

EPISODE 1401

[INTRODUCTION]

Vasu Kakarlapudi (VK): Real Estate was the vehicle that was used by a lot of other folks. And so, we basically said, "Okay, we got to start and learn about real estate, and develop mentors, and then ultimately execute on the knowledge and experience that we had."

Whitney Sewell (WS): This is your daily real estate syndication show. Thank you so much for being with us another day, and I hope you have liked and subscribe to the show. I am your host, Whitney Sewell. Our hope is that we are helping you grow personally and professionally, and your syndication business is growing, you're learning many things, whether you're active or passive. I hope that we are bringing a ton of value to you.

Our guest today, man, he is a surgeon, he's become a real estate investor as well. He's gonna help us to relate becoming a surgeon, the detail of making that happen, that doesn't happen easily. Right? I mean, wow, it makes that happen. He's spent so much time and effort making that happen, then he's going to jump into real estate at the same time. And he's somehow made that happen. He's going to shed some light on how he did that also, but just some of the principles that it took to become a surgeon that he has applied to becoming a successful real estate investor, we can all do.

We didn't have to become a surgeon to make that happen. Thankfully becoming a successful real estate investors not as difficult as probably becoming a surgeon. But he's going to help us with that today. His name is Vasu Kakarlapudi. He's an ear, nose, and throat surgeon who has used active income to invest with precision in real estate, lending to financial freedom in his early 40s. So he has deep seated commitment to lifelong learning, personal development, and family. His passion lies in giving back to educate and empower his peers and provide opportunities to underprivileged youth across the world.

He's going to share in the show how he has done just that, even to buying his own building that their practice, right? Which seems to make a ton of sense to doing a lot more than that, even how he looks at some of the deals and minimizes risk. I know you're gonna learn a lot from Vasu today.

[INTERVIEW]

WS: Vasu, welcome to the show, honored to have you on It's not often that I get to have some kind of surgeon on the show, right? And so today we're gonna talk about surgery right? No, kind of, right? Not exactly surgery, but kind of. He is gonna help us relate and this, this ability that he has to the real estate industry also. So looking forward to that, give the listeners a little more about who you are a su and we're gonna dive in.

VK: Yeah, my pleasure, Whitney. Glad to be on your show. And hopefully add some value to your listener and that huge following that you have. So my name is Vasu Kakarlapudi. , I'm your nose and throat surgeon by training, but in practice in Metro Louisville, Kentucky for 19 years. And over the course of those years, we've found that a larger paycheck doesn't equal freedom, but passive income sure does.

And so my wife and I were searching for ways to develop passive income so that we could do our day jobs. My wife is a dentist. And so we could do our day jobs for fun without the pressures of a monthly paycheck and found real estate and started off small and scaled. And now we're at a point where we practice on a limited basis, on a part time basis, for the glory of why we went into these professions to begin with, and not to feed our family.

WS: It's interesting, you talked about you wanted to be able to do it for fun, you do not have the pressure. I think that just changes the whole way you do your job, right?

VK: So literally it it's not work, it's not work, it's your passion. And so, when you're able to do that, I mean, it brings a lot more fulfillment to life. And so, you know, our real passion is to try to share that with other professionals and peers across the country.

WS: Yeah, that's incredible. I love that mindset. And being able to achieve that I think you're then you're able to help people probably so much better more so when you're just in a different frame of thought, right? You're in the moment versus man thinking about what, "oh, you got to get done that day, go go, go, go go." Right? And I'm sure it just changes everything. So, let's talk about some of those principles that you've learned or that parallel between, you know, being a surgeon and now real estate investing?

VK: Well, I think it really starts with education, as your listeners probably know, going through college and medical school and residency and surgical training is that long, arduous process. And it really begins with learning the basic sciences of medicine and understanding the terminology. You know, your doctor is probably share a lot of words that you don't understand. And it takes a long time to learn all those words.

And the same thing goes to real estate investing, you know, just you gotta get a start off with knowing the lingo and getting a solid foundation and a base education in terms of the you know, the principles and so forth, whatever you're trying to do. And then ultimately, you need mentors, right? So you need mentors, it takes a team. And so you need a team of mentors to kind of help guide you share some experiences, there's book knowledge, and then there's real life knowledge. And so just like in medicine, you spend time with professors and practicing physicians and surgeons about to learn your craft. You did the same thing in real estate, and then ultimately, knowledge without execution is useless, right? So you've got to take one step forward and and start executing on some of your plans. And so that's really kind of what it is. There's a lot of parallels between medicine and surgery and real estate investing. And so that's kind of what we've tried to do is to learn, take those principles that we've learned in surgery and apply them to real estate investing.

WS: I want to believe that becoming a surgeon, it's gotta be more difficult than the real estate investor.

VK: Absolutely. And there's a lot more at stake. You know, with real estate, it's mostly money and with surgery, it's people's lives. So, way more important than money.

WS: No doubt about it. Wow. Okay, so when did you all decide that real estate was the path for you and your wife?

VK: So I started practice in 2003. And so quickly realized that all of a sudden my income tripled or quadrupled, from when in residency, we get paid minimum wage. I don't know if you knew that Whitney, but we're basically slave labor for the government, hospitals and state hospitals.

WS: I have a few friends that are in residency, and it's like, the I feel for them and their spouses, right. I mean, they're working so many hours, and man, I'm just not making nearly anything.

VK: Yeah, you sacrifice your 20s to do that. And so all of a sudden, we throw away and we got all this newfound income, where are we gonna do with it, and realize we were just really slaves to our paycheck, you know, so we had to go to work. And we were trading time for money and paying a lot in taxes. And so working well into April and May, you know, the system punishes W2 and self employed folks who don't create investment. And just like the Rich Dad, Poor Dad, Cashflow Quadrant, you want to be on the right side of that quadrant.

So, we quickly realized that we've kind of looked around and curious people that we were trying to see how other professionals were happy. And because there's a lot of negative secular trends in medicine, declining reimbursements, staffing issues, regulatory issues. And so there's a lot of negativity. And so we found a lot of folks in medicine who were unhappy. And because of all the negative problems in medicine, and those that were happy, were the ones that were working for fun, they didn't need the money. They were working, and treating patients with a newfound enthusiasm for just the passion that drove them into that field to begin with. And without the headaches of the administrative parts of medicine.

And so looking around, you know, real estate was a vehicle that was used by a lot of other folks. And so we basically said, "Okay, we got to start and learn about real estate and develop mentors, and then ultimately execute on the knowledge and experience that we have."

WS: Yeah, that's incredible. Well, speak to how you did that. I mean, help the the physician that's listening right now. We have many investors that are physicians as well. And man, they're trying to do the same thing, right? And I'm sure you're gonna to speak to them or their ears are perked up and want to know how you did it. Or I speak to the knowledge base gap there that you had to go through, maybe even how you even made time for that, as a surgeon, you y'all are no doubt you're working many hours. But somehow you had to find the time to make that happen, figure out how to do this real estate thing as well.

VK: Yeah, it's all about priorities, right? And so we all have the same 24 hours in a day. And so you just got to really think about, like, what is it that you want to do with those 24 hours. And so obviously, you need to sleep, I never sacrifice taking care of my body sleeping. I mean, I tried to religiously sleep at least seven to eight hours a day. But you got to take care of your body first and foremost. So for me, it's exercise, meditation, and sleep. And so I never sacrifice on those things. Because I knew that if I did, I did sacrifice on those things. I mean, there there obviously times when you have to, but on a consistent basis, make sure you take care of your body number one, two, you got to take care of your day job. And then you just got to prioritize what are you going to do with their free time.

And so for us, it was about learning about real estate. So the first thing is, like we talked about earlier with a is just an education. So you need to understand the lingo. read all the books that you know, you've talked about in your shows, I read those same books, and learn the real estate terminology, and then found mentors. And so I found one pearl that I would share with your audience is, if you are humble, and curious, people who are successful and whatever you want to do, they want to help you because they see themselves in you.

So if you're able to kind of find people in your area that are doing things that you want to do, even if it's not for their day job, and show that you've got some education, and you're talking to

lingo, you're not asking them to teach you but you've done some basics and you're looking to refine your skills and get some experience in those areas. People will help you and so there's a ton of people who helped me along the way, you know, real estate folks that do development that do investments and do syndications, etc, etc. And I basically just spent time with him, I basically did another residency so I got my education, learning the basic terminology, and then, you know, real life residency with real estate professionals and then ultimately started to take action.

WS: Yeah, that's incredible. You know, and maybe just to clarify for the listeners and myself. Are you mostly passive? Are you doing some active stuff as well in real estate?

VK: Yeah, I do a little bit of both. We do a little bit of active and stuff that we feel like we are world class and because I've never wanted to do anything. My surgical training taught me that you only do stuff and if you are as good as anybody else out there, and so in areas of real estate I'm an expert in or I have a team that's an expert in I do active, and four areas of real estate that I'm not an expert in. And I want to leverage the skills of other people on passive in that bucket.

WS: Awesome, great way and speak to finding those mentors in that you and your wife gleaned all that from and how you did that? And found the time to even add value to them or how you did that?

VK: Yeah, ironically, I mean, I found out that just through word of mouth that a lot of my patients were involved in real estate. So as I provided value to their ear, nose and throat care, I kind of would just said, Hey, you know, I heard you're in real estate. And you know, I'm looking to get into real estate, have read these books and listen to these webinars and podcasts." And podcasts were just beginning in their mid 2000s. So I was just kind of, you know, I was young and hungry and, and humble. And these guys were like, Man, this guy's a surgeon, and he's not the egotistical kind of surgeon mentality that you would normally think of from the movies like, you know, I remember Alec Baldwin, malice good, because like, I am god, is a cardiovascular surgeon, and I tried to avoid that kind of arrogance.

And other people saw that. And so they took me out of their wings, and I basically spent time with him, you know, after work, you know, some days, I would try to limit my schedule and spend more time with him and just go and see how they do their, how they conduct their business, how they vet deals, how they look at deals, how they analyze deals, how they obtain the financing, and what are the intangibles that you can't learn in textbooks, really learned from mentors. And so it was just about being curious, and being humble and being open to prioritizing that in your schedule.

WS: Yeah. And you said that earlier, it's what are your priorities? Right? Yeah, you talked about, you know, you all committed your free time to learning about real estate. And so you all could go make it happen and finding the mentors. You said that I love this quote, too, you know, knowledge without execution is useless. Right? So what did you all do, then? How long was that and what was the first project you're involved in?

VK: So the first thing that we did was, we spent about a year year and a half kind of learning this and finding mentors and then started off small with just a single-family townhome. And like a lot of your listeners probably figured out that it's hard to scale that. And that creates a lot of QA and phone calls and toilets and termite issues, and etc, etc. So that was not the way that I wanted to kind of scale real estate. So we started off that way, but then quickly realized that the real estate's a team sport, and in order to really scale, you need to develop a world class team around you to plug in for areas that you're not a real expert in.

And so we formulated partnerships where each partner would bring in a certain value that would complement each other, and we're able to scale. So we did start off with against single family, but moved on to a senior living facility, medical office. So as we, as I started getting into real estate, I was able to show my partners and my practice that, hey, we shouldn't be renting, we should be owning our own properties. And we can build equity by paying ourselves rent. And so that took a lot of blood, sweat, and tears, because as you know, surgeons are not the easiest people to convince into a new project. And so we started off medic with developing our medical office, we built one office. And then my partners were like, wow, this is great.

So we built multiple offices, built a surgical hospital, where we could go and operate in and have control and be independent of the hospital systems in town, which were trying to usurp us and then got into retail, grocery anchored, you know, recession, resistant, retail and multifamily. So we've got a diversified base that kind of helps us in any kind of economic cycle.

WS: Wow, you've really grown a lot. That's incredible. I love this all too, like you already have a business, obviously, as a surgeon, and you applied it there as well, like, well, there's no reason we don't own our own real estate, our own building, you know, that we're in, and how you were able to express that to your partners are the other surgeons there. However that works because I find that as well.

It's like me, and oftentimes, if you're so busy in a business like that, or in a in a job, I mean, you have to be right and you have to be all in I feel like to be a surgeon, you can't be like you can't halfway do something like that, right? And so it can seem so daunting to think, well, I don't want to own a piece of real estate or I don't have to deal with that. Right? Maybe speak to some of the things you had to overcome was convincing them that hey, this is a great option.

VK: Yeah, I think you bring up a good point. I'll get to that in a second. But Whitney, I think that's a really, really excellent point that she made, that you have to segment your time, because as a surgeon, it takes 100% of your focus on what you're doing. And so that's why we kind of moved away from single family because it required too much time. When I had doctor time I had doctor time. So I had a team of people around me that would take care of issues while I was being a doctor so that I could focus on my task at hand because you've got patients lives under your hands. So you've got to focus on what you're doing.

And so it's really important to segment your time so that you can because you really can't multitask. You know, the brain can't multitask, you got to do you got to focus on what you're doing. But It, essentially I showed my partners, hey, this is another retirement vehicle for all of us that we can work on together that, you know, the banks were willing to lend to us because we were credit worthy. We were paying rent to somebody else, when we could have been paying it to ourselves, we build equity, there's tax advantages. And it just took a series of

conversations, it didn't happen overnight, it took months that took a year really, to be able to show and show our partners. And then Phil, there was still doubters, but I got enough people to kind of at least say, let's get started. And I even offered them to say, Hey, if you guys don't want your share, I'll take your share. Because it was like, literally the best investment you could ever make is investing in yourself, right? Like, if you, I'll give you guys the option, if you don't like it, after a while, I'll buy your shares.

And of course, everyone was like, "Okay, well, this guy really believes and he's got skin in the game." And a year later, nobody wants to sell the shares, everybody, we're all equal partners in this. We're all in this together. And everybody's seen the value. So we started off with one office and then subsequently built multiple offices after that,

WS: Wow, if you could talk to yourself, say 2000, or the late 90s. And you know, now you know what you know about being a surgeon and real estate? What would you do different? If anything?

VK: I would have started to building a team. I don't know if you or your listeners have read the book, Who Not How, by Dan Sullivan and Ben Hardy. It's a phenomenal book, right. And, you know, as surgeons, we're kind of trained to like, know how to do everything ourselves, right. And that's part of the residency mindset and everything, but you can't be an expert in everything.

And so the biggest thing that I would recommend to people getting started is understand, find your skill set, and partner with people who complement your skill sets. There's another book called Strength Finders. And if you look at the science, the data and most physicians are data driven scientific methodology. And a science tells you that you can try to improve your weaknesses, but you'll gain a lot more traction if you focus on your strengths. And find folks like the book Who Not How talks about to complement your skills and find a who, and you can be the who for them, and they can be a who for you. So that's the biggest thing that I wish I would have learned earlier on. But no regrets. I'm extremely grateful for the life that we've built.

WS: And I can completely relate to what you just said about finding the who's, that's how we built our whole team. You know, I mean, eventually our, you know, all of our team members, they're doing stuff I used to do, but then now they're doing is so much better. Right? I mean, because that's their skill set. They're focused on that. And I can't focus on all those things now. I love that the recommendations there as well, Strength Finders have not read but Who Not How I have, and would highly recommend that for sure. What about just in the economic climate that we're in right now? How are you looking at that as you're analyzing deals to invest in actively or passively has that changed? You know, how you're moving forward buying selling? What do you think?

VK: Yeah, absolutely. I think that's a great segue into this current economic climate. So earlier on in my career, I was focused on returns, and figuring out where I can get the best return. And over the years, I've realized that the question you should be asking more than the returns is, what's my risk? I'll give you another book record is, you know, I love to read. So another book recommendation is winning the losers game goes through the methodology about people who really succeed in life aren't the ones who always win the most. But they're the ones who lose the least kind of like Warren Buffett talks about with, you know, first rule of investing is not lose money.

And so now the question, the first question I asked whenever I look at investment is what can go wrong, not that I'm a Debbie Downer, because I'm a very optimistic person by nature. But I want to protect my downside, stick to the fundamentals, not be overly levered, and mitigate whatever potential risks that I that we that we can make myself and my team can figure out on the front end, and figure out a mitigation strategy for that and go in a very methodical sequence where you look at the factors that you can't control.

So for real estate is all about MSA sub market, Ben deal, right. So I think it's important to go in that sequence, you know, MSA sub market deal, because if you look at the deal, and the MSA, the sub market don't work, you can get observation bias, and you can fall in love with the deal, and then lose sight of the fundamental. So I think it's to answer your question, I think it's risk

mitigation. And sticking to a formula where you're very methodical, and precise about how you look at things to control your downside, and then let the upside take care of itself.

WS: Love that. No doubt, we need to think about what could possibly happen that's out of our control the best that we can, nobody can predict something like a pandemic, right? But if that pandemic happens, and your boiler goes out, what are you gonna do? You know, can you still eat right? Can your property still eat? Hopefully it's not eaten too much, though, right? Or more than expected. So, and that's incredible.

And what about anything changed and how you're looking at deals that I just want? Are you buying selling now versus what you were doing before? Or it maybe did the markets change or if anything changed based on what's happened over the last six months or three months even?

VK: Yeah, I think the last three months have really shown us that interest rates are gonna go up, the government continues to want to try to hammer down on inflation, and they haven't been successful so far. So it's, you know, who knows what the Feds gonna do? You got pundits on both sides, the Fed is gonna continue to raise rates, the Fed can't raise rates. And so I'm not smart enough to figure out what the Feds gonna do. Right. So what I do know is what I do know. And what I do know is that if you stick to the fundamentals, following demographic trends, as opposed to economic cycles, because ultimately, real estate is all about people, right?

If people aren't there, and people don't have money, they can't whether you're doing multifamily or retail, or senior care, or medical office, whatever it's all about people and jobs, and the jobs create money, disposable income for people that they spend, they can spend indirectly or directly on real estate. So I just stick to the fundamentals and then cover your if you're bringing on debt, try to get fixed rate debt by rate caps, if you can, and then decrease your leverage.

So in these kinds of times, you know, if you look back and study what happened in the.com, crisis, and 2007, and eight, during the European debt crisis, and during the beginning part of

the pandemic, the people who got in trouble, were the people who didn't stick to the fundamentals, right, they were either overly levered, had variable debt, and they didn't have a plan D, if their debts called, okay, or if rates rise, and they couldn't cover their debt. And if incomes dropped from their properties, they couldn't they couldn't sustain.

And so we've tried to make sure we cover all of those potentials, and make sure that we can, you know, maybe not make a ton of money during those time periods, but at least keep our keep our heads above water, and then ride out the storm, because we've stuck to the fundamentals as long term holders. You know, I think that's, that's a time proven strategy that regardless of what the Fed does, regardless of pandemics or whatever else, I mean, there's enough crap that can happen that you don't even know about, but at least you can try to control the factors that you can control, which is what you can do on yourself.

WS: Yeah, you may not make a ton of money during that time, like you said, but hopefully don't lose the time. Right, right. Because of the things you're putting in place. But what about your your best source for meeting new investors right now?

VK: So the best source is really just most of our investors right now, our friends and family, colleagues of mine, so my partners in my practice, who made some money through our medical offices were like, "Okay, well, what else you got going on?"

And so we started a multifamily syndication fund, and we picked multifamily strategically, because the asset class, it's most based upon demographic trends, which are long term trends, and it's the most evergreen of all real estate classes. So we started a multifamily fund about a year ago. And so most of our investors are people that I've known for a long time, my partners in my practice my partners in our surgical hospital, my childhood friends, medical school colleagues, other colleagues in this area, and across the country and across the world. So those are most of our investors.

And what we're trying to do is to get a group of people together to say, hey, you know, people who may not necessarily want to put all the blood, sweat and tears into finding real estate

deals, but want some of the advantages of real estate. So we pull all these people together cool with our own capital. So we got skin in the game. We take guarantor status, and we go out and buy assets in you know, high growth markets that we follow, where we can follow the demographic tailwinds present in the society right now,

WS: What are some of the most important metrics that you track and that could be personally or professionally?

VK: I mentioned earlier, I'm very much into health and fitness, and to take care of my body because I am not going to be capable of helping people around me if I don't take care of myself first. So for me, it's about sleep that tells you about meditation, which no matter what how you think about meditation, it's, it's helpful for me, you got to find your own place to kind of control your mind and control your emotions. And it's still a work in progress.

Believe me, I got plenty of room for improvement. But meditations firstly helped me. I'm big into exercise. So I try to exercise for five days a week. And certainly do you know, fun activities, have fun with my family and friends and go hike and ski and play tennis and those kinds of things. So take care of my body first, so that I can take care of other things.

Now, professionally, again, I think we touched upon earlier is we're very, very disciplined in how we how we approach things and stick to a regimented plan in terms of how you evaluate deals in a very methodical, precise way so that you don't get caught with your pants down when the when the tide recedes, you know, so it's really sticking to fundamentals and building a team do that you got to build a team, and then stick to your fundamentals.

WS: Yeah, that's incredible. And it's often I think, when people are starting a new venture, or especially when they're maybe they're working a full time job, they're trying to start something in real estate, they have family at home, that's when your health is like put on the backburner, right, I did that for a while as well. It's like me, it's hard to figure out the time to exercise every day or to make sure I'm eating right when it's like I'm trying to work two full time jobs right. And so that I appreciate you just laboring on that a little Because it's like, hey, if I'm not feeling

good, I'm definitely just not going to perform very well, in my job or in my real estate business, as if it's a side hustle for a while, but maybe speak to just a minute, how did you manage that, you know, with family and being a surgeon, and I mean, just all these things all at the same time, even now, how do you manage all these things, and while with the focus on health, too,

VK: well, something's gotta give, right. So you can't do everything. So you know, I don't watch a lot of Netflix, I don't watch a lot of TV. So I try to limit my brown time, right. So it's stuff that doesn't add any value to anybody. I mean, I get my entertainment, not by watching TV, but by playing sports or trying to mix in my entertainment with family time, or with athletic endeavor. So instead of watching TV a lot, I try to go for a hike with the hike with the family or friends and try to mix in pleasure with some physical activity, so that I can minimize the time I'm just sitting in front of the TV, eating bonbons and you know, drinking Coke, and there's gotta get right. So you got to limit your brown time and be productive, either socially, family wise, or professionally, try to be as productive with your time. I mean, it's just it is what it is. Everybody has the same 24 hours. So to prioritize.

WS: That's right. And how do you like to give back?

VK: So our favorite way to give back is to give back to young children who are underprivileged. So my wife and I have a charitable fund that we donate extensively to multiple six figures to people in need, giving kids a fair chance, whether it's orphanages or places that provide education for inner city kids that don't have the same opportunities we were, my wife and I both were very, very blessed to be born into families that supported us. And it's our way of giving back to try to help more people into give them the tools to be able to succeed in whatever they want to do. So we feel like children are the way to not that there's not multiple other ways to give back. But the greatest value I think is when with youngsters, where they're where they're still formative. And give them the opportunity to get them an education, get them good health care, so that they can become productive members of this community.

WS: Awesome. So we appreciate you sharing that as well. Just really calling us all to do the same thing. All right, you know, and think about how you're giving back and and just touching

all those children in that way. Appreciate your time today and really thinking through man, the parallels of becoming a surgeon and becoming a real estate investor and just the dissension to detail the methodical time of just Man, am I purposeful with my time? What are my priorities and figuring out how to make that happen? Tell the listeners how they can get in touch with you and learn more about you.

VK: Yeah, they can learn more about us. We've got a recent recorded a really nice webinar that gives people an overview of some of the things we've talked about today. So if they want to check that out, they can go to [aptaproperty](http://aptaproperty.com) or entities called APTA properties, APTAproperties.com, forward slash webinar.

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[OUTRO]

Whitney Sewell: Thank you for being a loyal listener, the Real Estate Syndication Show. Please subscribe and like the show, share 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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