

EPISODE 1481

Matthew Ablakan (MA): Ninety to 95% of our business is based on repeat and referrals. So we really invest a lot back into our clients. We host many different events throughout the year with our clients, and we are very good at asking for a referral, or asking them to bring somebody with them.

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Well, not many of us get started at 19. In real estate, I always love hearing stories of how people did that, right? What motivated them? What guided them at that age to be motivated and that self-disciplined at that age? I wish I had been or had known about the opportunity and had the discipline to do it at that time. I did not, thankfully I did years later, but some did. And our guest today, Matthew Ablakan, and he did just that.

He's the founder and owner of the Millennial's Choice Group of Companies, a real estate, mortgages, insurance and education brand. Matthew has earned numerous degrees, Bachelor's in Education, Honorary Degree in Law and Society, a real estate brokerage license, mortgage broker's license and a life insurance agent license, as track record, excludes his professionalism, experience, most important his persistent care of each and every one of his clients.

And Matthew, we talked about him starting at 19. I just think it's incredible what triggered him to do that? He talks about a few things that guided him, even when he was much younger, to have that kind of mindset at that age. And I think about that with my children, right? And it's why I'm always asking that question. When somebody says they started that young, what was that? What helped you to do that and to be that self-disciplined, and to be thinking that far ahead, even at that age? Because most do not. And so it's interesting to hear that he even talks about different things that I know, as any investor, you're gonna learn a lot from today.

Matthew, welcome to the show, honored to get to meet you and learn a little more about you, I was doing a little bit of research about you. And it sounds like you've done lots of schooling, you're very educated, you're in lots of different parts of the real estate industry, and have your hand and a lot of different parts of the business as well.

And so just looking forward to diving in, give the listeners a little more thought about who you are. And let's jump in.

MA: Yeah, thanks for having me, Whitney. And kudos to you for creating content. I know it's not easy. So, a little bit about me for those listening and watching. We started in real estate, I was 19 years old, when I first got licensed. I first bought my condo, my pre-construction condo when I was 19 years old. And here in Ontario, when you buy something that's

pre-construction, it takes many, many years for it to be built. So I was able to get some time in the market. Like they say, it's not about timing the market but time in the market. And once I got licensed as a realtor, all I wanted to do was earn commissions to invest in real estate. And I was just telling people and showing people what I was doing. And that's what they wanted to do.

So they were kind of following in my footsteps in terms of buying real estate. I started growing the business and one thing led to another, we got into lending and private financing. We got into lending, B-lending. So we created a group of companies, which is known as the Millennial's Choice Group of Companies, which at the core pillar is real estate brokerage, but then you also have a mortgage brokerage.

And then now we have a life insurance and estate planning site. So, I got into the business when I was 19. I'm turning 31 very soon. And it's been quite a ride. And I'm looking forward to what the next decade holds for us.

WS: Wow, congratulations to you. And even starting at 19, I just think it's incredible that you were able to get started down or even understand or and see an opportunity in real estate at that age. It's rare to push at that time. Tell me though, like what prompted real estate at 19? Or what helped you to see the value in jumping into real estate but even investing like what was that?

Did you have parents that were doing that? Or I don't know, if somebody mentored you? I find that you know, there's not many that jump in at that age, right? And that is serious about it and self-discipline and all those things that you know, if we think back to teenage years. What was that for you though?

MA: Yeah, so I attribute it to my parents, not in the way of like they invested-no, but they came to the country, they met here in the mid-80s. They left the communist regime. They wanted a better life for themselves for their future family. So my parents weren't married when they arrived in Canada. They met here at a local church, and their educational credentials did not transfer over with them. So they were teachers back home and now they had to just kind of force themselves to become entrepreneurs. So it wasn't a cool thing to do. It wasn't a fad. It was out of pure necessity.

So my younger brother and I would always join my parents on the weekends when we weren't in school where they would go to a wholesaler and they would purchase goods for a bulk cost and then sell it for a profit. So I learned to buy low and sell high at a very young age. And I think that's subconsciously programmed me as an entrepreneur, as I became 16, 18 years old, I had a few older people around me who told me to put my money that I was earning at a couple of part-time jobs into a high-interest savings account. And I interest, Whitney, one to 2% not really high interest at all.

So, I was putting my money into that account, already, my brain was working and trying to earn, make my money earn something for me while I was sleeping. And then fast forward a few years later, the concept that really... it just clicked with me that landlords make money while they sleep.

And so when I learned that concept, I tried to get as much information as possible on real estate. I was 18 years old. At the time, when I started doing some research, there was no way I was getting a mortgage. I'm employed by a couple of restaurants, couple of American companies, actually Johnny Rockets, and Lucky Strikes Bowling Alley. And at the same time, I wasn't earning more than like, 20, maybe 25 grand, so I wasn't getting a mortgage.

And so I came across the concept of pre-construction real estate here in Ontario, it's backed by our government - our provincial government here. So all of your money are guaranteed if a building does not get completed, all you risk is basically an opportunity cost where you put your money, but then the product isn't delivered. And so you get your money back.

So you don't need a mortgage, you don't need a down payment, I was able to get in with \$15,000, part of which was part of my student loan, and part of it was some savings I had from the restaurant business. And that's how I got into it. So I credit my parents with showing us that.

WS: Sounds like yeah, a number of things that helped shape your thoughts on investing and then earning money while you're sleeping. Just that thought process and then shifting to real estate and understanding how landlords are people have done that and get welfare while they're sleeping. Yeah, it's incredible. To speak to that mindset, though, you know, just the mindset of a real estate investor, but how you were shaped in that way and what that's done for you over your career now.

MA: Yeah, so my wife and I just moved into our home. And the homes here, like we have crazy appreciation, like our detached homes, single-family detached homes, in the area we're living in is on average, like 1.5, 1.6 million, it's not really affordable for every single person. And I was able to get into this house, by selling my second property I ever purchased, my only property that I ever sold. I sold it, took all the equity, put it into our primary residence.

And that's just one story of many where I've been able to use the real estate investments that I've purchased over the last 10 years. And they've served me not the other way around. So I think that's the whole purpose of investments, you want your investments to serve you, not the other way around. So it's changed my life. That way, it's allowed me to expand my business, I purchased the office space that we're in now, by refinancing one of my

properties, and I'm very comfortable with that, I think if you're gonna get into real estate, you have to treat it as a business and not a transaction. And even our tax laws are treated as such.

So RCRA, which is equivalent to your IRS, they see your real estate investment as a business where money's coming in, in the form of rental income. And then expenses are going out in the form of property taxes, maintenance fees, whatever else you have. And so they're treating it as a business and taxing and as such, you need to treat it as a business as well.

And I know a lot of people are on the sidelines right now, because of all the interest rate hikes we've been experiencing. But nonetheless, there's a strategy for every season. And you have to have the right people around you guiding you to where you want to go.

WS: I love that you said there's a strategy for every season. And you need the right people guiding you where you need to go speak to that even right now. You know, obviously in the current economic market, what does that strategy look like for you? Or maybe how it's changed? And you know, obviously, let's talk about how you surrounded yourself with people that are helping guide you even now.

MA: Yeah, so one of the first mentors, I had told me if you can buy one property every single year, for 10 years, that's your retirement there. You will have 10 properties. That's your retirement. So that was the goal at the very beginning. Now, I've been buying more than one property per year, but that's because I built a solid foundation, took me a little bit longer, but it was conservative, and I didn't have anything to really back up against so my back was against the wall. That's the mentality that I had. And I didn't want to lose anything.

So I was moving at a more conservative base, but I've grown a nice portfolio. The strategy right now is there's a few but one of them is that there's a lot of buyers that are on the sidelines so you're no longer competing against 20, 30, 40 buyers on one single property.

So for those people that are looking to enter the market, now you have less competition from other people for those people already in the market that made compromises just to get in but want to upsize into their maybe their dream home or just upsize into a different home, now's the time to do that.

Here we have a major, major supply issue. And we have a lot of land that is locked that will never be touched, a lot of conservation land. And so, everybody's building up. So, now you have the supply chain issues, rising construction costs, if you want to get into something brand new, it's speculative.

But most of the time, it's likely that you're not going to get in a year from now for cheaper than what you can get into now. So different plays just depend on what situation you're in and your needs. There are opportunities out there, we're seeing them every single day.

WS: How have your mentors or people you've surrounded yourself that's helping advise you, how's that changed over your, you know, 10 plus years in real estate?

MA: Yeah, so one of my mentors, I call him a mentor, he doesn't know me, I know him Grant Cardone. I enrolled in a bunch of his courses, I'm always listening to a lot of things, most of the stuff that you guys have is very similar to us. But some things are different, like the tax codes and things like that. But I've wanted to play bigger now. I want to play bigger now.

So I'm listening to people that have achieved a level of success that I may want to achieve or get close to. And that's how it's changed. I think early on in my career, I was again licensed at 19, all my early adulthood was shaped by a lot of people that are in their bubble, or in their realm where they're comfortable. And so naturally, just like a crab has to leave its shell when he's outgrown it, that's what I had to do. And so I found new mentors who have achieved a level of success that now I want to achieve. And I say this on my Instagram all the time on the real videos that I do, you got to learn from people that have achieved what you want to achieve.

You can't take advice from somebody, even if it's a parent or sibling who has your best interests at heart, but may not know what you're looking for exactly, and they haven't achieved what you want to achieve. There's no point in really taking advice from them. You gotta take advice from people who have achieved what you want to achieve. And I think that's how I've shaped my circle. And those people around me, including my accountants, and my lawyers that I work with, as well.

WS: Speak to, you know, now with your experience in real estate, and in many different facets of the business. Speak to how you approach a real estate investment, or how do you advise others to do that?

MA: Yeah. So in terms of other people, like our clients, it's always based on their needs. We have an education-based approach to what we call sales, but are not selling anything. We're just guiding people to where they want to go. But we want to make sure that they're in a comfortable position. They're not doing something that's going above their means. I think that's very, very important, especially with all the doom and gloom right now. And the uncertainty in the world. Don't go above your means, don't live above your means.

For myself, the first thing I do is, if I liked the property, if I see the property, something I like I see the vision it's whether it's brand new, or whether it's multifamily, or whether it's a small

parcel of land, I need to see it beforehand, before I make the decision. I'm working on a deal right now that I was thinking about this morning. And it's a parcel of land. And I'm having second thoughts about it because while the check marks on almost everything, there's something about it I just don't like and so even if it's a good deal, even if it's going to be something where there's potential to make money, I'll probably say "no."

So step one for me is I gotta like it, I got to see that vision. And that's what I tell people all the time: buy something you like, it may not be something you're gonna live in, it may not be something that you're gonna necessarily be into, but if it's something that you like, I'm sure there's potential and future value there.

WS: You mentioned, don't live above your means, we've all heard that. Whether we all do it or not, you know, maybe another thing all together. Any guidance around just that simple thing that I feel like so many mess up on before we ever think about investing? You know, it's like, man, I think through your, your personal finances a little bit. I don't know, any thoughts on that?

MA: Absolutely. So for the millennials and the Gen Z's listening to this or watching this, stop partying every weekend, stop buying Starbucks, stop doing all that crap, if you're still living in your mom's basement, celebrate the milestone, celebrate the achievements, when it's time for that, there's a time to do that. But there's ways you guys can get ahead. And I think it's very important now more than ever.

These last couple of years have shown us inflation is here to get us all. We're not escaping inflation. So if you're not properly budgeting, if you're not properly going about your finances, you will become a financial burden, then you're going to depend on somebody else to take care of you. And most of the time, that's not gonna happen.

And so budgeting, having the right goals, having the right mindset, that's what I would say is one of the few of the keys to success. So don't squander your money on cars and luxuries. Get into real estate, refinance a property, maybe then you could get a car and that would make a lot more sense than just going out there and financing or buying a car.

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

MA: Ninety to 95% of our business is based on repeat and referrals. So we really invest a lot back into our clients, we host many different events throughout the year with our clientele. And we are very good at asking for a referral, or asking them to bring somebody with them. And the other five to 10% is gonna be our podcasts, our Instagram, our social media, and just really getting out there and creating content. It's difficult in the midst of everything else that you're doing. But nonetheless, we're all striving to, to get people's attention.

So I would say I read a book called "Acres of Diamonds." And the person that had the land, sold the land, went off to look for diamonds -- never found them. And the person they sold the land to found acres of diamonds in that land that they sold. So, I always believe that we're already standing on top of our acres of diamonds, and we just need to kind of harvest that more and focus on that more. And so 90 to 95% of our business is repeatable referrals.

WS: That's a great analogy, right there. Look that book up. That's neat.

MA: Short book, very easy read, very easy read.

WS: Yeah. Sounds like worthwhile. Good thinking. What about your best tip for passive investors right now looking to you know, if they're looking to invest in syndications large commercial real estate, any tips for them?

MA: Yeah. So I think when everybody talks about cash flow, there's a few ways you can look at it. So I know certain people, certain investors, they always put 35% down, or maybe 40% down, and maybe the building will cash flow, or they'll make improvements, and then the building will cash flow. With the rising rates, cap rates are obviously not yielding as much as investors would hope for, depending on the area, depending on the property you're looking at. They're shrinking, but at the same time, I think it's a long-term play.

I think we're entering a market where a lot more people are going to be unable to afford homes. They're going to be moving into the rental market because real estate offers a utility that stocks and crypto do not. There is a utility with real estate, it's a place to live, place to congregate, place to work.

And so right now, the one of the biggest plays I'm pushing into investors and encouraging them is positioning yourselves as landlords going forward in the future. If we have a supply crunch now, just imagine what that supply crunch is going to look like in three or four years, because we're not building fast enough. And it's going to become even more lucrative in three to four years. But you want to position yourself now,

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

MA: Right now, it's really the people's mindset. Everybody has money. They're looking back at February of 2022, and saying, "Oh, that was the top of the market." And they're now sitting on the sidelines. So, a lot of the money that was being invested is still there but now it's on the sidelines. So, it's about getting people to really understand what's going on in the market, what's going on with interest rates, why this is happening, and the kind of addressing a lot of the uncertainty that surrounds real estate. I posted a video the other day that said if we're inside, if we're in a bubble, why hasn't it popped yet?

And there's a lot of markets here in the Greater Toronto area that are deemed by news outlets and other sources that were in a bubble, so why hasn't it popped yet? It's been almost eight months now since the rate hikes began over here. And we haven't seen really that much of a downturn. So, it's fundamentally a supply-and-demand issue. I know people are sidelined. But once that demand comes back, things should go out typically.

WS: What are some of the most important metrics that you track, it could be personally professionally, your bench press record, or how many times you're out of bed on time or how many deals you're all underwriting — anything in between.

MA: One of the things I like to track is the days that I don't go to the gym. And the gym is one of the first things I do in the morning. And whether it's one workout or two or three, whatever, I like just to show up, I want to be consistent, I want to tell myself, I did it. So not going to the gym, those days really matter. Because if it goes past one day, if there's a second day involved, I gotta get me to work out.

And one of the other things I like to track is what's happening every single month in real time with property values, property sales, and I like to look at it from a year-over-year perspective and see what's going on — total number of transactions, supply. I like to look at all those things. Number one, it's important to do that as a real estate professional, mortgage professional, you know, you have to have your finger on the trigger for your clients. But at the same time, I'm an investor, I want to know what's going on. I want to know what strategy to take. So those are some of the things that I track.

WS: What about some habits that you have that have produced the highest return for you?

MA: Like I said, I like going to the gym. I like having that initial release of endorphins in my brain and first thing in the morning. I like asking questions. I'm not somebody who shies away from asking people that have done something. I want to do questions and investing in those people. That means, you know, paying for something or taking them off for lunch. I'm not shy of asking. I think one of the best ways for somebody to learn and save years of experience off of their own lives, but also their business is by learning from other people's mistakes.

And so I would say that's probably one of the best habits that I've learned. And that's what I use my podcast for. I use my podcast to interview people that I wanna learn from and deliver that message to more audiences. So ask the right questions, don't be afraid to learn, and swallow your pride. There should be no pride or ego in this business.

WS: Let's say a podcast has been my own university all the time. You know, where else do you get the opportunity to ask so many questions from so many great people? Matthew, how do you like to give back?

MA: We do two things to give back. One of the things we do is I'm a teacher by education. So I went to university here, Teacher's College, and I'm a high school teacher certified to be a high school teacher. So we actually go back into schools, and we talk about financial literacy. We teach students on different topics pertaining to financial literacy, we don't charge the schools or the school boards anything for doing that.

And then the second thing we do is typically, if we have like a Christmas gala, or an annual barbecue client appreciation events that we do throughout the year, we'd like to team up with a charitable organization, either the Starlight Foundation, or SickKids. And we'd like to kind of, you know, raise some funds and those nights or those days for those charities. And that's something we do. That's what we've been doing that since the beginning.

WS: Awesome, Matthew, pleasure to have you on the show when they meet you and just hear your story and from 19 and what you've been able to accomplish in a relatively short period of time, no doubt that took a lot of hard work and diligence, you know, not letting grass grow under your feet. That's for sure. Pleasure to have you on. Tell the listeners how they can get in touch with you and learn more about you.

MA: Yeah, thank you, Whitney. It was a pleasure being on. So, I manage my own Instagram. So, if anybody wants to send me a message, let me know that you heard me on this podcast, and shoot me a message on my Instagram that handles just @matthewablakan, and I'll be sure to reach out to you guys.

Also, I just co-authored a book with a couple of Americans, Robert G. Allen, and Kevin Harrington, one of the original sharks from Shark Tank. So, if you'd like we can share that with your audience -- a free e-book version of it. I can send you the link, Whitney, if you want to leave it in the show notes.

WS: Sounds great. We'll have it in the show notes for sure.

MA: Awesome. Thank you very much.

WS: Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about the Real Estate Syndication Show, and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.