

EPISODE 1479

Jared Asch (JA): I'm going to send a personalized email on LinkedIn to them, then I'm gonna follow it up and invite them to follow Crown Capital on LinkedIn. And then I will send them a personal email. And that's before I get into a drip campaign, before I put them into an automated system. And I'm gonna get a sense if they actually have any interest in this.

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Today our guest and he has focused on investor relations. And that is something we are just continually trying to improve at Life Bridge Capital as well. So I love to have these conversations about how other people are doing this, well are striving to do it the best they can, right and today, our guest, Jared Asch, he is a partner in Crown Capital, in charge of building relationships with investors.

He is a general partner and investor in numerous projects, as well as GP and apartments in Texas and Kentucky. He's been investing in real estate since 2017, on several rental properties in Memphis as well. And today, we're gonna go through some ways that he's finding investors, the way he's caring for them, man, that relationship building component that is so important, from finding them to the follow-up, on what he did even on a project that didn't go as planned. It's an interesting story that I know you're gonna learn a lot from.

Jared, welcome to the show. Your specialty, your focus right now is something that we were joking about. All of our focus is in this business in some form or another or somebody on our team should be doing what you are doing. And you are focused on that relationship and building relationships with investors. And that doesn't happen overnight. It's not something you can just do very quickly or do it well, that way anyway.

But so I'm looking forward to getting into this because I'm always looking to improve the way we do it as well in-house every way we possibly can. But who's Jared and Jared, you know, give the listeners a little more about yourself. And let's dive in.

JA: Yeah, Jared Asch, I'm a partner at Crown Capital Corp. We are a multifamily syndication firm. We've been together for one year and have just completed our third deal with two more on the horizon. I've been investing in real estate, though, for six years now, started in the single family space. And my background is unique. I come here through government affairs and lobbying work. I've worked at the intersection of business and government my whole career. And I still do that work, which I think brings me here to a

good place to work with investors, because I'm not doing a deal just for a paycheck. I'm doing it because it's a good deal.

WS: No doubt.

JA: That's my background. I live in the San Francisco area with three amazing daughters and an amazing wife who keep me sane and grounded all the time.

WS: Yeah, hats off to you. You said they keep you sane — four women in the house. That's something right there. Congratulations!

JA: That's another podcast? We'll talk about that.

WS: All right, well, let's jump into how you do just that, you know, how you're building those relationships, what that looks like, and maybe we'll get into some examples, you know, as well, I hope, you know, I guess speak to getting into that type of business.

You know, I mean, your focus, not everybody enjoys that either the networking component and the following up and all that. What was that about? You know, that you love that or you wanted to focus on that? And then you speak to learning that side of the industry?

JA: Yeah, well, my whole career has been about building relationships. It probably started as a kid, we moved school districts four or five times. And that taught me how to be resilient and meet people — forces you to make friends. And I've done that my whole career. When I started in politics, I was a political fundraiser. I raise money for political candidates, ballot measures, lots of nonprofit organizations.

And it really taught me how to listen to why people are investing, what is drawing them in either to a candidate to a nonprofit? Where is their heart? And what do they want to do? And my whole career has been about talking to people and listening to them.

When I get on a conference call with people. I don't ask about the weather. If I'm talking to somebody in Minnesota in January, it's cold, same time in July in Phoenix, it's hot, right? They've chosen to live in those places. So how do you get to know people as an individual more so than asking those generic questions and really dive into who they are? And what's driving them?

WS: Well, let's jump into that. How do you do that? I love that you talked about you know, listening to why people are investing and oftentimes that that's not the case, people aren't

listening, you know, to why somebody is wanting to invest. Let's dive into that process that you're taking.

JA: So there's two parts, right? Why are they investing and how are they investing? And then there's the personal side of it. So why and how are they investing are just important questions to ask. I was talking to somebody who's in his late 70s, the other day, and he's pulling money out of one project now and he said his deal criteria when I was talking to him is three years because his attitude is he doesn't know, he doesn't want to commit to five or 10 years. He doesn't know if he'll be around. His philosophy in life, not where I think he'll be, but so you want to not presenting with a deal that has a five or seven year exit strategy. He's looking for the best return on his cash flow.

So it's just talking that through, or is an investor going to use their retirement funds? Have they ever done this before? What's more important to them? Is it equity? Is it just diversification from the stock market? Is it hey, I want cash flow! Well, what's that cash flow paying for for them? Right? And so those are just helpful questions to ask and boil down to what are they doing? And how are they coming to this market?

You also want to get to know them personally, you know, you don't need to become their best friend. You don't need to know their whole family situation. But you're looking for what are some of their interests? Are they, you know, really excited if their team has made the final pennant race for the World Series right now? Is their team out to a surprising six-and-0 start in the NFL season?

Just knowing what they're paying attention to, what their passion is, are they going, you know, to climb Kilimanjaro? You can relate to them and follow up, and people just appreciate when you follow up with them on everything.

WS: What are their interests? And what are they paying attention to? Give some tips on how you figure those things out?

JA: You just start talking, you know, you ask, Hey, what did you do this weekend and you pick up on it, you start talking a little bit about yourself. What are you paying attention to in sports? Or did you recently take a vacation to get it out of them? And it doesn't always happen in one phone call. It's not instantaneous, but it's how do you build that rapport? And it's just making a note of it.

So when you ask somebody, you know, you send them an email, and you know, they were taking a three week trip to Europe. You just follow up with them in four weeks and say,

Hey, how was your trip? What was the highlight? Right? You really just appreciate it because you're listening to them. And then even if you're then planning a trip to Europe, or something later on, and you have a list of hey, here are the eight people who wanna ask about their trip to Europe, like people appreciate sharing things with you, any little regards or something you might remember about their children or their pet because their dog has jumped onto their to their lap during a webinar and just say, Hey, how's your puppy today? Send me a picture, right? People appreciate that, as you get to know them.

WS: You mentioned, you know, following up and asking about those things, you know, talk about your follow-up process or, and maybe in a moment, we'll go backwards and figure out how you're finding investors first or connecting with investors. But you mentioned following up about their interests and whatnot, what does that look like for you?

JA: Yeah, and as we expand, it's got to get a little bit more sophisticated. For the most part, I am simple in that regard, I take notes, and I put in a calendar appointment if I can, or I just track it in our CRM, about the individual. But it's not something you know that I'm looking to put just a file on them in our CRM, I'm generally interested in these things with people, it's how I learn, it's how I connect.

One of the things they say is my superpower is you could throw a dart anywhere on a map of this country, and I have somebody that within a six-hour drive, somebody will buy me a beer. And there are some really rural areas out there, I think, to have competence to say that I had a, you know, do a geographic line around Bismarck, and you know, Odessa, just to be out there in the middle of nowhere. But...

WS: Yeah, that's interesting to be networked that well, or know that many people. It's helpful if you're in our business, or almost any business probably but I bet let's back up a little bit and speak to you know, your your best source for meeting new investors right now,

JA: You know, one of the things that I'm going back to and as my plan, at least for the next three or four months is I have a big personal LinkedIn following from all of those people that I've met throughout the country, and locally in places that I've lived in different jobs that I've had. And they might not be people that I'm currently active with. But I was going through just a list of 500 people in one particular field, and I identified about, I think it was 267 of them that I think would be interested in just learning more about real estate, I'm not going to bet a thousand on that.

But I have over 7,000 LinkedIn contacts. So I just took one 500 set and identified more than half of those people that I want to share, hey, I'm going to send a personalized email

on LinkedIn to them, then I'm gonna follow it up and invite them to follow Crown Capital on LinkedIn, and then I will send them a personal email. And that's before I get into a drip campaign, before I put them into an automated system.

And I'm going to get a sense if they actually have any interest in this, if they tell me they know, you know, or they just hey, I'm sure I'll listen but I don't have money to invest or something. And that list those numbers shrink, but I'm not looking for 7,200 people to invest in a deal; I'm looking for who are the quality 200 - 300 people that will invest in automobiles in the next five years with me.

WS: Yeah. So to speak to then, oh, actually, we talked about their relationship building process a little bit, you know, you're listening and you're trying to figure out their interests, and you're paying attention, and you're following up and which is crucial, I think, and we're working really hard at doing better at that all the time ourselves. How does that relationship change, say, after they actually invest with you? What happens? You know, after that?

JA: So on a personal level, not much. You wanna remain in touch with them. And it could be something like, hey, I've got a friend in Tampa right now that was an investor. The hurricane went south of them that hit Florida a couple of weeks ago, but I just check in, and, "Hey, how did you survive the storm?" Doing that was not related to anything about an investing project. It was, "Hey, how are you?" Because I actually care about these people and I get to know my investors.

Personally, that was important for me as a human being to check in with them. Separate from that people who invest in our project, they get a monthly update on the property — a lot of property — only give every quarter. And we do a bigger report every quarter that has financials and vacancy rates. But sometimes it's like, hey, the playground equipment is going in this week, because we're putting in a new playground. And we're gonna send you pictures next week when we have them. And it could just be a paragraph on that. But at least every month, they know on the same day they're hearing from us.

Every month we're doing a webinar, educating them about how they can save on their taxes or other things, not just promoting ourselves, but educating them about the process, the deal they're involved in, and just making sure they know their money is safe. But they also get that education value.

WS: What about maybe a project that didn't go as planned and talk through how that worked with investors and what happened?

JA: Yeah, I had a project in Georgia. It was looking like excellent returns, probably at 24% IRR on the deal. And about a week out from closing, got a call from the bank that something was changing in our loan regarding the liquidity of two investors 'cause they closed on another property.

And then two days later, the bank called us and said, "Well, there's another problem and you have to change out somebody." And then previously, we had changed out one of the key principles on the deal. And then all of a sudden, there was another problem, because we've changed too many people now. And we were getting closer to that closing day.

And there was something there that I felt like I didn't know that was really going on with the key principle on the deal. And one of the other GPs 'cause I don't get to see all the partners personal financial statements, or whatever.

As one investor put it to me, your Spidey senses tingled, and you said, "Wait, the loan is now changing, the interest rate is changing, you will have to put more money into reserves. Now my returns are shifting" And we had two and a half million dollars in the bank. And I pulled out of the deal. A lot of the other partners lost money in the deal. Every single one of my investors got their principal back plus, we figured that most banks were \$20 for wiring fees. We reimbursed them out of our pocket \$20 for their wiring fees, because my philosophy is nobody should ever lose money with us on a deal.

And even if for some reason, something in the world happens whether it's COVID a crash in the market, Ukraine, we can't control those things. But we can control not losing their original principle.

By the way, find a stock broker that can say that because anybody's 401k is down, what 20 to 25% this year, no matter how good of an investor you are. They're losing if they had a hundred grand in the stock market, there's somewhere between now what 85 and \$70,000 in the stock market. We're keeping your principal in a real estate business, and you've been around the space a long time you get that comparison.

WS: Yeah, that's an interesting thought ours are as far as having to back out getting their money back to them. And no doubt that can be a challenging time to communicate well with investors and what's happening, right, or we're not closing as expected and speak to maybe the communication process that you took through a project like that.

That's like, "Oh, we're so excited," right? But then all of a sudden, there's something happening, you didn't feel good about it, decided to back out. How do you communicate

with investors through that process? So I guess they still feel good about what's happening?

JA: Yeah. And by the way, I think one investor in that deal has invested in another project. And I think that person just legitimately doesn't have the cash now they put it into another deal. So that gave me great fit. So our communication strategy worked. I was just honest with people, right? I said like there's something changing with the loan here. I'm not comfortable with it anymore. It's more important to me to protect your money and give it back to you than chance anything going wrong.

Even if my returns were still 15% IRR instead of a 24% IRR, it'd still be a decent deal for the investor. But you know, I just didn't feel comfortable and a lot of people because I was honest, because I was heartfelt, and I did it quickly. And I wired their money back within a day of the phone call. I think a lot of them respected that decision that I made, and the way I communicated.

WS: What about any other ways that you, you stand out to investors, anything that we're you know, you're going above and beyond in any way that you're, whether it's to build that relationship, or just to show you care, or whatever, anyway, to increase that return investor percentage, right?

JA: One, you really have to actually care. There's a lot of people that are just transactional in here, you gotta have that. And somebody recently asked that in an investor call, like, "What makes you stand out?"

And I just said, "It's because you're gonna know me, and you're gonna find me accessible to you, you know, if I can't call you back right away, at least text you back or email you back and say, 'Look, I'm traveling right now I need three days to call you back. But I can have another one of my partners at Crown capital, give you a call.'"

And somebody like the other day, I didn't know the answer to a question, right? They just appreciated that. I'm like, I have to go talk to an accountant about that and get you an answer. And so I think if you're genuine, and you listen to them, and you over communicate, most people are happy.

One of the things that we recently found out on a deal is that a couple of investors weren't getting their monthly newsletter, and report it was going to spam because we changed our email system in our CRM file. And so once we found that out with one person, what we did is we started texting and calling everybody else, "Have you gotten it?" And we reset it

again. And we found out even one of my other partners wasn't actually getting them. And so that was just an easy fix to communicate back.

WS: And if some were asking, what CRM are you all using now?

JA: Active Campaign.

WS: Would you switch from?

JA: A non-sophisticated system.

WS: Okay.

JA: And we were mostly doing it on our own. We used Nutshell a little bit, and then we were coordinating that with MailChimp. And so we just sort of brought everything together in one spot.

WS: What about do you have any predictions for the real estate market over the next six to 12 months or you know, you're buying, selling? What do you see?

JA: Look, interest rates have an impact. We're looking at one new deal now with like an 8.5% interest rate. And so it's squeezing the ability to get that cash flow in the next 12 to 18 months. At the same time. I'm bullish on the space, because it's people who are going to get a six and a half to 7%, residential mortgage, they're not necessarily going to be able to move out of apartments, I think, in certain markets, bigger markets in Texas that are growing, we just did a deal in Lubbock and another one in Louisville, places outside of Atlanta, Euston that are growing — they have a supply and demand issue.

And I would expect rents to go up. Are they going to go up 10 to 15% that they've done each of the last three years? No. Are they going to go up 5%? Yeah, that's doable. Am I going to anticipate that? No, I think we're underwriting in one deal for like 1 to 2%. But we believe we're gonna get five, we'd rather be safe. I think that supply and demand issue in key markets is still a problem. And I expect rents to go up and occupancy to stay high.

WS: What's your best tip for passive investors?

JA: Ask questions. Don't be afraid to ask something and to check in with your team. I mean, there's the simple question of when's my next check coming? But then, hey, if you have a question about the interest rates, or, "Hey, you heard that this happened in this

market, what's the impact of that?" Call and just chat with us — talk it through. Don't be there hoping we share information. Don't be shy, ask the questions, make sure your investment is still working for you.

WS: What's the biggest challenge you're facing in your business right now?

JA: I think for me as an individual it is, you know, we've completed three deals now, we've got two on the horizon. I think it's telling a lot of my network that I'm doing this and bringing them over with me and that it's okay. Right?

There is this hesitation from people and you've dealt with it with first timers. Wait, how do I buy an apartment building? How do I group my money together with all of these other people? How am I not liable if somebody trips and falls on a property?

And it's just educating new people into this space that we know what we're doing and that this is a smart, well-balanced portfolio for them?

WS: What's the most important metrics that you track could be personally, professionally, anything between.

JA: Right now, I'm very focused on conversion rate. So I think I mentioned pulling like 267 names out of my LinkedIn and try to move them here. You know, before I pull the next 300-500 names, I wanna know what I'm doing is successful, right? Do I need to tweak my message? Do I need to tweak what we're offering them? What's going on? So by the time I do the next campaign, we could do it. I'm not expecting 267 to convert?

I'm not even expecting 267 want the email. Do a hundred? Do 25? And how do we keep adjusting it to get that rate going? If you're a marketing person for a business, you're looking at opening rates for emails. How many people laid eyes on your Facebook ad? So for us, it's converting them into a phone call, converting our open rate higher and things like that?

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

JA: Posting on LinkedIn, and then we post on Facebook, we post on Instagram, but I think LinkedIn is getting the most traction right now at bringing people in. And I think, you know, every Friday, you know, usually four Fridays in the month, we have four partners,

everybody posts a book review. And so we know that that's coming out from somebody, and there's a whole calendar and a plan timeline to everything we post,

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

JA: Relationships. It's about building relationships and earning trust.

WS: And how do you like to give back?

JA: My wife and I just did a local costume drive for a shelter. We collected 62 costumes for kids 12 and under, so they can go trick-or-treating. And these were kids who otherwise wouldn't have a costume, wouldn't be able to participate, would probably just stay in. They didn't want to be embarrassed by their friends from school. So there's other ways we do, but that one's fresh on my mind, 'cause I think this is going to come out right after Halloween and just seeing the pictures and their faces light up. That's really important to us.

WS: Awesome. Appreciate you sharing that. Jared, pleasure to meet you, have you on the show. I enjoy meeting lots of people in this industry. But I love talking to people who are focused on investor relations, right?

It's such a big part of our business and we're trying to do it the best we possibly can. So I love learning from others who are trying to do the same just like yourself. Tell listeners how they get in touch with you and learn more about you.

JA: Yeah, you can check out the company at CrownCapitalCorp.com. And you could find me Jared Asch on LinkedIn J-A-R-E-D A-S-C-H. I am the only Jared Asch out there and I am very active on it. So please connect with me individually.

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