

EPISODE 1264

[INTRODUCTION]

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Jens Nielsen (JN): “Most people have dreams, they have ideas, but they don’t have the courage to take action. They don’t have a strong enough motivation for why they should do this. They know there’s a little bit more, but the pain if you will, it’s not strong enough to go out there to take action by themselves. So they need to see that bigger vision, they need to get that commitment.

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Whitney Sewell (WS): This is your daily real estate syndication show I'm your host, Whitney Sewell. Today our guest, he's been on a couple of times before, but it was over 1,000 shows ago. It's hard to believe. His name is Jens Nielsen. He immigrated from Denmark in 1996 and after a 25-year career in the IT business or industry, he transitioned into a role as a full-time multifamily investor and high-performance coach. Jens is a general partner in over 1,600 apartment units and has coached over 50 clients to find success in their personal and professional life.

So Jens and I talked probably half of the show about some of the coaching stuff and how he left a 25-year career. And then, some key things that happened to help him to get to where he's at now and leaving that career. It's such a big decision. Oftentimes, I see people who finally think they want that right? They can see that they want to move into a different business of their own. But then, all of a sudden, they might have the opportunity and they don't take the step, they don't take that leap because it's seems surreal. And they're too afraid of giving up that what they think is security in that job.

So he did it, though, and he talks about that even how he approached his boss, which I thought was a really unique situation, and maybe a great way for you to approach your boss when you're looking at doing this. We also go into his role as an asset manager and he has

become very good at that. He lays out some specific things about having a plan and metrics on property management. I mean, different things that are crucial in that role that you need to know about. I know you're gonna learn a lot.

[INTERVIEW]

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WS: Jens, welcome back to the show. It's so interesting. We were just looking at when you were on before it's been over 1,000 shows ago. I know a lot has changed in that amount of time for you, and your business has grown, and you're helping others grow their business as well now in many ways. But there are some specific things that you are an expert in that we want to dive in on today.

Give the listeners maybe a little bit about an update maybe over the last 1,000 days or so.

What's happening with Jens and maybe a little bit of background. Let's jump in.

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JN: Yeah, thanks, Whitney. So awesome to see you again. Yeah, I mean 1,000 shows that's a lot of work a lot of days. Since we spoke. I think it was in 2019, I have left my W2 job. I'm a full-time investor and high-performance coach, you know, I've actually moved. I was in Colorado when we last spoke. Now I mean New Mexico, you know.

So I had a 25-year IT career that I left last year and it's just been amazing to grow from a few properties, you know, 6, 7 years ago, to now, having syndicated, I think 1,700 units over the last 3 or 4 years. So that's been a tremendous amount of growth and I mean I just can't even believe all the changes that happen, and where we're at right now. It's been amazing, and super exciting to be back on a call.

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WS: Yeah, it's awesome and congratulations on leaving the day job and focusing on this and the growth that you've had experienced. Take a minute, speak to like leaving a 25-year career to go do real estate. Was that a big deal for you, or was it just like as fast as I can get out of

there? You know I've spent 25 years doing this, should I really leave? How did you make that decision? Speak to that a little bit, because I get that all the time.

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JN: Yeah, that's a great question. So you know, I had a plan when I started investing in real estate like a 5-year plan. I see this is a 10-year plan, then, I scaled it back to 5 years, but I wasn't really fully committing to it because I had a lot of you know, fear and uncertainty about leaving but then Covid hit. So 2 years ago, as we are all aware, Covid hit, we all got sent home, and I was like "Man, what do I need to do here?" So really want to change for me. I actually hired a coach to get me on track, to really get me to commit to what I wanted to do.

I knew I needed to make some change. I knew I need to get out of my W2 job, and he helped me kind of get that clarity, that vision of where to go. So through that process and through, you know, the relationship I had with my boss I was like, "Hey, you know my business is growing. I want to get out of it. What kind of arrangement can we come up with?" And we actually came up with a like a 6 months transitioning period.

I went part-time in the summer of 2020, you know, and spend that 6 months just transitioning out, training everybody to replace me, and all that while I was building my real estate and my coaching on the sides. That really helped a lot, and I mean I was so blessed. My boss had that understanding to do that.

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WS: I was going to say most people may not even approach their boss to say something like that for fear of just being fired right there.

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JN: Yeah, that was awesome. I mean, he's been one of my investors for a long time so he knew what was going on, so he was totally behind it. That was a blessing for me. So you know, it's a 6-month period just to slowly transition out of it and draw us to the end I was like "Man, I wish I had gotten out of it earlier." Because you know, once you start having some more time to put into your business, this grows much quicker than you can imagine. You know, I mean, I still use

those skills I check at the door when I left, those skills that I learned for all those years still come in, extremely handy in my business right now.

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WS: Are you glad you did it?

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JN: I have no regrets.

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WS: Congratulations again and speak to you said you had a 10-year plan but you didn't commit, and maybe that were some limiting beliefs around that. How fast you could make it happen and some of those things you know. What made you commit and scale it back to 5 years?

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JN: Yeah, so initially, I didn't even know anything about syndications and other things, I thought I had to save my own money, invested my own account right? So I was like, "Okay in 10 years I can probably save enough and get to that point." Then I started learning about syndications, other people with money partnering with people. "Oh, wait! There's a whole other world out there."

Once I discovered that I saw that this was a business, not just, "Hey, I'll invest passively on the side." When I turn it into a business, I saw that I could ramp it up much quicker through the active income, the syndications, and the passive incomes, through growing the portfolio and all. So that was basically the way the scale there much quicker.

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WS: Why did you hire a coach? There are so many things that we could talk about there, however, so many people are hesitant to hire that first coach, and why did you do that then? Or why did you feel that that was a good investment?

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JN: Yeah, I mean it is, you know, can be a significant investment to do that. But, I, like many other people had all this fear and uncertainty during the beginning. I'm like, "Oh, my God, what's gonna happen here? Our property is gonna fail because people can't pay rent. What's going to happen in my life and stuff?" And I had two options. I could hide in a corner and live in fear, or I could face my fears, my challenges head-on and get some clarity to get some direction, get some guidance.

And I was like "Man, I gotta move forward. I can't you know I can't slow down. I can't stop." And I had worked with this individual in some group sessions, so I knew what he could provide like one-on-one coaching is gonna help me. It was life-changing. It's probably the best investment I've ever made. If I have not done that, all kinds of things, bad things probably have had happened to me, you know, and it turned into positive outcomes for me.

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WS: Speak to, was that coach, you know, real estate specific coaching? Was it more like personal development or a little both? I was just trying to figure out where did that help you the most, this coach's expertise or specialty? How did you lean on that?

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JN: Yeah, so he is a high-performance coach. So, basically, it's the mindset, it's personal development, it's life coaching. So he's not a real estate expert by any means. I can probably figure out the technical aspects myself. It's the mindset, and the courage to take action. He just helped me get clarity, and not only in real estate figuring out that I had made some promises to my wife about moving to a different state, and I was just pushing that in front of me. There are just all these changes that I thought I need to do, that needed to do that, I didn't commit to. So he helped me get clarity around all those things and improve my relationships and just you know, become a high performer in all aspects of my life versus just in one.

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WS: t's amazing to me how most of us and we've heard it so many times, you know, the mindset, the taking action, those things. However, many of us just still don't do it right, and we

or we don't have any accountability, you know like you're talking about, and so those things they don't just magically happen, you know, without putting some fire to us sometimes, or under our feet, right? Or somebody that says, "Hey, have you done this, you know, or what about this, or you know? Did you do what we talked about last week or the month before, or you know." It's so helpful, and I could not agree more.

And I speak too quickly, too because I want to get like to some asset management stuff, because that is, you know, something you are very good at as well. But speak to like some of your clients now, I know you're doing a lot of high-performance coaching now. What are some of their biggest holdups and what's happening that they're coming for coaching and what's the biggest thing that they need?

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JN: Yeah, so to step back for a minute. So, after you know, I saw how much this helped me, and I decided to become a coach myself. So I went through the certification and became a certified high-performance coach and it's been that for about 2 years now. And I've worked with lots and lots of clients. And I think most people have dreams. They have ideas, but they don't really have the courage to take action, or they don't have a strong enough vision for why they should do this. We're comfortable in our W2 jobs it's like, "Oh, yeah, I can do this for the rest of my life." They know there's a little bit more but it's not the pain if you will, is not strong enough to go out there to take action by themselves. So they need to see that bigger vision. They need to get that commitment. They need to really see how if I do this work, I can create something amazing.

So once we develop that clarity in that vision, then people start taking an action because they get so drawn towards that. So I think too often we don't spend enough time developing a vision for our future, for the next 3, 5, 10 years. Once that is in place, then the action starts happening. Of course, then we got to overcome the limiting beliefs and the hesitations we have for taking action. But that's where that's that really comes much quicker after you have developed a clear vision of where you need to go in your life.

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WS: How long should we spend on developing that vision? And then you know, how quickly is that vision going to change right? Or you know, I mean you got to write something down, right? You got to be heading somewhere or you're headed nowhere. How long should we spend on that? How accurate, you know, how much does it need to be? How much should we belabor on getting that good as soon as possible for this vision? And then how often do you see it changing, and how fast?

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JN: Yeah, I mean, we definitely need to spend, you know, sometimes, you know. It could be a few hours, several several several weeks, where we kind of look at it. But we need to focus because let me step back, a lot of people just look at goals."Hey, I want a \$1,000,000 a year in passive income, or whatever it is." That's just a goal, but without a reason behind that goal, it becomes meaningless. So that's why the vision is about – who do we want to be as a person? How do we want to give back? What are the relationships we want to have? How do we want to develop? You know, I know you have a very strong vision around all the work that you do, and then, and charity and so forth.

So once we develop all those things, then that pulls us forward. And typically what I do with a client, we spend a couple of sessions working on it, and they work on it at home, we come back and they get it written out. And then, we revisit it every 6 to 12 months, to make sure it still is still intact. it's still powerful enough to pull you forward. And, it changes. I mean it changes because we can't see the future. we can just have an idea so we just need to at least once a year for sure, look it over, and revisit our vision.

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WS: So revisiting the vision annually and then you mentioned something else, to make sure it's powerful enough to pull them in. That's interesting. And I just wanted to highlight that but that's great, Jens I just feel like that's so helpful. And if a listener hasn't done those things like well, there you go like, take some action, and go think about that right? Write it down and write something down today, and you know to improve it tomorrow, and work on it you know for a week, or two and have that plan, and so it's you know, you get a map out figure out where you're going to go. I mean, when you're driving or you use Google maps I guess, and it kind of

tells you, but in this case, you still have to put in the destination. You still have to put in the destination before it can even tell you where you need to go. I don't know why we don't think about that enough with where we want to be right 3 to 5 years from now.

Now let's jump into another expertise that you have and it's asset management, and this is such an important piece, you know right. I mean to operate the deals and to know they're performing, and all these things. We recently hired a full-time asset manager who's doing just amazing because as we grew I mean it was hard to write, I mean to keep doing the Asset management for all the deals, and then look for more deals, and you know, things you'll start noticing, "Oh, you know you forgot about this thing or didn't follow up on this thing over here." Obviously, it's like, "Okay, we gotta have somebody just committed to that."

And so, you know, speak to the asset management role a little bit, and let's jump into some challenges and tips and things that you've learned.

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JN: Yeah, absolutely and I think you know as we listen to podcasts and read books everybody talks about getting that first deal and closing your syndication or whatever that is. That's exciting and that's challenging to get to that. But most people don't realize, you know, maybe that takes you 2 to 3 months from LOI to closing the property. What most people don't necessarily think about like "Wait, we got 5 years behind that, that we need to manage this asset against our business plan to meet our investors' returns and everything else." And that's tedious. I mean there are no questions. I mean that's a tedious process because it's basically it's project management. And given my 25-year IT career, I've done so many multimillion dollar projects with the updated computer systems and all those things right, and there's nothing really different. You set a goal, you figure out what is the task that you need to do in order to get to that goal right.

And I think that's what we forget is like we just need to figure out what's that project plan to get there. You know, we like anybody else, we kind of struggle initially trying to figure that out. And then we then stepped back and said, "Okay, what are the metrics we need to meet on a weekly or monthly basis. What is our occupancy? What is our turn rate, or are those delinquencies? What are our net profits? Operating income? And all those things that we need to meet." We started putting those scorecards, those KPIs, and plays and started managing against that.

So we would meet. We'll meet, meeting with our property managers, weekly or bi-weekly depending on the stage of that project. And then just mans against those metrics. That's really what it's all about and if things are off, we'll figure out what's that issue? How do we respond to that issue? And then go into it. I think that's really what it's all about having a clear plan and then managing against that plan. Yes, you know, again, now we have we're struggling with supply chain issues and labor, and all those things. But those are the things that I think everybody has a challenge with at this moment in time.

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WS: Could you give an example of a plan? You know that maybe you all have on a project, you know, is that plan include a specific number of renovations and amount of time or specific jobs being done or a task or maybe you know vacancy numbers dropping or like, give somebody a little guidance on even creating the plan around good asset management of a project that maybe they are going into, and just use an example may be that you've done or type of value add type of deal.

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JN: Yeah, so most of the deals we do are value adds. So really what we try to look at, we'd say, "Okay, you know we got 100 units, we need to renovate. What can we realistically do? Is this a one-year or 2-year, 3-year plan?" And we look it's part of the underwriting. We look at that and said, "Okay, maybe we can do 3 units a month. There are also that that will take us, you know, maybe 2 and a half years to get 100 units renovated, something like that." And then we break it down. We look at the rent roll. and we say, "Okay, based upon the current rent roll every month, here are the leases that expire. So this month we can terminate that at least that month we can turn this leads." And then we just plan it out so we don't have 50 terminations in the first month that we can turn them all right.

So we try to balance that out and figure out, "Okay, how long it's going to take to do every turn? What are the rents going to be after we turn them? How long it's going to take to lease up?" So, create a plan that we can implement over the next couple of years that's going to get us to that goal. So we obviously, we start with that because then we can also plan what our income is going to be a month over month, based upon those turns based upon those

vacancies we have in and we really man is against that in the value add project is to get those turns according to that plan right? And that's how we underwrite our income for the first couple of years.

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WS: You talked about metrics earlier. What metrics should we be tracking? What do you look for, and how often?

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JN: Yes, I mean again on somebody's bigger projects, we definitely need to meet every week and we track. We have like a dashboard. We track against, you know, our income versus our budget, our expenses versus our budget, our vacancy or occupancy. Any kind of where we're at and lease-up and also we track our expenses against our CAPEX budget. How much money do we spend on our renovations versus a budget there? How many units have we turned? How many do we still need to turn, and so forth?

So those are some of the key things right – how many units are down versus ready to be leased. So you know there's a whole long list and sometimes we also have to be careful. Don't have just measurements for the heck of it. Have them in measurements that are valuable for making decisions

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WS: That's a good point, I think you just mentioned it. Yeah, good metrics that help you make good decisions. That makes so much sense. Talk about even how do you get those metrics, you know? Do you have access to say a property management software where you gather those things? Is that through a phone call with the management company? Is that you know you're going in the office and pulling those things yourself? What does that look like?

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JN: Yeah. We love Google Docs, Google sheets, and all those things. So, the way we create, we create a Google form. So every week the property manager goes in and fills in the Google form and says, "Okay, on this date, here's our income here's our delinquency, here is our

leads, our leases, our occupancy, and everything else.” And just plug it into a quick sheet. It populates a Google spreadsheet that we have and then we create graphs and trends against that. Because if we work with 5 different property managers, they may have 5 different types of software, and that way, we can consolidate it and put it into one dashboard board versus having to export their reports and plug it in manually.

That's something we've implemented over the last 6 or 8 months. It seems to be working quite well, so they have nice graphs, those more visual people, they can just see while we are trending up or trending down against our budget and so forth.

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WS: So they just complete the same form every week, then. And it just keeps putting that same information on the same sheet in a row. I think that's really smart actually, I mean because you can see it all in one place, and as you said, you can have it all automated. It just completes those graphs soon as they put the information in there.

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JN: That's right. That's where the IT career comes in handy.

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WS: Yeah, that is very handy. What about you notice may be a trend on that graph that's not going the way you're hoping? How do you communicate that to the property management company? How much do you normally push them?

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JN: Yeah. So we do meet weekly, right and it's always hard to get people to do stuff if they are not motivated in the right way. So obviously, we have the benefit that a couple of deals, one of our partners is also our property manager so it helps align those in sentences. But I think, really, the best way is to ask the property man and said, “Okay, so we got 10 vacancies. We really should be down to 5 in 2 weeks. Is that reasonable?” Get them to buy into that solution or that outcome and said, “Okay, what is it going to take?” And then, them telling you what is

going to take to get there. So we're not forcing stuff on them that they can't do, said, "Okay, you can release those 5 units in the next 2 weeks, perfect let's see how that goes."

So we actually create accountability against things that they commit to doing versus just telling. Well, you have to get them leads. Well, you know whatever problem they may have. is Miller Winter. Nobody's leasing apartments, and so forth. So getting a buy-in I think, is really important, and then creating and saying, "Okay, this is what we agreed on." Hold them accountable for that right.

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WS: Yeah, that's awesome. And it is consistent communication and having those conversations. As you said, I think it's so important, even having that vision and playing for them. So they know ahead of time. Right? You're not having a hard time having a hard conversation later, because they didn't do something you didn't even talk about.

And so, what about when you all are looking at these projects? Speak to just how you all are prepared for a downturn?

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JN: That's a great question. I mean we obviously come in with good capital reserves upfront. So we have money in the bank to pay, you know, in case the occupancy drops. You know. we try to get a long-term fixed bed on there so we're not surprised by increased crazy changes in interest rate, and so forth. I mean, I will say we are doing a couple of deals that have (inaudible) loans on there.

Of course that comes in and takes another level of risk. But then we also can see the upside there right? And then we stress test the deals and we duty on the right and make sure "Ok if you can't get there, can be service, the debt, and so forth." Those things, making sure that we're not saying that cap rates are going to continue to compress because at some point you would assume they won't.

You know, we're not in crazy markets where the swings are you know from the bottom to the top of really high they're more linear but it also feels like it creates a little bit of insulation from those risks that you may take in more cyclical markets as well.

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WS: Do you have any predictions just for the real estate market in the next 6 to 12 months? Not that any of us know exactly what's gonna happen but maybe you all are, you know, are planning to buy or planning to sell, or you know, based on what you believe is going to happen.

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JN: We're definitely still in acquisition mode. In some of the markets because we see opportunities. We see older owners coming, you know started, selling their older portfolios that need a significant amount of CapEx that we're really focusing on, and we are still you know, I mean there's still a tremendous lack of affordable housing in this country. So we go in and do that, C, B minus type properties. And as we've all seen, rents have gone up tremendously, and there's just really I think a lot of property managers haven't even been keeping up with that demand, and that fact.

We're really trying to capitalize on that and keep pushing forward. I'm still very optimistic about it. I think the one challenge is right potentially rising interest rates, but also I don't know how far rates can go before the government and everybody else would be in too much trouble making and raising the rent.

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

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JN: I host my own meet-up here where I live in Santa Fe. So that's one way I've met some investors I know. We're putting on a conference actually this coming weekend in Denver, so that's a new way to potentially meet some people, you know. I will say I'm not the guy who does the most amount of promotion for investors, because we have partners that do some of that – referrals, and I have a lot of repeat investors as well. So some of those ways I've been successful.

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WS: I don't think I knew you were doing conferences as well. That's awesome. Speak to you know especially you being a coach and helping others now as well, speak to some daily habits that you're disciplined about that have helped you achieve this level of success.

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JN: I get up at 5 AM and I spend you know, the first 20-30 min doing yoga some other exercises in my house, and then I spend another 20-30 min writing in my journal, planning on my day, and I think that's probably the biggest change that I've implemented in last six months is having an actual, it's a papal paper planner, or writing out hour by the hour what am I gonna work on.

So I don't let other people's agendas take over. I don't let small issues consume my whole day, I'm trying to work on those big things first. Those are so key to me, so that's usually an hour and a half before I start kind of go to work, read for a while, you read whatever I'm doing, and then jump into it. Just having those things, plan your day, set the agenda for your day. And I think that's one of the key things that I worked on for years to really take control of your day.

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WS: I can see it's another one of those things that we hear numerous successful people do, but often we don't do it ourselves. We need that coach, we need somebody that's speaking to us and holding us accountable.

What about if you had to pick one thing that's contributed to your success what would that be?

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JN: Having partners that are on the same path as you are, that can support you, that can challenge you, that you can grow with, that you like being around. I initially had a limiting belief about partners. But now I'm like I wouldn't do a deal without somebody else.

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WS: Definitely a mindset shift. What about how do you like to give back?

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JN: Yeah, I think you know the coaching, that's a key thing for me that help people grow. I love running my meetup. That's so much fun to get back that way, you know, as I mentioned, there's a, well by the time this this this podcast airs that the conference will be over, but really like adding, we call it to give it forward, or the pay forward conference because we want to help the next generation of investors find success. That's a key thing, so really all about that community I'm so passionate about that.

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WS: Awesome. Jens, always a pleasure catching up with you. Great to have you back on the show, and just hear more about your success and how you've done that right and helping us motivate us really, you know, and thinking through what you've done, are we taking some of those same crucial steps, or not, and at least tell us what those were. But just even leaving your position after 25 years, I think for most it's, once you have the opportunity, it looks good right. But then, once the option is there it's hard to take that leap.

And so, thankful you did and encouraged all of us as well. But the vision and revisiting it annually is something that pulls you in. But then, even the asset management tips and the roles, and having the clear payment plan and the metrics and the communication with property management, all those things are very helpful today. I'm grateful for your time. Tell the listeners how they can get in touch with you and learn more about you.

0:25:38

JN: Yeah. Thanks, Whitney. So, people can go to my website, which is open doors with an S. Capitol dot com. opendoorscapital.com and they can send an email to Jens, J-E-N-S at open doors capital dot com and I'd love to get on that. My offer to your listener is that if anybody wants to jump on a free call send me an email and we can get on a get in a call and just chat about whatever they got going on in their life.

[END OF INTERVIEW]

[OUTRO]

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