

## EPISODE 1438

[INTRODUCTION]

**Amy Sylvis (AS):** There's some really fascinating data going on with regard to renters by choice. I think if you're like me, you may have grown up hearing that homeownership is the ultimate, you know, achievement; we should all buy a home. And for a whole host of reasons, there are a bunch of folks, especially millennials, the largest US demographic cohort are choosing to rent instead of buy, even though they can afford to buy.

**Whitney Sewell (WS):** This is your daily Real Estate Syndication Show. I am your host, Whitney Sewell. Today we have back our guest, Amy Sylvis. She's given us a few amazing segments. And I know you're encouraged by her story. You learned a lot yesterday if you're getting started in real estate. If you didn't hear yesterday's show or the day before, I encourage you to go back and listen to her. Prior to working in multifamily real estate, Amy spent 13 years in the pharmaceutical and biotech industries. She was attracted to the industry because of previous health challenges and wanted to help others navigate illness. And today, she's the founder and principal of Sylvis Capital with apartments in Alabama, Indiana, Georgia, Tennessee, and Texas. Today, we're going to jump into some market research that Amy loves doing and is so detailed about but also some of the acquisition side of our business as well. We're going to dive into some different things, risk mitigation and whatnot. But we're also going to cover some other questions where it's here to help us be better entrepreneurs in a big way. I enjoyed these segments with Amy, and I know you are as well.

[INTERVIEW]

**WS:** Welcome back, Amy. I appreciate you just sharing your amazing story, encouraging all of us who think we have challenges. It's like it helps put those in check a little bit, the things we think we're struggling with, but because you've overcome, and you've done so many amazing things. So, grateful for your transparency, even going through yesterday, just how beginners can get started, how you got started, and some of the importance around the mentorship. And

even, I love how it ended as well talking about your husband a little bit and the support there, and how, you know, he was even part of training and education component that you all went through. So, I encourage listeners to go back and listen to the last two days as well. Amy had to learn a lot more to get started in this business, as we all did and are still learning right. But you know, as far as market research and acquisitions and what that looks like, and we're going to dive into some of that today. So, Amy, again, welcome back, let's dive into the market research. What does that look like for you? How did you learn to even do this thing called market research?

**AS:** Thank you so much for having me back. I'm thrilled to talk about this. Market research is actually one of my favorite topics and it's great for our returns and pocketbooks. So, excited to give some more details around that. Yes, through thankfully, some of my mentors, I learned that so much of our returns as multifamily investors are based on, of course, how we manage the property, you know, what our business plan is, but also the natural appreciation that happens in emerging markets that we're investing in. So, reading books, again, there's a great one by Dave Landell that talks about emerging market wealth, and what that looks like. Oh, do you have it behind you?

**WS:** I know I have it, but not sure if it's behind me or not.

**AS:** But yeah, there are so many ways that we can learn a bit more whether through reading, again, experience with other people who have chosen fantastic emerging markets before, listening to podcasts. And it's been so powerful in supercharging our returns on our investments by choosing those incredible markets.

**WS:** Yeah. Wow. No doubt it's so important, right, the markets that you pick? And if you don't think so just look back at that COVID, right? When that started and how that affected some markets so poorly, right? And then others so positively or negatively or positively. I mean, it's just so important, different things to think through. So, what are some of those things that you're going to think through when you're looking at a new market or maybe just the necessary steps that you're going to take?

**AS:** Yes. So, I love the quote - I think it's from Harry Dent, he's a demographer - "Demography is destiny". So, I love looking at demographics first. What are we looking at in terms of population growth? So we all know the United States Census puts out some great data there, especially over the past few years with the great migration. Having more people coming into a market is obviously a great indicator for demand for multifamily investing. What are we seeing in terms of job growth? I mentioned industrial as well as multifamily, so what's going to drive demand and of course, the ability for folks to be able to rent? Whether they're commercial companies or whether they're residents looking to rent, we need job growth and a positive economic environment that is often dictated by the state and local governments as well.

**AS:** And then also, especially as we, you know, I guess some people are debating whether or not we're in a recession, I happen to think that we are, you know, what's going on with the job growth and what existing jobs are in a market. Is it mostly tourism? Or is it like the market we just purchased in Huntsville, Alabama, where we own a bunch of properties, it is driven by secure government jobs, like the United States Space Force and the FBI, that tend to do a little bit better in recessions like that. So, lots of data points to sink our teeth into but that can really paint an exciting story as we decide where is a good market to invest.

**WS:** Where do you tend to look to find that information? You know, I mean, whether it's demographics, job growth, what's happening in a market like that?

**AS:** Local economic development committees are fantastic resources that I think are underutilized and not talked about enough. So, generally getting those folks on the phone, they know before most people what's going to be going on in terms of job announcements. And then there are great free websites, such as [datausa.io](https://datausa.io), that will talk you or walk you through a bunch of demographic data points, including what are the job predominant industries that we're seeing for employment in an area, and even a simple Google search or going to the Bureau of Labor Statistics will tell you about unemployment rates. You know, as we know, the federal government also lets us know, on their free website, what's going on in terms of net migration and such.

**WS:** Are there any red flags, you might say, as far as around demographics, or job growth or those things? It's like, okay, this looks really good to me, or this looks really poor. Or, you know, could you give us a little guidance?

**AS:** Yes, I love that. And I was remiss in mentioning that. You know, data is exciting on its own, but what's really important to do is to compare it to things like national averages. So, you know, if the United States unemployment rate is 3%, which is not, but let's just say that it is. And, you know, it may sound really attractive, if a market, let's say in Tennessee has an unemployment rate of 4%, that's higher than the national average. We should always be striving, at least in my opinion, in my experience, to find markets that have statistics that are beating the national average. So finding an anchor point, a comparison point, as we look at that data is incredibly important.

**WS:** Yeah, that's incredible. As we think about the national average, and where our markets are, that we're in. So, what about any other current trends or anything that you're following in real estate right now that maybe we should be aware of?

**AS:** There's some really fascinating data going on with regard to renters by choice. I think if you're like me, you may have grown up hearing that homeownership is the ultimate, you know, achievement; we should all buy a home. And for a whole host of reasons, there are a bunch of folks, especially millennials, the largest US demographic cohort are choosing to rent instead of buy, even though they can afford to buy. You know, some of it has to do with flexibility. Some of it, I think, quite frankly, has to do with seeing their parents deal with the housing crisis back in 2008, and 2009.

So this renter by choice cohort is doing fascinating things, especially to the multifamily rental space because what they're looking for, what they're demanding not only impacts the supply for maybe their preferences has kind of a downstream impact on other folks that may not necessarily be renters by choice but you have to still find a place to rent and what that looks like. So, I love trends like that. I love understanding new circumstances in the market, and really

understanding how that can dictate what I decide to invest in, especially given that we may be or we already are in a recession and choices that my clients or my customers, as residents, will make.

**WS:** Has that trend changed the way you're looking at the current markets that you're in?

**AS:** It has. You know, within the context of cap rates, there used to be quite a large differential between, you know, A, B and C class apartment types and cap rates that's compressed. Even within that space where you're seeing class A, class B multifamily are often within the same cap rate, why wouldn't I buy a class A that has newer build that may not have as many repairs and maintenance, that may not be, you know, outdated, if you will have to pay the same amount? That's kind of an easy choice. So little things like that, as I do comparisons and understand where I want my next investment to land in terms of property class, and who I'm looking to serve, really important.

**WS:** What about any other predictions that you have for the real estate industry over the next six to 12 months?

**AS:** Wow, that's a good one. You know, I think real estate, especially multifamily fundamentals are sound. I don't know if you'd agree, Whitney. But you know, we're seeing a little bit, you know, obviously, interest rates have risen, and they've risen quite a bit more quickly than many of us would have anticipated or liked. And that's slowed down transactions. And the space is we're kind of in this price discovery mode. But the reality is, we're still almost 4 million housing units short in the United States and that's exacerbated, you know, in certain cities more than others. But you know, I think we're going to hit price discovery, I think there may be some bumps in the road, but there's still so many fundamentals that are fantastic in this space that I think we're definitely going to see trading pick up and we're going to continue to see institutional buyers in this space because it is such a coveted and well-desired investment for everyone to make.

**WS:** Let's talk about acquisitions a little bit. And I guess, what the acquisitions process looks like a little bit for you, and then we'll jump into some details as well. But you know, what does the acquisitions side of your business look like today?

**AS:** Yes. So market research, that is the first thing that we do. I spend quite a bit of time identifying emerging markets, which by the way, always change, not very quickly, but they definitely do. And deciding first from a top-down approach, okay, which markets do I want to invest in that make the most sense from an emerging market and demographic perspective? And then, of course, building those broker relationships or even going direct to seller to find those properties that make the most sense for us.

**WS:** Speak to, have you all had an abundance of acquisitions or deal flow? Or has it been the other way? Or what have you done to combat that?

**AS:** Yeah, things have slowed down quite a bit, I would say, in 2022. Again, speaking to the interest rate changes and sellers haven't quite caught up in terms of I think, in many ways, expectations of the debt market, and how that's changed our ability as buyers to procure debt. And what we're able to obtain in that way to be able to buy properties. 2021 was extremely abundant. There was a lot going on there in terms of transactions which has served us very well. But self-admittedly, I think I'm a bit more in the conservative space in the multifamily area. So, I'm really unwilling to become more lax or make more aggressive assumptions to make deals work at this time. So, as a result, yes, there are people selling but my pencil is very sharp. It's not put down but it's sharp in terms of being conservative and protecting our investments and really an eye on capital preservation there.

**WS:** Are there ways that you have been able to boost your acquisitions or deal flow?

**AS:** This is a relationship business; it really is. Those of us who've been in this space for a bit, and Whitney, you'll probably agree, you know, your reputation, just having people know, like and trust you, are incredibly powerful in terms of sourcing deals. I didn't realize when I first got into this industry that offering the highest price isn't necessarily the way to get deals. I mean, of

course, sellers want the best price that they can get but this industry is not as transactional because a lot can go on between when you offer something as a buyer and then the close date. There can be negotiations, there can be issues, procuring money, procuring debt, all of those things. So oftentimes, sellers and brokers will take perhaps a little bit lower of a price from a buyer, if there's a reputation of getting the deal done, not being a pain to work with, all of those things.

**WS:** How did you represent that in a way that gave them that confidence?

**AS:** It's a tiny industry, right? Brokers all know each other, even if they're within, they're with different companies. And yeah, it's really referencing previous transactions, even having other brokers maybe speak to your ability to get a deal done. And just establishing that reputation within this tiny, tiny industry. We do what we say we're going to do, and it's amazing how word travels.

**WS:** Are you doing most of your underwriting now? Or do you have an analyst? Or what does your team look like on the acquisition side?

**AS:** Yes, I do the vast majority of the underwriting. I've got some teammates that do it as well. But I love understanding the numbers. I think it makes me that much better able, you know, as I communicate with potential investors, what the deal can look like, and of course, I invest my own money as well. So, maybe there's a severe of control, a little sphere of control there that I enjoy. But I think the numbers are incredibly fascinating and can really make or break a deal, obviously. So it's great to be involved in that as well.

**WS:** You know, knowing that you have invested passively in some deals, and you're underwriting your own projects, you know, how do you prepare for a downturn or a recession? You know, like you've talked about, you know, when you're looking at a new project, and you can take that passively or actively, but what are some of those things that you're going to say, hey, I want to ensure that these things are in place. So not only is there a recession, but then we have three bowlers go out, or whatever it may be that we're prepared.

**AS:** I love this, because there are layers of, you know, risk mitigation that we can implement as we look at new properties to purchase. So the first one really is understanding assumptions in terms of rent growth. I think we've been so spoiled over the past few years with regards to how much in certain markets, I think, you and I have both been in how much rent growth has occurred because of that increased demand. I'm not assuming, you know, 20% year-over-year rent growth. I don't think most people would be wise to do that. But even seeing if my deal would work, if there wasn't rent growth, if we didn't decide to, you know, in a value add strategy, for example, what if we didn't renovate and we just had to hold tight? What happens to our returns? Are we able to continue to pay on our loan and, you know, preserve the deal, if you will.

So, taking a look at assumptions is one. Again, not to beat a dead horse, but looking at the market. Again, you know, we are intentionally making sure that we're in markets where jobs are continuing to grow, we think that they will, because of whether they're government jobs or industries of that nature that tend to do well during a recession. So you know, none of this is foolproof, right? Nothing is bulletproof, but we can really hedge our bets in that respect by choosing the right markets and being extremely conservative and are assumptions.

**WS:** No investment is guaranteed, right? I say that often, I'll be able to bring a preferred return means it's guaranteed, right? Absolutely not. So what about a way, Amy, that you've recently improved your business that we can apply to ours?

**AS:** I have a virtual assistant that I really love working with. You know, I've really had to, and this is kind of an interesting dynamic, because so much of my health that we've talked about, no one else could do my health things for me. I had to go to the doctor, I had to do my breathing treatments. The concept of outsourcing or having someone do some things for me, quite candidly, and maybe embarrassingly, it was just not something that was a part of my world. And now as I grow my business, understanding that, you know, I don't have to be the one to do data entry in my Active Campaign. That doesn't need to be me; someone can do that just as well, or likely better than I can. Yeah, doing some kind of routine things like that,



that don't require necessarily my experience or my unique skill set, I can have other people essentially give me more time back. And I can give them a job as well, which is really cool, and help enhance their life by employing virtual assistants. So, that's been a game changer for me.

**WS:** Where did you find them?

**AS:** Referral. So, a few of my business partners, yes, employed a company that has served them very well in terms of the folks that they work with. So, it was word of mouth.

**WS:** Nice. I get that question often. Can you share the company that you hired them through or was there a company?

**AS:** Yeah, I would have to search. I did this about a year ago, and I can't really remember the name. Sorry.

**WS:** That's all right. I appreciate you bringing that up. Because I've spoken so many times on the podcast about hiring virtual assistants. We've, I don't know, got a dozen or more in the Philippines now. But we didn't start there. And so you know, started with just well, a team of three or four early on for the podcasts and whatnot. It's grown a lot. But yeah, you gotta be thinking about those things that you can hand off to somebody else so you can gain that time back. What's your best source for meeting new investors right now?

**AS:** LinkedIn. I love LinkedIn. I candidly stumbled upon it. I was just excited to share with people what I was up to. And it's astounding how many people understand real estate, understand how it can build wealth, but think there's no way I either have the time, the money or the knowledge to get into that space. So, I have so many conversations that gives me so much energy and excitement, helping people understand what they can do to build their wealth and build their family's legacy.

**WS:** Can you give us a technique that you use on there to find those investors or to connect with them?

**AS:** It really is just being authentic. I think, there is this notion, especially, you know, maybe in sales or something like that, that you really need to push things on people, get people to do things, convince them. I have found by just talking about what I do, what I'm researching, what I'm interested in, people want to learn more. And there is authenticity there and transparency in terms of those conversations. So, it really isn't much more than reaching out and sharing what I'm up to. I wish I had something more profound to share. But people can tell when you're being authentic or trying to get them to do something, rather than having a servant's heart of my purpose is really to help other people. And if this is a match, great. And for some people, it's not; they're not interested, they're doing other things, at least on my end, you know, there's no more bringing that up. It's just it is what it is. I don't need to force anything on anybody.

**WS:** Yeah, I appreciate that. We oftentimes overcomplicate things, right? So what's the biggest challenge you're facing in your business right now?

**AS:** It is definitely deal sourcing. There's quite a bit of capital to your point that's looking to be deployed that's eager to be a part of the legacy and wealth building that real estate can afford folks and I am just unwilling to be any less conservative than what I am right now in terms of how I underwrite deals. So, real estate is cyclical though. This is not the end of the world, you know, we can hold tight and ultimately being good stewards and responsible of our money and other people's money are rewarded. So it is a challenge. It's hard to tell my investors, hey, yeah, we're still working on stuff. We don't have anything quite yet. It's not my favorite thing to say. But it's quite better than the alternative of we made too risky of an investment, I felt too much pressure and that's why I chose this and it's, you know, God forbid, not performing at expectation.

**WS:** What are some of the most important metrics that you track? And that could be personally or professionally. It could be how many times you got up out of the bed on time, or how many deals you underwrite a week or anything like that.

**AS:** You know, health, as you can imagine, is a big deal to me and my world is really opened up with these Apple watches and various other things that can allow me to track. So, a bit off topic from real estate, but I think my health, you know, really enables me to perform the way I'd like and reach my goals. So, whether it's resting heart rate or the average number of steps per day or heart rate variability. I'm also a diabetic, a type 1 diabetic, so I wear a little meter that allows me to track my blood sugar constantly throughout the day and night. I think all of those metrics are really cool. And in fact, encouraging to me to see, am I getting better than yesterday? Am I, you know, the time I'm spending at the gym or the discipline I have of not eating sugar, is that paying off in terms of my health and my longevity? So all of that's been a fun adventure. I don't know if that answers your question, Whitney.

**WS:** Yeah, no, it's great. Because I do believe your health makes such a big difference in your entrepreneurial journey, you know, as you're facing struggles, or you're having to push harder than normal, or whatever it may be. I mean, I can relate to that very well, as far as you know, my personal health and some specific things we were doing in our household that I think played a big role early on in our entrepreneurial journey, in a good way, completely agree. So, I appreciate you bringing that up because I think it is so important. Let me just point out clarity of thought in so many things that are affected by what you put in your body. So, tell us about and maybe this is related to that, but either way, some daily habits that you're disciplined about that have produced the highest return for you.

**AS:** If you haven't read the book, *Miracle Morning* by Hal Elrod, it is a game changer. I think a lot of people in our space talk about this. But the habit of intentionally journaling, of meditating and praying, of visualizing and affirming, and of course, reading and getting an exercise all in the morning right when I wake up, it sounds so simple. But to your point earlier, some of the most profound things are really simple. I was really skeptical. I heard so many people that I admired in our real estate space, bring up this book and shed a little bit of light on what it was about. And I thought don't impactful and profound things have to be hard or overly complex? If you haven't read the book, if you're not doing those Savers, as they're called those steps every morning, I would definitely encourage folks to consider that because it's changed everything for me.

**WS:** That was one of the first books that I read when I started my entrepreneurial journey into real estate anyway. And I do think that that changed everything too just being up early consistently and educating myself. I think that played a massive role early on. And so you talked about, you know, it doesn't have to be that difficult, but I guess it's difficult, or everybody would be doing it, right? But it does seem almost too simple, right? To be up early and be consistently educating and so, appreciate that. What about, what would you say is the number one thing that's contributed to your success?

**AS:** It's gotta be my faith. Absolutely. There are so many things if we pay attention, you know, to the news, or to our own personal circumstances that can really get you down and understanding, you know, I'm here for a purpose on purpose. It's not necessarily focused on myself, but on how I can care and give for others and my relationship with God especially during difficult times but even during the good times. I can't fathom where I would be or what my life would be like if I didn't have that.

**WS:** Yeah, I appreciate you sharing that. I would agree 100%. And how do you like to give back?

**AS:** So I mentioned this miracle medication that I have for cystic fibrosis. Unfortunately, about 10% of people with CF cannot take that medication, it doesn't work for them. So, as you can imagine, knowing that some of my CF brothers and sisters don't get to enjoy the health that I do. When I take that medication, I think of them twice a day every time I take it. So, we are very, very focused on making sure that drug development continues in that space and no one is left behind in that area. My husband is also from Los Angeles from East LA specifically and he grew up in the after-school kind of program of inner-city Los Angeles as his parents were working and you know, he needed that enrichment. So, we are very dedicated and committed to continuing to help inner-city and underprivileged children here in Los Angeles benefit from after-school programs such as the Heart of Los Angeles by giving to them our time, monetarily. Children are incredibly important, and we want to see them succeed.

**WS:** Awesome. Amy, I'm very grateful to have met you and to have you on the show. It's such an honor and just an encouraging story of just overcoming major challenges. And I know it's encouraging to the listeners, it's been encouraging to me, and I appreciate you sharing your learning journey as well. Whether it's market selection or acquisitions, or how much money do I need to get started, all those things that we all had to work through at one time or another. So, Amy, thank you again, and tell the listeners, one more time, how they can get in touch with you and learn more about you.

**AS:** Thanks, Whitney. What an honor. What an absolute honor. Yes, you can reach me at [SylvisCapital.com](http://SylvisCapital.com) which I know will be in the show notes because it's spelled a little odd. And we do have a 30 or so minute webinar at [SylvisCapital.com/webinar](http://SylvisCapital.com/webinar), where you can learn a bit more about specifically what we've done, how we think through this real estate investing process, and how it may benefit you.

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[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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