EPISODE 1446

[INTRODUCTION]

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Our guest today, which you're gonna hear in just a moment. I mean, about 150 million in real estate in 16 months. How did he do that? Well, he's gonna go through that today. We're gonna dive in. His name is Dr. Pranay Parikh. He's a medical doctor, serial entrepreneur, online course creator podcast, host from MD to entrepreneur podcast. His unconventional journey to medicine helped him learn the skills to Excel in entrepreneurship and real estate. He's helped to launch seven-figure online course by over 150 million in real estate, help hundreds of physicians launch their own businesses as well. Pranay's gonna dive into how he accelerated his business so quickly, but he is also gonna dive into some of the important metrics that they track, which I thought was, , he provided some great detail around that. He also has a great giveaway for you at the end of the show that you need to listen to. I hope you'll sign up for it as well. 150 million in 16 months. That doesn't happen by sitting on your hands. Our guest today prone has done just that.

[INTERVIEW]

WS: Pranay, welcome to the show.

Pranay Parikh (PP): Whitney, thanks so much for the opportunity.

WS: Yeah. Honored to have you on. I'm looking forward to diving into this. I know the listeners; their attention is caught by that, for sure. And are wanting to know how you did that, especially, it wasn't like you were unemployed while you were doing that as well, and so let's dive in. Who's Pranay and let's hear a little bit of your story and how you made this happen while working full-time as well.

PP: Yeah. , it's funny that they say you're overnight success, but it takes ten years into making. It's kind of the same thing. So my background is that I'm a medical doctor. I still practice; I'm down to 0.8 full-time. So I'm still working a lot. But while I was raising all the money and getting all buying all those deals, I was actually working full time. So, I graduated residency, and I knew that real estate was the way to go. I had to be smart with my money. And so I bought a four-unit. And I was planning on buying one a year and just having an empire of my own properties, right? And having a property manager. I live in Los Angeles; it was tough finding my first one. Now looking back, I was pretty lucky to find a four-unit that cash flowed well. But after that, I spent so much time on it that I realized I probably should have just been working and making money on my day job. And instead investing with other people to buy apartment complexes, you can invest in 10 for the amount of time it takes a couple hours, right? And eventually, I knew my partner and I, Dr. Peter Kim realized that we had so many people that were interested in doing what we were doing, investing in real estate without being a landlord, that we actually created a course; it's a seven-figure course that we've made. We've sold it to thousands of doctors that have been interested in making passive income. Yeah. Honored to have you on. I'm looking forward to diving into this. I know the listeners; their attention is caught by that, for sure. And are wanting to know how you did that, especially, it wasn't like you were unemployed while you were doing that as well. , and so let's dive in. Who's Pranay? Let's hear a little bit of your story and how you made this happen while working full-time as well.

PP: And we thought we were done at that point, but after a while, we realized that people were still getting into deals that weren't that great. And we realized that if we wanted to really make sure doctors got into best types of real estate investments that we had to control the whole process. And that's why we created a cent equity group.

WS: Nice. It's interesting. You wanted to control the whole process, and a lot of learning that came from that. No doubt about it. I wanna jp into that. But you said you bought a four-unit, and you mentioned, Hey, you learned that, Hey, you spent so much time on finding that for a unit. You probably should have just been working as a doctor. Maybe investing. Is that accurate?

PP: Yeah. Yeah. It was the opportunity cost, right? It's getting harder. The last couple years is getting much harder to buy in Los Angeles, and I could have looked elsewhere, but I am creating other businesses as well. And so I realized that for my investments, I didn't wanna work that hard. It made more sense to create a podcast like you have and do all this other stuff on the business side.

WS: But you went through medical school, and you became a doctor. I'm sure you received some pushback like that, right? Like why real estate? I mean, why do this after you've worked? You know, I, anyway, I'm just playing devil's advocate a little bit here. I'm sure you've received that pushback.

PP: Yeah. And so medicine has changed a lot in the past ten years, I'd say. And it's getting difficult to practice medicine in the way you want. And what we tell people that real estate gets you. It gets you freedom and not freedom from medicine, but freedom to practice medicine in the way you want. I actually had a cardiologist investor, a hard doctor, come to me and say, I love my job. I don't wanna work less. And I told her, do you have patients that you wish you could have spent more time on? We all do, right? We have a 15-minute block, but most people need 30 minutes or maybe an hour and say, would you wanna take a day, spend an hour with each of your patients? But you're gonna make a lot less money. And having money coming in from elsewhere gives you that freedom to do that. And you're making a larger impact. Your patients are gonna love you. You're gonna have a way better quality of life, and you can do that with passive income.

WS: Think about the reduction in stress. I can only imagine if you only have 15 minutes with that many patients and got an hour with fewer and just the better care that you can provide. No doubt about it. Well, you mentioned you knew that real estate was the way to go, even in residency. You bought the four-unit; you learned that, Hey, this is a ton of time spent, right? There's gotta be a better way. What was it about syndication that attracted you? How were you introduced to the syndication business and just the ability to scale like this?

PP: Yeah, so I was fortunate that my now business partner created this brand called passive income MD. And he's been investing in passive real estate for years. So almost since the 2012 jobs act when. It started becoming more popular. And so I just reached out to him, and I told him, Hey, like, how are you doing this? And he gave me a bunch of pointers, and we realized that there wasn't a course as doctors like to be having our handhelds. So we created a course, an online course. It's only a couple hours because we've taken everything we've learned. And distilled it, and we updated it every year. And so after creating that course where I was like, this is a no-brainer. Just the amount of time that I spend on these investments is almost none, right? It's probably an hour or two on the front end to vet it. Then after that, that's it. I just wait for a paycheck. And it's hard to beat that when you're trying to go on Zillow or Redfin at odd hours, going to go look at properties, losing out on bids, and all that stuff.

WS: Speak to when this scale started to happen. I mean, you got to 150 million in real estate in a very short period of time. What? Sixteen months, while working full time, how did you do that? What were some of the techniques you used to grow that?

PP: Yeah. So a lot of people will decide to get into real estate and then start a brand. They'll like a podcast like yours. It makes things more difficult cuz you already have something to sell. So if you are thinking about doing something in the future, which you know, most of us should, most of us should start a business or something. It makes sense to start your personal brand as early as possible. And then when you're providing all these years of content, free content, education stuff, that's useful, and the value. Not just a free ebook, right? But actual blog posts, podcasts, conferences, like value, and people can see that. And, we had that. So we had a big Rolodex for my partner. And so raising money, it became pretty easy. And you know, we've had to grow that since then, but you know, our very first equity raise was $3 million. It was tough. It wasn't easy. We did 25,000 minims, but now we're at 50,000 minims, and we can easily raise 15 million in one deal. We're buying deals at 30 to 70 million in total capitalization.

WS: Congratulations. That's incredible. Yeah. Most people's first raise is not 3 million, to say the least. So that's great. And it speaks to starting the personal brand and even the network that you started building. Speak to how did you all start building your personal brand. You know, quickly, what were some of the avenues you used? And so it's not so overwhelming as well for that person who's looking to do just that.

PP: Yeah. And so think about what you enjoy. So I have a failed blog. I just hate writing. And it was so painful. I'd publish every Wednesday and Tuesday night. I'd just be like hitting my head against a wall, trying to come up with a thousand words, right? It is just so painful. Now, I wasn't doing consistently. I'd miss it every so often. So try to figure out something that it's not pulling teeth, right? For me, I like talking. I had to interview a lot of people for some of our other companies. So I thought, let me just do a podcast. And you know, not to say it's easy, you gotta do a lot of marketing, you gotta do all this stuff. But getting on podcasts like yours, talking to other people, or having hosting my own podcast, that came pretty easy. I could do that a couple a week, and whole month's worth of content. And so there's other things you could do, right? There's blog posts, there's email newsletters. So try to think of what you enjoy. There's also the other big thing right now is curation, right? We have so much information overload that people are always looking for someone that's good at curating the best information and synthesizing it, right? So you don't even have to come up with your own content if that's not something you're into, but if you're good at taking lessons, From other people's contents. Like maybe you listen to a bunch of Whitney's podcasts and send out some smarties, right? That's something that would be very useful, right? And you would love it too, right? Cuz you're helping people market your podcast. So there's a lot of ways to go at it. The big thing I'd recommend is one gets started: give yourself, say, maybe a month or two months. A lot of people say at least a hundred. Hundreds kind of overwhelming, I'd say maybe 50, so 50 blog posts, 50 podcasts, and then see how it goes, and just know that even if it fails, you're gonna learn a lot.

PP: So I did a master's program, and I forgot I had an essay due in my professor asked me for the essay. I was like, oh yeah, yeah, I have it done. I'll send it to you soon. And I was able to bust out a five-page essay in a couple hours, and I would've never been able to do that. It's cuz I had been working on my blog at the last minute. So you get these skills even if the project fails. Just like the podcast, you get better at talking to people. You get better at public speaking. You get better at asking questions.

WS: I believe that's accurate. You said about 50. I tell people typically plan to do your podcast for a year, at least before you quit. If it's once a week, it doesn't happen overnight. That's for sure. You have to keep going. But I like what you said too: you're gonna learn a lot, even if "fail," right? Or you quit, six months in eight, eight months, even a year in, you will have learned a lot, and you will have networked with so many individuals that otherwise you would not have got to meet, right?

WS: Speak to doing all this while working full time as a doctor. How did you juggle that? What does that look like? That's often pushed back that I received from people when they're talking about getting started. I'm like, okay, most people can't just up and leave their w two immediately, right? You do have to figure out a way to do at the same time. How did you do that?

PP: Yeah, so what I have done is gradually decreased my shift. So I actually was working almost double full time when I first started. And that's why I was able to pay off my loans and buy my first property. People from medical school graduate with a hundred to $200,000 worth of loans, so were pretty negative. So, the day you get to zero is a day for joy. Joy and celebration. The way I found that worked was I actually worked nights, and I still work nights. The hospital's a lot quieter. And it gives me time to do other stuff. I tried to switch to days, which I probably will for my longevity and health, but at the day, you're just so busy. So many people are calling you, and that's the way that I was able to find that worked for me, so if you can find a shift. If that works, or I have late nights, right? I try to sleep where I can. I have a young son. So, these days, I'm waking up pretty early. But it's you can find time. And also, when you're working on something that's exciting and different from your day job, even though it's more work, it's invigorating. That's how I feel. It's dealing with different challenges and different people, and it's fun. So it doesn't feel like work. But there are some sacrifices that don't really watch sports anymore. , and that's something that I had to sacrifice, and it kind of sucks. I love football, and basketball. And I'll probably pick it up in a couple years, but for now, I've had to give up some parts of my life so I can have some career success.

WS: Yeah. Make those hard decisions now that nobody else is making, right? What does that Dave Ramsey quote, you know, it's like do what nobody else do now, so you can do what nobody else can do later. Something like that.

PP: Yeah.

WS: Everybody listening probably knows. No, that's incredible. No doubt. You have to make some hard decisions, and like you said, you have to say no to many things that typically you would've said yes to, right? Yeah. It's changed a lot because you said no, then you can say yes to a lot more now. I hope it's encouragement to the listener, as maybe you're struggling with that. Or maybe you're struggling with having to do that, but it's so worth it. Speak to some strategic things that happened to help you to scale that fast, right? You started learning this business. You met your partner. You went from four units to 150 million in real estate. What was some of the things that happened that helped you to do that so quickly after that?

PP: Yeah. I think the big thing is strategic partnerships. So instead of trying to do it myself, so partnering with Peter Kim. So got access to his audience, then actually my other partner adding myth, you know, and my Peter talked to me, he was like, are you willing to give up equity? And I said, yes. I think that the pie's gonna get so much bigger if we're taking him on. And he thinks in a much different way than we do. So, Peter and I are very similar in the way we think, which is great for our strengths but also amplifies our weaknesses. So we found someone else that was in a different way. But other than that, we've stayed very lean, and we've thought we've worked with people like yourself, like in the business, we've talked to people, we've hired coaches, and we've paid tens of thousands of dollars for coaching programs that each of them gets you a couple percent. And one of them built a new website for us. Another one built a new funnel for us. And all of that, we could've done ourselves, but it helped us kind of leap rock. So partnering with people and talking to people and talking business. I think a lot of times we're so scared of working with other people and them being competitors. But we just look at everyone in the business that if more people are investing in real estate, It's a good thing. There's a quote from the CEO of McDonald's, and he was asked if he was worried about five guys in and out and stuff. And he said, no, you know, the more people that eat burgers, the better it is for us. So we look at that the same way.

WS: That's neat. I've not heard that before, but that's a good quote coming from who that is, right? , strategic partnerships, no doubt about it. , Peter and I, I think, are supposed to do a podcast swap in the near future. So that's neat.

PP: Yeah.

PP: That's incredible. Strategic partnerships, no doubt about it. To scale that fast, you can't be the best at everything in this business, right? There are so many moving parts. And I often tell, I mean, investors too, it's like, well, I am not the expert in every part of our business. I do know often a lot about what everybody's doing, of course, but that is not the best way for me to safeguard their money either, right? For me to be the expert in every part of the business. And we wanna hire people that are better than us, right? And as we grow and find the partners better than me in those areas, where were we, just like you're talking about? Okay. So you found partnerships; what types of deals are you doing, and how has that grown?

WS: Sorry. One more thought I had on things that have worked well first. Sure. So, in the beginning, we hired a ton of freelancers. There's just so many people out there that are sitting idle that you have access to. And there are a couple hundred bucks an hour, but it's totally worth it because the amount you'd pay if they were a full-time employee is just way more than that. You'd be paying way less per hour, but you'd be paying them for a full day, right? Instead, you pay them hourly. So we've gotten access to people. For example, back when we were starting, people who are underwriters, but underwriters at some of the largest multi-billion dollar companies. And you get access to them for a couple hundred bucks. So especially when you're starting, try to find people who are freelancers, and you could pretty much find a freelancer for everything really high quality.

PP: I think that's a great point. And you mentioned a couple hundred dollars and it may seem like a lot to pay somebody a hundred, $200 an hour. But when you get somebody at that caliber to oversee your underwriting for you, I mean that that's, it's so worth a few hundred dollars, right?

WS: Yeah. I mean, we have a full underwriting team now, but a lot of times we'll send it out to a third party just in case, you know? Cause you don't know what your blind, spots are. So it's, a double check and a couple hundred dollars for a couple million dollar raise. It's totally worth it.

PP: All right. What would you have done differently on your say first deal?

PP: Yeah. There's a lot of things that I think I would've done differently, but it really in the first couple deals. But they had to happen that way because it was a stepping stone. It would've been nice to get to where we were, but we couldn't step in. So I don't wanna say that I would've changed anything cuz we probably wouldn't have gotten to where we were. I think having the minim so low a 25,000 investors. Triple the work as a 50,000, like ten times to work as a hundred thousand. Right? But at the time, I was getting on the phone. I was calling people to get each 25,000 investments. So as much as I'd love to say, yeah, we should've done 50, but who knows if we would've been able to even fill up at that point? So, I think it's being cognizant what I would say; what I wish we would've done is give perks and benefits for people that invested more than the minim. And that's something that we did in our last deal. And we, even though our minim was 35, we saw an average investment of about 60 because we did give people perks for investing in more.

WS: How did you do that? What were the perks? How were the perks structure?

PP: Yeah. I tell people we're doctors, so we keep our waterfall. We keep everything very simple. We want it to be as easy to understand as possible. So, we charge a 2% up upfront fee that covers all our costs and lawyers and accountants and all that stuff. So if you invested over a hundred, that would go down 1.5. And then, if you invested over 200, that'd go to 1%. That was the per. But a lot of times, people would put in 75, 60, and that extra little percent or half percent would bp them up.

WS: Nice. No, I appreciate you sharing that. It's interesting just to hear how different people incentivize larger investments, right? Or, how you're doing some fees. So what about any predictions that you have just in the real estate market over the next six to 12 months? So you're all buying, selling. How do you feel about it?

PP: Yeah, we are about to close on a property. We just signed a PSA. What we are doing now is we're looking for things that are different. So we've been doing middle-of-the-ground value, add multi-family in the Sunbelt, bread and butter multi-family. But that is getting more difficult because buyers don't wanna buy because interest rates and sellers don't wanna sell because there are no buyers. Right? So it becomes this like loop of death. So what we're looking for is we're looking for deals kind of diamonds in a rough. So this deal, the seller only has one property, right? And they've doubled their money in a couple years. So they're looking to get out, and there's a ton of value in there. So we're looking, it's 120 units. So it's something that institutional people won't scoop up. That's something that we found, and we found cuz our partners are boots underground. They're local. So we're trying to really rely on that. The other thing we're looking at is long-term agency debt. So the cool thing is these days that the debt market, the mortgage rates, they're getting very clever with the new products that they're giving out. We're getting a 10-year agency loan. That's adjustable, which is pretty rare. They didn't do really adjustable rates in the past, but with a rate cap. So it gives us a lot of optionalities, and that's what we're looking for. So this deal, for example, we could do value, add, sell it in a couple years, you know, traditional it's cash flowing 5% on day one already. So we could just hold and refi. And then could be like the infinite return model where we just hold it, hold it, hold it refi, refi, refi. And then maybe one day sell. Just hold onto it because it's cash flowing so well and then potentially sell the land in like ten years. So it gives us a lot of optionalities, and I think that's what's important, long-term debt and a lot of optionalities.

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

PP: Our best source. So, we go to conferences. , specifically doctor conferences. So we have an in on that. And then, because Peter has his own brand, passive income MD, that's kind of a natural funnel. It has, you know, a blog, a podcast. We have a conference coming up in two weeks in Los Angeles. So that'll be another source of people. And then just going on podcasts like this.

WS: Awesome. Yeah. Some of our team will be at your conference. So looking forward to hearing about that. And then what about, , a challenge that you all are facing right now in your business?

PP: Yeah. A challenge that we're facing is trying to figure out where to go. It's a chicken and egg kind of thing. So many doctors are wanting to invest, right? And they say, Hey, maybe you, you guys should do self-storage, or maybe you guys should do industrial. So it's trying to figure out. Is there enough demand, right? And should we try to do some of these other asset classes, or should we just go all in on multifamily?

PP: We're leaning towards the ladder and just really being subspecialized in multifamily, but you know, it's, it's hard to avoid the kind of the shiny egg syndrome where you're like really looking for all this stuff. Cuz you hear about all these people they are just killing it in other assets. And there's a quote that if people are wanting to give you money, you should find a way to do it. So, that's something that we're kind of discussing internally. And talking to our investors. But as of right now, we're gonna really focus on multi-family value add.

WS: Pranay, what are some of the most important metrics that you track? It could be personally, professionally. It could be how much you can bench press to how much, what time you get up every morning, or how many deals you're underwriting. What are some of these?

PP: Yeah. So big one, and I got this from Brandon Turner. He's a friend of. The group, he'll be at our conference keynote speaker. And he said, in a podcast that he is seen and this, you know, this was a month ago when there was a lot more volatility, that about half, as many people are investing as usual in passive real estate. And those people are investing about half as much. So he's seen about a quarter of his investments, and he's saying, okay, how do I do the same amount of deals? And I love that. I, I love thinking that, okay, this is happening, but how do we still function in the way that we want to, right? And make that impact that we were planning on. He said, okay, now I need to double or quadruple my email list. And that's what we've really been focusing on, trying to grow our email list. , and so that's the biggest number that we follow on our email list.

PP: Number two, we look at leads per dollar spent, right? And there's kind of industry standard. So we look at that. Three is deal flow. We actually found that one of our best list builders is having a new. So about half of our investors are new, which is pretty amazing because we have about two to 300 investors per deal. So that's a pretty big list builder. And that's even better addition to our list because those are investors, right? Much better rather have an investor than a cold lead.

PP: So we are also looking at how our deal flow is. So they'll probably try to keep it a three. I don't wanna have too many, but so we're always looking at the prism of how is what we're doing, going to affect that.

WS: That's a great list. I appreciate you sharing even some details behind those as well. Are the deals mostly like 506 C deals is that you can advertise, and you're building your list through that.

PP: Exactly. Yeah. So we do 506 C. It's a little bit more legal paperwork and that stuff, but we find that we really wanna stay on the right side of the law. There's a lot of gray zones, but we really try to be on the black and white of SCC.

WS: And not black and white stripes, right? On your shirt. That's right. No, I like 5 0 6 C. Obviously, you can advertise, but you still have to verify the accreditation of each investor, but we simplified that in a big way. Right? I mean, these days it's not too difficult to do that. Pranay what are some habits that you are disciplined about that have had the, that are produced the highest level of return for you?

PP: Yeah, well, something I did recently was stop reading the news. I used to really religiously read the news. I be able to tell you people's thoughts on both sides of the aisle. And I think it's important for all of us to understand what's going on. But the thing is, you might have heard some lawsuits going on about some materials the day-to-day doesn't really affect it. But I used to love finding out about everything that was happening, and it was almost like soap opera, right? And so I just deleted the apps on my phone. Removed the bookmark on my computer. And I've just found myself having so much time because there is a cognitive bandwidth cost to switching tasks. And especially because I have to do a lot of reading. I read a lot of blog posts, a lot of books, and all that stuff. So if I'm reading something else, it doesn't matter what it is. Then there's a cognitive cost to that. And you know, my brain's gonna spend time trying to remember all that stuff, and it's gonna not spend as much time remembering the book that I just read and spend forever for. So it's a waste of time. So that has been huge. And I'll have a morning routine really that I do, but I've also been trying to be more cognizant. Of my work-life balance, not necessarily for myself, but because I want it for my staff. And if it doesn't come from me, if I don't have life balance, if I'm sending, I used to do this all the time, slack messages at 3:00 AM, cuz I'm so awake at work, then people are gonna feel the need to always be on their computer. So, if it becomes six and it's not important, I'll have it scheduled to come in the next morning so that I'm trying to model a good work-life balance.

WS: Love that I've learned that recently as well: How to schedule messages and slack. I do. I don't wanna be sending people messages at 11:00 PM when I don't expect them to respond then, but sometimes they feel like they need to, right? Yeah. And so if I'm messaging them then so anyway. Yeah. That's a good suggestion. So what about– how do you like to give back?

PP: You know, so when we look at deals, we really try to look at, are we gonna make a good impact on the world? So for example, we got this deal where it was affordable housing, currently affordable housing, and we would have to go in, and we'd have to raise rents, not a little bit, you know, a little bit's okay. But a lot of it and pretty much no one would be able to afford rent. You know, it's understandable, but it's not something that we wanna do. We go in.

And a lot of times, we'll do after-school programs. We really wanna leave an impact that we're making the world a better place.

PP: And sometimes, we sacrifice a little bit of returns to do that. I think we're pretty competitive. We're in the eighteens and 20 IRRs net, but we try to look for properties. And most of our investors are doctors and to care about what happens to their money. We think that in what we do, we are able to do well. You know, also, fortunately, I have a job where I get to get back every day. I work at actually two hospitals. One hospital, , is more affluent; it's in Burbank. It's kind of nice part of town. But the other one is in downtown Los Angeles. So I work there because I get to work with people that have no insurance. Nowhere else to go. And it's very satisfying. Being able to help people and not worry about insurance, not worry about money, but just try to give them the best care possible.

WS: Awesome. Well, Pranay, pleasure to meet you and have you on the show. Appreciate you walking through. How a physician can go from a four-unit to 150 million, right? In assets and 16 months, it's quick. Right? I mean, that is so fast to make that happen. Congratulations to you as well. That's a massive success, to say the least, and so, yeah, it's great stuff. Tell the listeners how they can get in touch with you and learn more about you.

PP: Yeah. So, we will have a special landing page for your listeners. We'll have our sponsor checklist. So we partner with people who we think are best in class, and we have a pretty extensive sponsor, or vetting list that we think is pretty good. So that'll be available. We'll have some video content and a chance to get on the phone with me. If people wanna email me directly it's pranay@ascentequitygroup.com, and yeah. Check out the website. We'll have a link in the show notes. I'm super easy to get. Hold of happy to talk anything about passive or real estate in general.

WS: In that landing page, how do they find that? Or will you send it to us?

PP: Yeah, I'll send it to you. Yeah.

WS: Awesome. Awesome. No doubt. We'll have that in the show notes. Again, Pranay, thank you so much. Honored to have you on and to hear your story. Have a blessed day.

PP: Thank you so much. Bye.

[END OF INTERVIEW]

[OUTRO]

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