

EPISODE 1348**[INTRODUCTION]**

Oliver Fernandez (OF): As we look at the units, we wanna actually take care of the low-hanging fruit first. From an interior standpoint, if there's a unit that we can go in and spend \$5,000 that the previous owner maybe didn't have the money to renovate or they don't wanna spend that money because they just want to transition out of the property, we wanna tackle those first.

Whitney Sewell (WS): This is your daily real estate syndication show I'm your host, Whitney Sewell. The construction process can seem so daunting, right? You need somebody with the expertise to make that happen. There are so many things to think through, you know. When doing this value-add process. Well, our guest today is going to help you to think through those priorities. What is the top priority when we have so many units to turn over? We're dealing with so many tenants. We need to get those units filled as fast as possible. What do we do? How do we think through that? How do we find materials? How do we find labor? We'll talk about all these today with our guest, Oliver Fernandez.

He's a construction business owner, and real estate investor, that has successfully completed \$80 million worth of construction projects and accumulated a real estate investment portfolio valued at over \$150 million in the past 9 years. He's gonna teach you a lot today about so many great things about the construction process and what's most important.

[INTERVIEW]

WS: Oliver, welcome to the show, honored to have you on, and you know your expertise is something that we almost all need. Somebody on the team right that has your level of expertise. and it's so crucial. We wouldn't have any of these apartments if it wasn't for people that were building them, homes of any kind.

So, Oliver, tell listeners a little bit about who you are. Maybe where you're located and let's dive into your superpower, you know in the syndication business.

OF: Yeah, Whitney, I'm super excited to be here with you. So my name is Oliver Fernandez. I live in Washington, DC and that's actually where I first started buying row homes here in DC. and converting them into 2 and 4-unit properties or apartment buildings. And we were doing really well with that. We bought one and we bought the neighboring property, and then we bought the neighboring property. So we were starting to buy quite a few of them, and I was looking to make a bigger investment into something where we could do like, you know, 16 to 20 plus units, and that's why I came across the podcast and that's why I love doing these podcasts because they really do inspire inspired people to think a different way or take a different action. And the podcast is talking about people buying apartment buildings that were already renovated, or already in place that were already renting. And then all you would do is you go in there and do a renovation and do increase the value. And that really intrigued me. And that's what brings me here today where now we're buying those same value-add type apartments.

We go in. We do the construction on those projects. We renovate the kitchens. Sometimes we'll even do waterproofing, update down units, and bring them online to really create a tremendous amount of value for our investors. And then the team as a whole.

WS: Nice. Well, let's walk through some of the construction stuff a little bit. We've all heard that the value-add terminology, you know, forever. And I'm almost like you know some of us almost ignore that, right? You know that term we hear so much. But it's so true right it's been such an important part of adding value to these apartment communities that most of us have been buying in building that value for our investors and ourselves, right?

But let's walk through that a little bit. You know, you buy a project or the team buys you know an apartment community. Let's talk about assessing the value-add component, or the construction component and maybe expectations of how many units we can do per month? Or what do you think about it? Maybe you can even give us an example deal you know recent opportunity, and let's talk through that a little bit?

OF: What we will do on these properties is, we like to do the outside first, and we like to harden the basically harden the outside. Because if you start on the inside and the roofs leaking, or you are in updating interiors, but you got like boarded up everywhere, like the people that come to see your unit are or your apartments are going to be turned off a little bit. So we always like to update from the outside end. And a perfect example of that is, that we bought a 152-unit property in Atlanta

Georgia, and it had some burn burned buildings. So they were all boarded up, we had gone inside to the units and updated the units, they would have got destroyed from all the roofs leaking. It also had, you know, some water issues that were coming in through the foundation. So what we did is we started on the outside, we updated all of the roofs so that we could do our quick interior turns and start generating some additional cash from, you know, now being able to rent those apartments out.

And then after we got all the roofs done, we went and started updating that burn property, and we've updated the burnt property by like putting in new windows and like getting it looking presentable from the outside so that when families came in there, and it wasn't like, "Oh, well, what's what about that abandoned building that's right in the middle of the property?"

Well, where we created a lot of value on that property was, that there was a lot of water coming in through the basement, and this property had actually been on a contract like 3 or 4 times prior to us, getting it under contract, and then eventually buying it. And the reason why a lot of those other parties have backed away is because of the water in the basement, and they just got freaked out by it. Because you know, obviously, when water gets in the basement you got mold, you got all these other issues that that start to present themselves.

And this is why I was so involved in that nitty-gritty of the duplex and the triplex and the quads here in DC. We had a tenant moving into one of those duplexes, and the day that tenant moved in I got a call, and they told me that there was water in the basement. And I was like so bummed out about it, and I was like, Man, we did everything right, but like we made a mistake. Our waterproofing didn't hold the water back like we thought it did." But those exact same lessons that I learned in that duplex, we then now applied to this 152-unit property, where the returns could be even greater than would have been at this duplex property.

So I use that pain on that duplex property to really drive a ton of value for our investors on that 152-unit property. You know, that's how we look at the construction for these deals.

WS: Yeah, I think it's smart. It's the curb appeal too, right? You know, new ownership, and you're hitting that, getting that pop right away, whether it's repainting that exteriors or whatever it may be and it's like people drive by it's obvious something happening at this property right? I think it almost gives hope to the current tenants as well, as they pulled in you know it just looks nicer, even if their unit hasn't been updated yet. It just does something mentally right? They can see things are happening, you know, and sometimes some don't want it but most do, I think, you know by far.

Speak to some of the next steps. It sounds like, the highest priority first. Obviously, if we have leaks, man, you know, we gotta get those fixed. No doubt about it before we update the interior you know because there are so many other problems that can come from that. But okay, leaks are fixed, highest priority first, exterior to the interior. What's next? How do you assess them maybe which units to tackle first and maybe create that plan of you know, turning these units over?

OF: Yeah, it's a great question. So as we're looking at the units we wanna actually take care of the low-hanging fruit first. From an interior standpoint, if there's a unit that we can go in and spend you know \$5,000 that the previous owner, you know, maybe didn't have the money to go in and renovate, or did want to spend that money because they just wanted to transition out of the property, we wanna attack those first. So we'll go in we'll spend, you know, \$5,000. But then be able to, now all of a sudden, bring a \$1,000 per month unit online. Oftentimes even \$100 more than what it was previously being rented for, or is currently being rented for at the property. So we'll spend that you know \$5,000 to make a \$1,000, you know, a month. So we get a direct impact immediately when we do that. So we'll take care of the low-hanging fruit, the units that need maybe some new flooring, some paint, cleaning up the cabinets, maybe just need to even be totally cleaned out. And a lot of times when people leave these properties they're kind of leaving in a not a rush, but they leave things behind. So a lot of these things need to be deep cleaned. And when you build out a good team of like, you know, cleaners and like people that can do like a little drywall repair and painting, it gives a tremendous pop to a place and it allows people to be proud of the place that they're living in. So we'll go in. We'll do all those the low-hanging fruit. And then we'll start moving to the more difficult, and more difficult, and more difficult project projects on site. So we typically like to average right around, you know, 6 to 10 units a month. And you know, now is a little different. Now we really got a plan ahead. Make sure we got, you know, appliances, all those things that are, you know, we used to be able to call the supplier and get them the next day. Now those things are taking, you know, 30, 60, 90 days to even get in stock or sometimes even longer. That's why we try to plan our construction, take care of the low-hanging fruit first, the things that we can go in, and quickly get back online so we get tenants in there quickly. And then we'll move through the more difficult and more difficult projects which oftentimes take longer to get the materials for those projects. So it works out perfectly. We've done the easy stuff, and then by the time we're done the easy stuff, we'll have our materials for that hard stuff.

WS: Makes a ton of sense. The units that are going to take the least amount of time to get them back online, and need to be produced as fast as possible. Right? We need to get some tenants in there and you can't, you know, and it may be as simple as like you said, a good deep cleaning, or maybe painting or just flooring, or you know you may not have to re-model the entire thing to get that unit back online. And obviously, the income determines the value of the whole property right so we don't need any more down units, or you know, for months at a time than we have to. It makes a ton of sense and then you're moving on to the heavier lifts.

Speak to working with tenants. you know or maybe how you're picking, you know the units to start turning that have tenants in them. It sounds like "okay outside first the inside and then as we got inside, we're doing low-hanging fruit that's maybe the smaller things, or just be cleaning well, or a few minor things that we can you know get these units back on." You also said 6 to 10 units per month. I think that's helpful and while we're on that note, though, how many guys are gals, and how many employees is it taking to turn say 6 to 10 units per month? What kind of staff do we need to do something like that at that scale?

OF: Yeah, no it's a really interesting point. When we're doing that, it's almost like a phased process. You go in, you paint one area and then you have someone that yeah, maybe can do paint, but they're better at doing flooring. So they're kind of waiting for the person that goes ahead and paints all the units because they're really good at that. And then right behind it, they're going in installing the flooring.

So we usually have a good group of like 10 to 12 people on-site to execute that plan. That's over a 30-day time period to get that done and that usually, we'll produce that you know that 6 to 8 units a month of really turned cleaned out ready to rent units for our new prospective tenants.

WS: Nice. Can you speak to the process of working with the tenants, you're gonna start doing units that have tenants in them? How do you all handle that a little bit? What does that look like? I know that can be daunting, you know, to new operators as well, or you know even experienced. But give us a little insight there

OF: Yeah, so that's an interesting point. The reason why I like multifamily is that it was already generating income. We want the tenants that are there to stay there and continue to produce cash for us.

We oftentimes will just update the units where tenants are moving out right and that usually keeps our focus for the first year. And then, once we get that first year of, you know, all those tenants that are moving out, and, you know, cleaning up all clean up the property, we start to go and talk to the tenants and let them know like, "Hey, is there anything that we could add to your apartment that you would enjoy or like? Maybe a light with a ceiling fan on it, or you know, updated appliances?" And then, we want the tenant to still stay there because where we really make our money is not having to turn all those units, and I don't care if someone's been in there for a month or 10 years. you're gonna have to do some patch and repair you maybe even have to tear it.

So like we want that tenant to stay there. We just wanna add value to them so that they're willing to pay, you know, a little bit more of a premium, and that we can get a return on investment. So, for example, if we can get, do something where it's like a \$1,000 like change out a couple of lights. But now the tenants are willing to pay an additional \$100 a month in rent like that's over 100% return just on that small conversation. And you start doing that over 100, 200, 300 units, it's a big deal from a cash flow perspective in a value perspective for our investors.

WS: Nice. So you're gonna talk to that tenant and I'm sure they're gonna be able to quickly tell you, "well, I'd like to have this done." You have this staff there, too, I was thinking, you know, 10 to 12 people. Man, it's probably possible, I know, or it is possible, often, maybe, not always but to even go in and do a few of those things pretty quickly, even when they're like at work during the day, right? They come home, and it's like "Wow! I've got new carpet," or "Wow, my place is painted," or it depends on how that's presented to them. I often think you know, they feel cared for to some degree right? And you're trying to not inconvenience them any more than you have to obviously cause as you said, you want them to stay, they're the income, right? And you want it to be home for them, all those things.

So you mentioned a minute ago, you know, obviously, some of the difficulty of finding appliances or materials. Speak about how you all are handling that. I knew that is a big topic right now and has been for the last couple of years. How are you all doing that? How are you all ensuring okay, we're gonna buy this, you said 152 units, it needs some work? We know, "Okay, you know, we're gonna

return this many units,” or how are you planning for that and ensuring we have all those materials available or hopefully, we can get them, what does that look like?

OF: Yeah, it's becoming definitely a challenge that everybody has full attention on, and what we're doing a lot of times is we're buying in advance, and we're trying to buy in bulk. It sounds cliché, but everybody's also trying to do that. So that even makes even another challenge because now everybody's trying to buy in bulk so the supply even becomes even more constricted.

We try to just get ahead of everything, and we're trying to plan everything out, and that's the only way we can survive now. And then we also, go in and we try to do the things where we can get materials quickly. So there's still work that's being done, but it allows us to get some stuff done before we actually need the you know some of the long lead items.

So like for example. we'll go in and we'll do a bunch of paint like there's no shortage of paint right now, so so we'll do a lot of exterior painting get all that stuff. So there looks, and it appears that there's a lot of work being done and things are looking a lot better. And then that buys us time to you know plan ahead and get our appliances and all that stuff bulk ordered for our projects.

WS: It's like having a pulse on what you can get right. How are you doing that? Is that just like all you know, calling suppliers often? What is that? How do you know those things to say you know what we've got plenty of paint, let's knock out all the painting projects we can while we're waiting on the other materials. How do you keep a pulse on what is available as far as materials?

OF: That's a really good question and honestly no one's really asked. It's almost done like second nature but yeah, you gotta get on the phone like even connecting with you. It's like you gotta get out there, and you gotta you know get on the phone and start making things happen. Connecting with these people and seeing, like, “Hey, do you have X, Y, Z?” And if they don't then ask for a recommendation. “Do you know anybody that would?” And now it leads you to the next person and it's like, I oftentimes related it to being in a ping pong ball machine. It's like you pull this thing and then you get pushed from here to there, to there, and then all of a sudden you land on that one jackpot, and it's like ding, ding, ding, ing, ding! And it's like, “Oh, they have the stuff that I need.” But it's getting on the phone, calling, and right now it's not a situation where you're just gonna make one phone call and get your result. Oftentimes it's 10, 15 phone calls to find that one thing that's gonna solve everybody's problem. So it's getting out there and then training the team to do

this as well. We train every day in our organization, on communicating and getting out there and pushing through all the resistance that's out there in the world to be able to find what we need to, to be able to provide for the team and provide for our investors.

WS: So are you all storing materials on-site if you're able to buy them in bulk and how do you do that? Or how do you keep them? Obviously, they're not vandalized or stolen or you know, or that they're taking care of you know when you can't get them.

OF: Yeah. We've been just trying to get so much material that we actually rented out another warehouse because we had so much stuff, and we want to stay ahead of this stuff. But at the same time, you know this is kind of a catch 22 it's like you don't want to buy too much stuff where we're you know, this stuff goes out on date or it not in style anymore. So we actually rented out a new warehouse space as well to be able to store this stuff, and then, once we need it, then we're bringing it onto the site. We'll get containers and bring them on-site too. But oftentimes that's kind of an eyesore unless you have like a really big laydown area on site.

So what we like to do is we like to just store it at our warehouse. We have more security on in and we're constantly going in, and we see in the warehouse stuff. So it's we got more eyes on it versus you know having it on-site, and a storage container. But we also will take it from the warehouse. and then bring it to the site when we need it. So that's kind of how we've been working that angle.

WS: Yeah, that's a neat thought you know, as far as containers can be an eyesore depending on where you have to place them, right? You're talking about going in first thing and fixing the outside, making it all nice, roofs, painting all that, and then planning a big container box right in the front. I could see why that, you know, may not be the best thought, but not everybody has a warehouse. I know that's oftentimes the best way to store things so you can lock them and keep them dry and all that. But I love the warehouse idea if you have a mass right, if you have enough units, you have enough buildings, or processes happening as far as unit turnover, where you can support something like that.

What do you see as maybe there the risks in the construction process right now? Is it materials? Is it labor? You know, what are some things, Hey, if I'm fixing that 150-unit building, whether it's Atlanta, or wherever, what's going to be your biggest concern, it's going to be a heavy lift on the construction side?

OF: Yeah, no, you hit it right on the head it's both materials and labor. And even, you know, just finding you know good qualified team members to work with or subcontractors to hire. The days of just making one phone call, and you think someone's gonna call you back is like over. It's like you got to make 10 or 15 phone calls to find one person that's even willing to even do your job, you know, so it's really paying attention to those details, getting ahead of all of that stuff, you know. And then once you find the good people, you keep them busy, you know and not, you know you're not transactional with them, you know like you just keep them on all of your projects and keep them moving forward. The thing is prices are going up. I mean, like, even from a standpoint of like even labor, you know, to find the good people you gotta, oftentimes you gotta pay big money for them. And then, that same person or that same company that you're sub-contracting from right is also paying big money to keep their team members. So there's a lot of like little nuanced challenges that are out there, but at the same time, there's a there's so much opportunity out there that and all kinds of ways to make money and that's what we try to keep our focus on in the organization, because, if not, it just, it's like a sinking ship. You know, whereas there is so much opportunity out there. We just keep our focus forward. We hit our goals and we continue to move toward them as well.

WS: Give us a maybe tip or a way that you find some people like labor, you know, I mean workers as far as on the construction site? You know, it's difficult, right? I mean in every industry right now. How have you done that well or most recently?

OF: If I'm looking for painters, what I'll do is I'll call like the local Sherwin Williams, and, like those are the people that know who the painters are that are coming in and buying material every day. I try not to go to Google because you go to Google and like, get pulled up all these businesses ad you don't know who's like really working or who's like sitting on their couch all the time. The local Sherwin Williams, they know who's buying paint every single day, and like I want that guy, or I want the the the second guy who's buying the second and most amount of paint. And I want those guys working on my job sites. And the reason why I want those guys working on my job sites is they're doing something right for them to continue to have the business. It's hard enough to make money on this stuff the first time, and then if you have to go back and do it a second time

because the person you hired doesn't really know what they're doing and they messed it up, it's even more painful. So I like to call the local supply houses.

If I'm looking for plumbing right, I got to call Ferguson. And as Ferguson who's buying like you have any plumbers that you can recommend? Who's buying a lot of material right now? Who can you connect me with? And then they'll even ask you like what kind of project do you have? Is it residential? Is it a commercial? So they have a pulse on the labor as well.

I try to use as many resources as I can. I'm not saying I know everything, and I know all things, but I know how to find the people that know the thing, and that that's been a huge help for the organization all across the board.

WS: They're talking to these people almost every day, they know where they're working, and just in small talk, I'm sure that that labor is saying, "Hey, I'm working down here to the road, whatever road it is, or what apartment community." So no doubt that's great advice.

All right. Well, switching gears just a little bit. We'll go to a few final questions. What are the most important metrics that you track? It could be personally or professionally.

OF: Oh, this is a good one. What's the most important metric that I track? I always have written down my goals, even before I started reading books, and they tell you they told you to write down your goals, I always like had my goals written down. I'm not saying that I look at them as much as I do now because I used to write them down and then kind of just put them away and then, look at them maybe once a year. But now I try to look at them and write them down more often because it just reinforces what's important for me, what's important. It helps me stay focused on that when all the other distractions come in.

But from a KPI standpoint, what am I looking at the most – we look at activity. So we're tracking activity a lot, and like, what do we mean by activity? It's like we're tracking phone calls like for prospecting and the reason why we're tracking activity is that there's always a ratio and the biggest the thing that most people in that I feel that so much in the beginning is, I always would like, underestimate how much it took to be great. And I would just do one phone call and like wait for that person and wonder if that person was gonna call me back. But like once you increase the activity and keep moving forward, it's like you almost free you almost don't you almost forget about all of the things that fall down because you have so much that's going on in front of you that like you're almost happy that one thing fell down.

We always are tracking activity like whether the phone calls, how many units are being done, hours that are worked, and then based off of the production that was completed off of those hours, because at the same time we want activity but then we want efficiency. So we get efficiency through training. If someone's working 80 hours, and they've only completed one unit like there's a disconnect. And I'm not mad at the person, I'm actually happy that I have someone that's willing to work all those hours. Now it's like, "Hey, what are you doing? What can we streamline and make that the effort that you're putting out there into the world actually produces a result much faster?" So we just train and we try to get more efficiency around all of our processes. But the biggest thing we're tracking is activity.

WS: Nice. What about some daily habits that you're disciplined about that have produced the highest return for you?

OF: Man, showing up. There's been so many challenges that have happened, things where it's just like all you wanna do is just roll over, and just say you know what you know, maybe this isn't for me but this always showing up and you just don't know when that opportunity is gonna crack or it's gonna break for you, you know.

But for me, that's always been my thing is showing up. Just being present and showing up not just like "Oh, I'm here." But being there and having a great attitude and like make it a great day, or you know, just inspiring people. I try to do that, even with my kids in the morning. I'm always walking in, even if, like everything things burning up around me I always walking with a smile on my face i'm always trying to, you know, inspire them so that they they take on that same attitude of just, "Hey, today's gonna be a great day." It might not be a great day, but I'm gonna make it a great day. Just that type of attitude, so just always having a great attitude. I mean, that's gotten me into so many places. I'm just having a great attitude and people want to be around that, you know. They want to be around people that are constantly looking at the bright side, but at the same time willing to go into the nitty-gritty of things, and got it out make things happen when things are difficult

WS: Great advice. We've all heard something like that. I mean, we don't do it, we don't create the habit. I love that, how you answers that because whether you have a great attitude in the morning or a poor one, it's contagious, even to your kids. I love how you said you know, you're teaching

them to have a great attitude in the mornings. To smile whether they think they're fixing up to do something difficult or not, it's still a great day. And so I love that answer.

What about the number one thing that's contributed to your success?

OF: Yeah, so I gotta roll back to just always showing up and just giving it a 100%. I remember, so I walked on and I play football there and like I was never the biggest, I was never the fastest, but I always showed up, and I always gave a 100%, and I just got better, and I got better, and I got better. Then they brought me on the travel team and next thing you know i'm playing in the games and then I'm playing special teams, and it's just like this constantly showing up and just constantly pushing the be the best version of yourself.

And a lot of employers might give up on you. What do I mean by this? Like they might give up on you because you don't have all the skills but you have to take ownership for that as a person, and that's what I've done like you know I've done so much work like after-hours that like when it comes time for the game time, I'm ready for the game. So it's like getting in the gym, just doing the work time and time again. And that's another thing I notice, all those guys that were there that were scholarship guys, they've been working out since like the third grade like every day since the third grade, and then like you get people that and say, "Hey, I want to go play at the next level," like people have been working on since the third grade versus eleventh grade like they have they've been grinding for so much longer and it's just like I had to take in that. Take that in and take ownership of that and accept it. And just say you know what i'm gonna be one of those people, I'm gonna take the same trait and I'm gonna just show up every single day. I'm gonna do the work even when it's not practice. I'm gonna go to the gym and do the extra workouts. Why? Because I want to be great and I want to get my shot.

That's been the thing that's help me in businesses, help me in real estate, is just showing up and understanding that things are not going to be perfect and I'm okay with it, but I'm just gonna continue to get better every single day, and then and at the end of the day you end up producing when you do that.

WS: Yeah, I love the commonality between athletes and first responders or military. It's very difficult to accomplish those things, you know, and you're taught so much by that, and like you talked about, "Man, just the day in, the day out." It just keeps ongoing. That's what I heard you know so many answers, it's like, "Man, you gotta show up. You gotta show up to win, right? " But you can't

just show up once, you get to show up every day that you lose, you're getting closer to winning. And so, I appreciate that so much as an athlete as you know, military. I just hear that often and well, you gotta show up. How do you like to give back?

OF: Yeah. So we do a lot of giving back here in DC. We've partnered with a local charity called Kid Power, and it's really close and dear to my heart because you know growing up my mom used to take me and my 3 sisters to the library and it instill so many like good lessons in us like get your work, stay focused on where you're going. And that same program Kid Power does the exact same thing. They provide after-school activities for the youth here in DC: So we've donated over 6 figures to that and we're excited to continue to keep pouring back into it. And honestly, that's what keeps inspiring me to keep pushing forward. I wanna be able to donate a million dollars to that. I wanna have even a greater impact on that.

In another organization, we partner with an organization here in DC that works with battered women and we go there, and we donate our time there. We make breakfast after Thanksgiving there. So we're definitely in the community, and that's what inspires me so much to just keep growing, keep expanding and continue to just be the best version of myself.

WS: Oliver, grateful to have you on the show. And you've definitely taught us a lot about your thought process and organizing massive construction projects. I mean, you know, from the construction side, and laying out you know how we think about what the highest priority down to the lowest priority, and making those things happen to finding materials to finding labor. But now to even to that habit, I mean showing up every day the great attitude. I just think that pays off so much and is a must for almost anyone that's successful as an entrepreneur or athlete, or almost in anything. So grateful to have you on and to have met you.

Tell listeners how they can get in touch with you and learn more about you.

OF: Yeah, you can reach out to me at www.investwitholiver.com. Looking forward to connecting with you, and excited about what we got going on in the future.

[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 where you can sign up and start investing in real estate today. Have a blessed day.

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