

## EPISODE 1348

[INTRODUCTION]

**Brandon Schwab (BS):** We are doing everything we can to change the industry from a very big, cold type building to a very cozy home that has 10 to 20 per home. However, that doesn't tell you that all of us aren't going to have 100, 200, 500, 2,000 (bed) homes that add up to a huge count. We're just doing it because I feel that how you offer care has to be the top thing, and I feel like these 100-, 200-bed buildings aren't really built for great care. They're built for the owners to earn tons of money.

**Whitney Sewell (WS):** This is your daily Real Estate Syndication Show. I'm your host Whitney Sewell. And today we're syndicating a different asset class and business model that I think we've talked about before. Our guests, he's come up with a different model, and it's specifically around senior living. I like this model because I have some seniors in my family, my grandparents are still alive. And so this is real for me. I can think through this and as we have tried to care for them and determine what is best for them.

Our guest today is Brandon Schwab. He has the vision to improve the senior living industry forever. And he's really disrupting this asset class with his vision of how to do this, and how to create a better space for our seniors. He's syndicating this and he's providing great care for the elderly. He's passionate about this. I love the business model. And I know you're gonna learn a lot though whether you are wanting to syndicate senior living or not. Whether you're syndicating another asset class, or even looking to invest in a different type of asset class potentially, you're wanting to diversify into something like senior living. You're gonna learn a lot today from Brandon.

[INTERVIEW]

**WS:** Brandon, welcome to the show. I was honored to meet you at a conference that we were both at not too long ago. I knew you'd be a great guest on the show soon as I met you, and I

love you had a different outlook on this business model that you are in. I don't think we've probably talked about this on the show before. So, I'm looking forward to the conversation. But welcome.

**BS:** Thank you.

**WS:** Brandon, tell us a little bit about your business model, who you are, and maybe why this asset class as well. Why you pursue this asset class after you tell us how you got there?

**BS:** Well, I opened up our first company when I was about 15 years old. I was doing cars and also RVs. I cleaned them for about 14 years. And then I quickly figured out at the end of the 2008 crash that if you don't own anything that is going to own any assets, you don't own anything. So, I quickly found out the hard way that I thought I owned something, but at the end of the day, I didn't own anything. So, I got investing in assets in 2010. I began wholesaling the first couple of years. And then from 2010 through 2012, I wholesaled. Then, from 2012 through 2014, I figured out quickly that I needed income coming in so that I didn't have to constantly always take care of things. So from 2012 to 2014, I built passive income of \$5400 each month, and then I got exposed to a concept down in Florida of how to care for the elderly. It was totally the opposite of everything I've been able to get exposed to beforehand.

Back before, I was exposed to all the huge 100 to 200-type places for the elderly that typically are going to have an odor inside. I hated the atmosphere. Our family member had an experience there that was pretty bad actually. He didn't get awesome care and I just hated the overall atmosphere. But then, down in Florida, I got exposed to what was totally different. But that's kind of how I got into this today. It was that I discovered there was a need and it wasn't being properly taken care of. I don't feel that our country takes care of the elderly, as good as they ought to. I feel how they do it is actually terrible. And I feel that it can be done drastically differently. And then, as I got exposed to how it could be done totally differently, I felt that I had to go after that and take care of it. So, fast forward to today, I've got five homes up and operating that are between 10 beds, and I bought 20 beds per home caring for the elderly. I've

got two opening in quarter three 2022. And I've got 7.2 acres of land too that I can put six homes on.

**WS:** Awesome. So, 2008 happened, you're already an entrepreneur, but you learned that hey, if you don't own any assets, you almost own nothing, right? So, if we can all just learn that early on. Wished they teach me that in high school, but they didn't. But you started wholesaling, and then you quickly figured out, I need some passive income. It just seems like so many of us go through that transition. But, you were even successful there in building that passive income. You said, over \$5000 a month which is great. I love how you were exposed to this asset class. You obviously had cared for the elderly, like you wanted to see something done differently. Unfortunately, your family member was receiving care and it was very poor. I think it's so neat how as entrepreneurs, oftentimes, a business is created because we see an opportunity. We see something that we want changed. You did that, and you're doing that. And so, share a little bit about your business model. I noticed, like you said, this many homes or you have 10 beds in this home. Oftentimes, when I think of senior living, or we talked about it on the show, it looks like a complex or an old hotel, or it's something like that it's built that way, like an apartment community. And that's what I think when I think of senior living. But you talked about this home model with so many beds and a home. What does that mean? Talk about the differences there. Maybe why you're going that route.

**BS:** A big portion of the people that are older that I take care of, they have been in their own home for 40, 50, 80 years, right? Whoever thought, at the end of that, they ought to go to this huge cold 100 to 200-type building? Chances are, it probably isn't going to be them. If they are asked, they would prefer to be in a home that's going to be a cozy home, that has an atmosphere that is warm. And it doesn't have tons of people but it has enough people to keep them active. So, the experience that I had was the total opposite. I have been in the 100 to 200 that has the odor inside. It has the atmosphere where everyone's asking you for help because I found out that the average caregiver there has to care for 20 to 30 people. And I said, no, that's terrible. But then, I also got exposed to the opposite of it where they had a five-person house and I said, you know, a five-person house is cool if you are the owner-operator, like in there

doing everything. But that isn't really a duplicatable company because you don't have the income to pay for anyone else to actually operate. So, I have been in each of them.

And I said, how about if we do something that's kind of different? How about if we do something that's like 10 to 20 people per home? But don't ever go over that, right? Just always keep it cozy, and keep it where they feel that they are at home. I feel that that's key. And I feel that post-Covid, Covid has actually changed the industry of how people think of it. Over the past couple of years, you have heard of people in the 100 to 200-type places that really didn't get very good care. And I think Covid is going to be the factor that's going to change how people think of it. And after Covid, they expect a higher quality of care and the 100 to 200-type place is just isn't it. So, we are doing everything we can to change the industry from a very big cold-type building to a very cozy home that has 10 to 20 per home. However, that doesn't tell you that all of us aren't going to have 100, 200, 500, 2000 homes that add up to a huge count. We're just doing it because I feel that how you offer care has to be the top thing. And I feel like these 100 to 200-bed buildings aren't really built for great care. They're built for the owners to earn tons of money.

**WS:** I like what you said. Keep it where they feel like they're at home, right? And I have a grandfather who's 101 and a grandmother, that's 94. They still live at home, believe it or not. He's a world war two veteran. I mean, they've been blessed with amazing health. But this last year or two, it's really declined quite a bit, unfortunately. And so, we've been struggling with that. And they live in a part of the country where it's like, it's one-stoplight town, there's almost nothing there. So, it's hard to find care for them. And so, it's interesting to think about this model, where in that community, it's hard to see a building, a big senior living facility. No doubt, if you had a home like you're talking about, there's plenty of people, seniors there that need that type of care as well. So, I could even see in different markets where this model would work where the other model may not do as well in a market like that. Have you seen things like that?

**BS:** Well, I can tell you, our very first home, I bought a house, it was 4880 feet on the very first floor. It was on three acres but it was in a town of 832 people. Now, if you think of that, you'd

go, wow, that's a terrible place to open. But I filled it. I kept it full at 98% occupancy for over four years. So, this concept is able to operate in all areas and it probably operates easier in towns where there aren't tons of people, I mean, under 25,000. Perfect for us.

**WS:** Let's talk about staffing something like that. I know that operation's component of this business model of senior living, in general, is more operations-heavy than most right? But also, I think, the cream rises to the top. I mean, if I'm talking about my grandparents or my parents eventually, I'm going to come there and I'm going to want to meet the caregivers. I'm going to talk to the other families and all those things. So, it's going to quickly show, this a place that feels like home like you said, for my family members or not. So, speak to maybe, if you got 10 to 20 beds in a home, how many caregivers is required for that? How do you find those people, especially, in the community of 800 and some people, how do you do that?

**BS:** Before Covid, I had a caregiver to every five in all of our homes. After Covid, I had a caregiver to every five to eight people. Our aim is to have a caregiver to every five people because you can offer awesome care that if you don't offer that, they don't have any clue. They don't have time to offer that type of care if you had to care for 20, 30 people. I built a home atmosphere that also has awesome care on the inside because our aim is to create a company culture of a very cozy home atmosphere where everyone feels close to each other. And that has come at a personal cost to us. But I felt like that that's how it ought to be done. We can figure out how to operate everything else after that. But that was a thing that our company did not ever give up. And for a 10-person house, we've got two people on from 7 am till 10 pm. And then in the evening time, I've got one person in the evening time. I also have an RN that comes into each house every day for about three hours per day and then I have an MD that comes each week. So, I'm offering the type of care that people are looking for in a home where they don't have to take their family out anywhere because it's all able to come to them.

**WS:** I love that. I love how you're trying, striving to keep it like five to one as well. And I just think about the relationships that are built there.

**BS:** That's the point.

**WS:** And we all talk about how this is such a relationship business. I think yours has a whole other component to that. We talked about personally building our business brand. It's so much relationships. People I've met, people I've stayed in touch with over a number of years now help each other in many ways. But man, you're helping culture, not only the relationships that you have in your business and operations, but also you're helping cultivate relationships for these elderly people who it's like the most important thing to them at this point in their life, right? I mean, they don't have those relationships. They couldn't care less about probably being there. So, it's neat how you're working through that. Talk about the culture of how you're doing that. How you're creating that company culture there? You're almost cultivating the family atmosphere, the relationships, even amongst your team members as well.

**BS:** Sure. A thing that, as you're able to come to all of our homes, all of us eat, every house has their own table that's between about just 16 feet and 22 feet each. The whole point is everyone eats here. And that's easier than if you have - I've been to places before that they've got a table, table, table, table, and everyone doesn't talk to each other and that creates issues. Where for us, it's about the atmosphere because older people feel better in our homes. When they were 5, 10 years old, they all ate at that home table and I tried to do all of that going forward. As far as our care team, our care team has it where they don't have to care for 10, 15, 20, 30 plus people that they have the time to create that close connection to everyone in each house.

We try to create it where they feel like they're taking care of their own. We want that own family in there and each house has one person in charge of the house. Our turnover in our company has actually been the top in the whole industry because people as they are able to come, they feel that they are part of it. They feel that they are part of our overall atmosphere. They don't go elsewhere, even if they are offered extra money because they feel like they're taking care of their own. So, that's the atmosphere that I feel is key that as you can offer that isn't found elsewhere today. I think you'll find elsewhere that there's a very big push towards earnings and how they hit their earning figures is they cut expenses. Their biggest expense is what? Care,

right? And when they cut the care, they don't have enough people. That turns into the odor. The odor is because they can't get people changed. It's terrible.

**WS:** Yeah, snowball effect. It's thinking very short term instead of long term. And that's why it's a great reminder to all of us. I mean, no matter what business we're in, we're always tempted to think that way. Speak to this model and syndicating. I know you have a fund. You're syndicating these now. What does that look like to syndicate a senior living home like this that you're creating? And maybe some costs, how do you do that, cost per bed? Cost per room? How do you think about some of that? How does this work? Speak to the model of syndicating a business like this.

**BS:** Yeah. So, how I have done it beforehand is I have come up with a home. I added up everything that I had to do to this home. Purchase it, everything. And then, I came up with an interesting option that did both and upfront coupled also with a piece of equity. I did that because it gave people ups on each side where they got part of that. And I had very good IRR that was over the average. And doing that for our first houses is how I got to this point. Between all those, I think we brought in about \$14.2 million total. And that helped us get to this point because if I didn't have the opportunity to have other investors come in, we wouldn't have been able to open these homes. Because when I was trying to open this concept, there was no one. I went to the local people in the area and they wouldn't give us financing because they were like, whoa, whoa, whoa, you have a 10-person house and every person brings in \$5000 per month. Like, they couldn't handle it, their head exploded. And these guys are like, why don't you come back to me after you open up your first home or home two? And I was able to do that and every time, they just couldn't handle it.

So, there is a good place for folks that have funds to invest. Because if it isn't for you guys, these things don't happen. The industry isn't able to change. And that's kind of how we were able to get going. I mean, fast forward to today, our fund has three different options. It is basically catered to what people are asking for. I find that that's how we have to do each of these funds and each offering because each house is totally on its own. A thing that I found challenging is once we got a home open and do takeout financing, typically about three years

to about five years, then I had to give everything and then just do the whole thing over. I finally changed to a fund concept as we are giving capital back from our first \$14.2 million and I was looking for just something that was easier for everyone that they could park capital in and just have it operate.

**WS:** Awesome. It's great because a lot of us understand maybe syndicating a little bit, but we haven't thought about this asset class. So, it's just a different business model than most of us have thought through. But could potentially be something that we could do locally, or provide amazing care for family members and other people in the community. So Brandon, in this type of business model, what do you see as the biggest risk when a 2008 happens or something like that? How does that affect this type of structure or business model in senior living?

**BS:** Well, I can tell you when 2008 happened, this was a top-performing asset class. And it is funny because everyone here today kind of thinks about all these other asset classes that everyone talk about that are barely competitive. Our asset class isn't a very popular one that people talk about but it outperforms all the other ones. The top-performing commercial asset class after the 2008 crash. It's brought back investors over a 10-year average of over 14%. So, that's pretty good. But I think the issue is, is that people think of it as these huge 100 to 200-type buildings. They think that you have to have like huge capital to put your anything here. It's different now. Things have been able to change. The industry is changing post-Covid where I think that folks are asking others to take care of the elderly totally different. And that's creating opportunities that I think people ought to definitely consider. I feel like when you're taking care of the elderly that have older capital anyways, you are not dependent upon everything going on. I mean, particularly today with inflation being 8.5%. That's forcing people who are going to invest that they have to find places to invest it because if you don't, it's just going down, down, down.

This is an asset class that if you're going to invest, find an actual asset back behind it, a tangible asset. If you have that asset back behind there, it's always going to be able to hold its own or it's going to keep on being able to go up. But I keep hearing guys that are parking capital elsewhere that are getting killed this week. Everything's going down. But, I'm kinda like,



we're doing fine, guys. There isn't anything that's able to happen over here. I don't feel like hurting anyone else's feelings. But, our asset class is actually only going up. If you look at the elderly count, there are 10,000 people every day that are turning of age every day that have to get care. And I feel for us that we are in a place to change the industry totally upside down.

**WS:** Yeah. And I can see too, obviously, if your family members are needing care, you're going to do everything you can to make sure that happens, right? Even in the worst of times. All right, Brandon, a few final questions before we have to be done, unfortunately. Tell us, what's your best source for meeting new investors right now?

**BS:** Being on here, able to talk to you during Covid. You just couldn't go out as much anymore. All of that changed. So, doing these type of calls are great. In fact, the time that I talked to you this last December, that was the first event that I was at to actually talk to anyone face-to-face and that whole time I was just like, oh my god, this is great. But like, because Covid has changed things, it has changed how you can get to talk to people anymore, right? I feel like this is an avenue that I can talk to you here. But then everyone else is able to hear this afterward, that it is how I get to get to teach people first. I will only talk to people if I teach them something that they didn't hear prior. And they go, hey, Brandon, this is really cool but I don't have the time or the effort to go do the thing that you did. So, maybe I can just help elders. Any person thinking of getting into this business, I would tell you, don't. This has been the hardest eight years that I've had. But I felt that at the end of it, it is great because I've got five homes. If I didn't have five homes, I don't know, if we would have gotten through Covid just because I had houses that have they all actually were open prior.

Today, I'm actually purchasing from people that thought that they could do it. And I'm purchasing them for upfront cash and just closing quickly. And I'm getting a typical discount of 20% to 40%. So, those are people that thought they could do it, and then Covid happened, and then boom. It changed the whole industry. Anyone that doesn't have this asset class in your current portfolio, I would definitely contact us. So, I would definitely find an avenue to get it in your portfolio because it's a good asset class to have compared to others that are very competitive. When things are very competitive, costs go up and we want to help people get out

of that place where I feel that our asset class is how it's going to be going forward. That's what I think is awesome on this.

**WS:** Brandon, tell the listeners a couple or maybe a habit that you are disciplined about that has produced the highest returns for you.

**BS:** Habits that I'm disciplined on. The top thing that I think I do better than anyone else that I've seen is - I talked to quite a bit of people that when they are thinking on anything that is new, they just think and they think and they overthink everything to a point that they don't ever take action. So, I've always found that I have, when a thing is good, I will take action first then I'll figure out how to do things afterward. And that can be a good thing to hear because there are a ton of people that overthink things, and don't ever do anything. I feel that that's been the top thing that I do that helps us. I just go and I get things figured out and then things are able to happen.

**WS:** Yeah, if you let fear set in the man, it's hard to get past it. Commit quickly then you have to do it. That's awesome. It's a great reminder for all of us. What's the number one thing that's contributed to your success?

**BS:** Taking action. Doing things that others aren't comfortable doing. I think the inner feeling that I can do things has pushed me beyond the upfront fear of the thought that I can't. I feel that it has always helped me - to just take action. But then also after you take action, so I feel like God's going to definitely test you. He's going to test you to just see if you are going to follow through on it. During all those times, you just can't quit either. There is also part of it where I cleaned cars and RVs for 14 years. 14 years doing that, that's a long time. But it taught me a ton and I also got exposed to some really good people. But, fast forward to today, that's something that I will follow through on things. I don't quit even as things are hard. You just figure out how to do it. I feel like people quit too easily today.

**WS:** No doubt about it. It reminds me of that book. I may not get this exactly right but the title of it's like "Seven Feet From Gold" or "10 Feet from...", I can't remember now. But the thought

is, you gave up, right before you hit the gold. It's like, that happens often and it's a great reminder as well, you got to keep going. Brandon, how do you like to give back?

**BS:** I just love to give back by teaching people that this asset class is out here. I, often, am teaching other people to potentially get into it. But I feel like if I can teach them that this asset class is out there and just totally open up to them, I feel like I can help people. How I would like to give back? I came up with an 85-page book that I was going to put up for sale. And I finally figured out that I don't feel like teaching people because that takes me away. So, I give that to anybody that's interested in opening up their own home and they tell me that they were able to hear it on here that I will give that to them for free. Then, I also am going to give time to anybody that's interested to talk with us, to either help them and ask and help them answer anything that they have either on our asset class or how they could invest or if they are interested to go through this 85-page book. I will talk to them afterward. Once they go through this book seven times, they have to go through it because then they will be able to keep about 94% of the info up here. I will talk to him afterward for up to 30 minutes. That time is the top thing that I could give anybody because that is something that you don't have X of like you. And that is a thing that I will offer to anyone that's able to get to this point. I think we're close to an hour in right now.

**WS:** Awesome. Brandon honored to have you on the show and to learn more about this asset class and even just your model. I like it because even as I think about my family members, I think about, okay, will I want them in a large home? Or will I want them in a small home in this community that's being able to be built? Because no doubt, they want to feel like they're still at home. They love that atmosphere, that's what they know. So, I love this business model, and your desire to help the seniors who definitely need our help. Grateful to have you on the show. Tell the listeners how they can get in touch with you and learn more about you.

**BS:** I think probably the easiest way, so we are going to be old-fashioned where if you just call our office to talk to us, that's probably the easiest. Our office phone number is 847-860-6432, that's the office. And then the other office line is 847-380-8624. Call either of those, ask to talk

to us. I have an awesome EA who is able to answer via phone call and then she is able to help get everything taken care of.

[END OF INTERVIEW]

[OUTRO]

**WS:** Thank you for being a loyal listener of 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 [LifeBridgeCapital.com](http://LifeBridgeCapital.com) where you can sign up and start investing in real estate today. Have a blessed day.

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