other people's deals to join them on the general partnership side of things.

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WS: So I know Todd being a great guy, we just got to spend almost a week together in Utah at GoBundance a few weeks back. Speak to a little bit, though, how you found Todd as a mentor and what stood out to you, maybe about him versus other mentors? And what was that process like?

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MT: Well, when I first started learning about syndication, he was the guest speaker at a meetup that I often attended, and the topic was syndication. And so I thought well I definitely needed to go to this one to learn more from somebody who's actually doing it, and he's local to me. We're both in Minnesota. So I met him at that meetup and great presentation, and I was, you know, during his presentation, I was thinking like, "Oh, man, this guy knows exactly what I need to know, and I need to figure out how to add value to him so that he'd be willing to teach me as well." I didn't know how to do that but during the presentation, there were some issues with the computer like Powerpoint and Microsoft Excel, and I'm pretty computer savvy. So after the meetup, I went up to him and introduced myself and said, like, "Hey, I saw that there were these problems with the computer. Here, I can solve your PowerPoint problem, here's how I can solve your Microsoft Excel problem for you." How do you think he responded? He was like, "Yeah, that sounds great. So nice to meet you. You can help me out."

So I started helping out with some various computer types of stuff, and then it just kind of expanded from there. Eventually, he offered me to join him as his co-host on his podcast. Although he has offered me way more value than I've been able to offer him.

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MT: That's awesome. So you are local to one another, you got to hear him speak. When I was looking for a mentor also, I traveled a pretty good distance, so to hear different coaches or mentors speak and meet them in person before I decided you know where to invest those funds right? To hire that coach. So I think that's great. You got to meet him in person. You got to hear him speak, and then I love that. you didn't wait around. You aren't too nervous to go up and talk to him, or I mean like you just took action like “hey, I can fix those problems.” You just went up and talked to him and told him that you can do that and built a relationship, I mean, pretty quickly, sounds like right? Because you could help him and maybe you didn't know the syndication business but, hey, you had skills that he needed.

I just often tell people how you probably have a skill set that an operator in the business needs right? I mean there are so many things, that that isn't just finding that next real estate deal, analyzing it, or raising money that we need help with right/? And so you just took advantage of that in a big way. So, speak about some next steps, or you know you know the networking component versus the next steps that you took to increase your active side of your business.

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MT: Yeah, I think what's networking as I said, you really want to add value to somebody first, if you approach somebody else, I'm saying, like “Hey, I want you to give me your time and your knowledge and your money.” You know it's really off-putting for a lot of people. But if you approach people first like “Here's some value I can give you without even expecting anything in return,” that's going to set yourself up for success with networking, because people are going to like you more. It doesn't even have to be real estate-related. If you can approach somebody, and you learn just through talking that they want to learn the guitar, and you happen to know how to play the guitar. you can offer to teach them a few lessons. Just anything that is unique to them versus like if you talk to people, and say like “Hey if there's anything I can do to add

value to you, let me know.” Well, that's not specific enough. You really need to get to know that person and what they need and give them what they need.

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WS: So, speak now to maybe how you started learning to raise money, and in working with investors. I guess the education process looked like for you, you know, in moving from passive to active but growing that side of your business.

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MT: It starts with friends and family. You need to start telling people what you do. Your friends, family, work acquaintances, you know, everyone you interact with you you have to start telling them what you do, and I see it as not even like a sale sort of thing. And I'm actually a terrible salesman. But I can talk about what I do, and offer opportunities to people.

With that, you need to have a good ability to explain what you're doing. So to talk the talk, and even if you don't have any experience yourself doing anything, if you team up with other people who are experienced now, you can start saying like, “Hey, our team has closed on X number of units, or you know, the dollar amount of property.” So that way, you don't feel like you're talking out of your butt like “Oh, I haven't done anything yet. Give me money.” But if you can show through your teamwork that you're what your team has done, then that's a lot more powerful as well. So just by talking about what you do. I like to use an approach of asking people like “Hey, could I ask you a couple of questions about your money? Would that be okay?” And if they say yes, then then you can continue on and just say, “If there was an investment where you were certain that you could get a 10% return on your money, would you be open to that kind of investment?” If they say yes, then you can say “okay if you found an investment like that, how much money would you have to be able to invest in that?” And then they'll give you a dollar amount then you can just tell them like, “Hey I don't have any investments right now. but if I do find any, would it make sense for me to reach out to you and talk to you about that?” And oftentimes they're going to say yes.

And so, now you've got somebody who gives you a dollar amount that they're potentially willing to invest and the willingness. So then you can start the conversation from there, and you

can start talking about potential deals and investment opportunities with them later down the road.

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WS: How have you found they're like their willingness to invest, maybe in the first opportunity that you show them versus the second?

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MT: Everybody is a little bit different. I mean, a lot of people are cautious especially if they're jumping from the stock market to real estate like they don't really understand real estate, and so you have to educate them. Whether they invest in the first deal or your tenth deal, you still have to be open to helping them and building them up.

And it's not just a matter of like you one like a person you're talking with, who like maybe they're not able or willing to invest in one particular deal, but likely they know other people who are willing to as well. You can't just give up on somebody just because they don't invest in your first deal. You still have to provide value to them like education or support and it's gonna just gonna spread out from there like maybe they'll invest with you later, or they'll introduce you to somebody else who's in ready to invest now.

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WS: Yeah, the reason I ask is oftentimes, especially when you're getting started, you know you have that network, maybe from your a previous or current career job that you know that you have or family even and I find it's like there's that shock factor right off the bat it's like "wait a minute, Matt, I didn't know you were doing this."

And so the first deal, it seems like oftentimes investors like "we'll see how he does here, you know." However, you do have to get started right, you do have to keep going, and then it's like the second third deal you know they start to see you're serious, and you know he's doing things right or she and so no that's awesome.

Speak to what are some of the next steps you plan to take, to continue to grow that side of your business and just ability to work with investors/

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MT: Well, I mean, just keep on networking with people, and the more value add to other people. So networking through, you know I do the podcast, and I go to conferences. Actually, we put on a conference, you know Todd and I and some other people, we have the North Star Real Estate Conference in May that we're putting on, and so that's a great way to meet people as well.

But going to meet-ups, you know, chatting with people online on Facebook or Bigger Pockets, or whatever. The more are you people you can talk to the more people you can add value to, the more good things come back in return, the more people are gonna know who you are and what you do and be willing to invest with you.

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WS: Yeah, I've heard great things about the conference you are doing as well. I have not been yet, unfortunately, but I've heard great things so I encourage listeners to check it out. Where would they find that Matt?

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MT: Our website northstarunlimited.live.

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WS: In this business, actually you mentioned it too, it's like early on you're like you felt like you had to do everything. And really that's such a limiting belief, right? And I think you mentioned it as well, I made a note of it. It's like you wanted to keep all the profits for yourself. Right. That's kind of the mindset. Well, I got to give some of the profits away, and that is such a limiting belief and it's so common as well.

So you know, speak to where do you see your team growing? What would be some of you know first people that you're adding to your team to help you expand or grow as now you know you've shifted your mindset to really just thinking bigger type mindset?

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MT: You need various people on your teams. So if you're expanding to larger multifamily, whether you're gonna need, wherever you invest, whether you're investing locally or across the country, you're gonna need a local team wherever that is. So you're gonna need a property management company that you really trust you're going to need some brokers, you know, multiple brokers in the area that you connect with, and you're gonna need a mortgage company, you're gonna need some construction companies that handle you know large rehabs. If you get a 100 unit property you can't do it all on your own.

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WS: I'm just giving you a hard time it's so true. I mean you do need lots of people, lots of team members. Matt, what's been the say the hardest part of your syndication process or business, you know, up to this point?

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MT: It's the limiting belief, you know coming to the conclusion that, like actually, I can do it. It is possible. Henry Ford said whether you think you can or you can't, you're right, and it's also true you know like if you think "Oh, I can't do a 100-unit place." Then you're absolutely right, you can't. But if you think like I can, and I don't know-how, but I'm gonna figure that out and work with people who can't help me, then you can do it.

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WS: What would you have done differently if you could look back, you know say it would be 2015. You started passively investing at that point. What would you do differently now with what you know now?

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MT: I would have just jumped right in. I would have bought bigger properties, and I would have teamed with other people right away instead of trying to do it all on my own. I mean you can do things all on your own. It just is gonna go so slowly for you as it did for me in the beginning.

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WS: Yeah, I wish I bought so many more properties not even just a few years ago. What about just like in the last 6-12 months biggest challenge, or you know, was Covid a challenge, was finding deals the biggest challenge, was just the getting starting component or finding a mentor? What did that look like for you?

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MT: Finding deals has been a real issue. But you know that's always a challenge I would say. I mean like if you're looking for deals in 2011, you could pick anything on the map and you'd make them good money with it. But you know we don't have a crystal ball. so we don't know where things are going to be. So when you're underwriting you really have to be conservative and like, "Okay, if things take a downturn, can I still keep the property at this press point?"

So finding deals, you know was really slow in the beginning part of the pandemic. But now things are really picking up and so there's a lot of deal flow, but so many people are willing in my mind to pay more than what is reasonable. You know a lot of people right now are paying such high prices that well, if the market continues to go up and up and up, then they're gonna make money, they're gonna be fine. But if everything has to go right in a deal for you to make money, then you're that's such a high risk, and so I've you know I'm more of a conservative underwriter and want to make sure that I'm not gonna lose my investors money.

You know my belief is that It's better to not have a deal than to have a really risky deal that is gonna you're gonna lose your pants on.

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

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MT: I have built the best connections one-on-one or face-to-face, I mean. So through meetups, through conferences, through my own network, just talking to people like, "Hey, you know, do you know anybody that that might be interested in this?" You can try to do it online and you can get some investors that way but you know the face-to-face, you know just nothing replaces that.

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WS: What does that follow-up process look like? You meet somebody at a conference. You all talk a bit. What do you know? How do you connect again?

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MT: Well, you know, it just depends on you. You got to get their information, and you set up some like a coffee or lunch, or something like that, or phone call at the very, very least. So you have to build that connection in order for somebody to invest with you, 3 things have to fall into place: they have to know who you are, they have to like you, and they have to trust you. Because if any one of those 3 things is missing, you know they're not going to invest with you. So you have to, you know, help people get to know you or you get to know them. Show them that you're somebody who they can like as well as trust. And then and that takes time. You know it's not like you know the first time you meet somebody they're like "Oh, here's a \$100,000 or whatever." And of course, there are people like that. but, for most people, they need to see like, "Hey, you're a solid person with whom I can invest."

Oftentimes that you invest with the person, not so much the deal because a good operator can make, you know, turn lemons into lemonade, whereas a bad operator can make the best deal

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WS: Matt, what are some daily habits that you have, that you just said you're disciplined about, that have helped you achieve success?

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MT: Constant education, you know I do a lot of reading a lot of self-reflection. You know actually even wrote a book that I wish had existed when I started investing in real estate. And then also reaching out to people you know as I mentioned, I'm a shy introvert, so it can be hard for me, anyway, but just making a concerted effort, adding value to other people like if I don't reach out to other people, there are all these people that are missing out on great deals, great opportunities because of my introversion or my you know not willing to reach out so like I'm doing people a disservice if I don't reach out to people and follow up and communicate with people and meet with people.

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WS: I don't normally ask about book recommendations, but since you brought it up, what's your what's a recommendation that's a must-read for us.?

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MT: I would say How To Win Friends And Influence People by Dale Carnegie, I mean, weird title but it's such a classic. It's all about like how to treat other people the way that they want to be treated, and as a result, lots of good things will come back your way.

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

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MT: A couple of ways. I like to give bags of goodies to homeless people that I see around, and then I also like helping out people who have developmental disabilities as well.

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WS: I want to ask about the bags of goodies there. Do you like to have those pre-prepared, and like to hand them out?

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MT: Exactly. Exactly. It's like some food water, some personal hygiene supplies that sort of stuff.

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WS: The reason I ask because I often see homeless people and I'm thinking, you know, am I helping them by giving them a \$20 bill? It's like that struggle, you don't know how they're going to use it, those things. But I love that idea of you can still help. And hey, these are things they need probably, I mean just immediately right? So that's a great idea.

Matt, grateful to have you on the show, and to meet you, and I just appreciate hearing your journey, the limiting beliefs, and being able to step and pass those. Everybody says I don't want to hear more mindset stuff but it is so true, you've got to make some massive shifts mentally before your feet start walking it as well.

And so I just appreciate you being real about those things, and transparent, and going from small multifamily to large and passively investing and finding the mentor, and anyway shout out to Todd as well.

How can people get in touch with you, Matt, and learn more about you?

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MT: You can go to my website, hawkwingcapital.com, and you can download a free chapter from my book, or just learn about what I have going on in real estate.

[END OF INTERVIEW]

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WS: Thank you for being a loyal listener to the Real Estate Syndication Show. Please subscribe and like the show. Share it with your friends so we can help them as well. Don't forget, go to the www.LifeBridgeCapital.com where you can sign up and start investing in real estate today, Have a blessed day!

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