EPISODE 1498

[INTRODUCTION]

Whitney Sewell (WS): This is your Daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today we packed a number of shows together to give you some highlights. I know you're gonna enjoy this show. Thank you for being with us today!

[INTERVIEW]

WS: Our guest is Ryan Groene. Thanks for being on the show, Ryan.

Ryan Groene (RG): Thanks for having me, Whitney. I appreciate it.

WS: Ryan is a full-time mobile home park owner operator that focuses on value add and turnaround communities in the Midwest and Southeast. His current portfolio has grown to seven parks, totaling 300 lots. Ryan also serves as the director of operations for Buckeye Communities, where he oversees operations of over 400 lots spread across five parks in Ohio and Michigan. Ryan, welcome to the show. Congratulations first on your growth and success in the mobile home park business. I wanna hear a little about your story from corporate America to this commercial real estate space and business and mobile home parks. Let's dive into mobile home parks specifically and how you've grown that business and brand.

RG: Yeah. I appreciate first having me on the show and long-time listener and happy to add value where it can. It's been a long road flapping, "Oh, hey. I'm here. I'm a full-time mobile home park investor." It's been as you probably know. That path is not as clear-cut and not as clear as what everybody portrays in books, and podcast, and conferences and all this other stuff, right? "Hey, go buy a house and house hack it and live free," right? Everybody loves bare pockets, but it's good but it's sometime maybe too much.

Long story short, went to school, got a finance degree, played baseball in college, wasn't really good student, was more focused on athletics and maybe a little bit of partying here and there, kind of like everybody, right? Got out of college, went to a relatively good school, got a finance job right out of school. I've read Rich Dad, Poor Dad in college, and I have that kind of like in the back of my brain like, "What am I going to do? Is this forever?" The goal was basically to work, earn a high salary with my finance job and then put that money into like side business, buy some real estate, buy a duplex, start small, and kind of scale up.

That didn't start happening, because next to — I think I made 38 grand in my first job or something like that right out of college. Then obviously, we had bonuses and I stepped up

pretty quickly. But I actually, after four years of working the same job, not being promoted, kind of have new bosses and working for a Fortune 500 company. I realized this is not going to work for me. I actually got asked to leave my first job. Most people, they quit their job. I got asked to leave because they had found out that I was moving cities and it was just not good timing at all. It was not for me, I'm not a get there at 8:00, stay until 5:00 type of person. Well, I don't mind working, I was not — like we had to be there at a certain time and it's just not my personality. Always five minutes late, I'm rarely early. It's just a flaw that I have.

Since that, I moved to Cleveland, got another job. Got asked to leave that one because it was like a small company, we had lost some customers and it was more of a layoff situation. Then I just happened to know a couple of guys that were buying parks together. We've looked to find a couple of parks, though really never connected. Then that's where I joined Buckeye Communities as their operations director. It got me into the industry. It allowed me to oversee operations on the large scale on how to run multiple parks in different ways and how to scale something, and also how to be a part of the team that was — didn't really have a corporate culture. It didn't get here at 8:00, leave at 5:00, you can't have any facial hair, you got to wear suit every day. That really dry culture. It was more hands-on. Then at the same time, I was buying mobile home parks. That was three years ago. I've been full-time for about three years now.

As the operations director, it was a part-time gig. It wasn't full-time and it's still not full-time. It wasn't full-time pay. When you're buying real estate, it might cash flow. But when you're buying turnaround real estate, it does not have cash flow. I was like walking dogs, I was doing everything, I was like selling stuff from my closet. I mean, I was selling stuff that maybe I had too much excess of. I mean, I was living very frugally. Luckily, I was living at home for the first part of my career, and then I also haven't had kids. It's allowed me to do a little bit more and live a little bit more frugally than some others. My financial freedom number is a little bit lower than others. That's basically my story in a nutshell. It had to do some soul-searching along the way. I just turned 30 this year and was kind of just my — I remember just days where I would go into the office and I'd be like, just literally like drained. I felt soulless. I mean, every expression and every cliché out there that was happening to me, allowed me to kind of, I guess push to get out quicker. That's kind of how I stumbled upon mobile home parks.

WS: Getting asked to leave or fired from a position or a couple can seem like a bad day to most people. But a lot of times, that's when — it really pushes us to get searched for something else, right? It motivates us or we have to go find something else. You've become the director of operations at Buckeye Communities and that opened your eyes to mobile home parks.

RG: How I stumbled upon mobile home parks? Back in 2014, and 2015 when I got out of college, I had already known I was going to buy a business. I looked at laundromats, car washes, duplexes, single-families, small apartment rents, everything under the sun, right? My dad was like, "Hey, you got a little bit of cash" — my dad is a contractor, he's like, "I hope you flip a mobile home. Let's go check some out. Let's go maybe like a live-in flip or something" in a nicer retirement community. It wasn't age-restricted. I looked through it, it was all 20 grand. Didn't end up doing it for whatever reason. Looked at a couple of others, but didn't do it.

Then we just started chatting, "Hey, who owns these things?" That's how my brain works sometimes. It's like just being in that mindset looking for something and I kind of found it. My eyes were peeled back, I started doing all kinds of research, went to a boot camp, read everything under the sun, met everybody. Still to this day, I still try to do the same. That's kind of what peeled back the layer for me. I've never owned any other asset class, any other anything. I've only bought mobile home parks. With mobile home parks come other real estates. Like I've owned single families, apartments, garages, storage units, and vacant land. With mobile home parks, it's a weird asset class, but that's kind of what allowed me to open my eyes.

On the financial numbers of it, the supply and demand of the overall economics of parks and just the less management intensive when your parks are all tendered on homes really spoke to me. It just jives with my personality. That is what started and then I joined Buckeye and that is what opened my eyes on how to really run a park. Because when you just buy one asset, you can get away with being lazy, you can get away with doing certain things. When you have five, six, ten park and you got employees, and you got different tenants, and you're moving in homes, doing this, doing that and you are the property management company as well, there are a lot of moving parts. I mean, it's all hands on deck and obviously, we do control our time and some of our money. But with that, you still have to work to get your investment right.

WS: Speak about getting your first mobile home park.

RG: It took me years and years. I had a couple under contract from 25 to the time I was 28. I looked at parks, I called parks, I mailed parks. If you tell me a park in the Ohio, Indiana, Kentucky area, I know it and I know the owner, because I've built my own database. I didn't have a lot of money at the time, I was building my own database, learning everything I could. I just by chance happen to connect with somebody. They posted on like a Facebook group I think, "Hey, we're signing this park, 75 units down in Fayetteville." I ended up just kind of partnering with some people that I've known a little bit. We all had some money, we all had a little bit of experience.

I actually ended up partnering with some people that had done apartment syndications and we still own that until this day. It was a value add and a huge turnaround. It had contaminated well water, which I don't recommend buying on your first property. We ended up connecting to city water, but it had a huge infill and we got seller financing. It was a good deal and it's worth a lot more than what we paid for it today. But it's been a good amount of capital and a good amount of effort as well. That's my first purchase, kind of happened by chance. With six months of due diligence, six months of contract negotiations because it just felt like an onion, right? We just kept peeling back the layers and there was always something.

Eventually, when we got comfortable enough and we realized like hey, "We're getting good seller financing terms. Let's push forward on this property. If it doesn't work, it's not a recourse. I guess we're just going to lose our down payment." Which for me at the time was everything I had. I cashed in my 401(k), took the hit, and then put that 30 grand or whatever it was into the deal. I remember, I probably had five grand. As a real estate investor, you live off your cash flow potentially, but you also live off of refinances and liquidity events, because you're not always — and necessarily have a stable W-2 when you're doing turnarounds.

What kind of came out of desperation allowed me a quicker path because I had to get there, right? I couldn't just sit around because I didn't have a job anymore, and I literally cashed in my life savings. It's worth more today, but I still — that park, I always have a little bit more — I want to be able to be a bit more hands-on and a little bit more sensitive, right, when somebody hasn't paid because it was my first deal and it was my life savings at the time. That's probably why it's a little bit more intimate to me.

[INTERVIEW 2]

WS: Our guest is Charlie Ansanelli. Thanks for being on the show, Charlie.

Charlie Ansanelli (CA): Thank you for having me. I'm a long-time listener. And first-time guest. I'm happy to be here.

WS: Yeah, happy to have you. And Charlie is a former tech entrepreneur turned full-time mobile home park investor operator who owns and operates 10 mobile home parks comprising over 500 units and over 20 million dollars or current market value. In addition to mobile home park investing, Charlie is also an angel investor and enjoys mentoring other entrepreneurs or people new to the real estate investing space. Charlie again, welcome to show. Obviously, I've read a little about you and a perfect guest for our show, and just hearing the success that you've had in the space, so I've been arrested about hearing where you came from, how did you do that? How did you find mobile home parks? How do you know that was the asset class for you, and then we'll talk about some other things… Of course. About getting there.

CA: Yeah. So those are all great questions if you ask me, 10 years ago, if I'd be running a little mini mobile home park wmpire, I certainly would not have believed you or I probably would have told you to go away, you're a crazy person, but here I am running and managing 500 mobile home park units across Western Pennsylvania through Ohio and Indiana, and I absolutely love it and thrilled to be doing what I'm doing, so my journey to mobile home park investing really started. If I think about it, probably back in 2016, I was in my mentally 20s and I had just had my first child and my daughter, and I was running a business and it was a good business, and it was a profitable one, good in… Allowing me to have a good life and spend with my family but it was very, very time-consuming.

I was getting burned out. You know, a lot of things you hear people complete all 95, well, running a business, this is a lot of those things too. You have your boss is just your boss is your customers and were always demanding things as well, so it was a very demanding business, and I really wanted to sort of carve a path where I could eventually get my time back, but I also carve path where I can create real wealth, and so the business was a good income, but I didn't really feel like it was creating wealth, and so I have saved up for this nestegg, got 120000 dollars, plus or minus, and that took me a few years really to kind of accumulate and a lot of people said, Well, hey, you're a young man, you got a family.

Go buy a house, you should buy a house. That's the next logical thing to do. That's what the banks tell you to do. That's what everyone sort of says you should do, and I just had other objectives and I wanted to get more income streams. I wanted to diversify my income streams because I didn't feel being self-employed, very secure, having all of my income come from one source, and you know when you're looking back, I mean, thank goodness I… I made that decision, because that business that I'm talking about, that I was running is actually not even happening right now because of what's happening, this global pandemic, so I wouldn't be in a very different position talking to you today…

I wouldn't be talking to you today if I didn't diversify my income streams. So back in 2016, I decided I wanted to buy real estate which seemed to be the most logical path to building long-term wealth, and so sort of on this journey of deciding, Okay, well, which asset class am I going to purchase? I kind of did what I think a lot of people do is, is they kinda go online, you go make a pocket, you go to a lot of different websites and different gurus, and so you kind of peel back the layers of what's the right investment for you and I've always been a fan of un-sexy things.

I was always a fan of chaotic industries, that's kind of where I tend to sort of believe the value is, and the opportunity to sort of take chaos and organize it is where you can really capture the most value. And so that ultimately led me to this mobile home park world. I think why would I

own a mobile home park? Aren't mobile homes, like something that depreciates in value and the tenant base and a lot of these sort of stigmas around it, but as I unpeeled it, as I sort of unpacked it, I discovered…

Oh, okay, so the goal here isn't really to own homes, the goal here is to own the land that occupies the homes, and then ideally, I want the tenants to own the home, if they don't own them already, I'm gonna sell them back on a zero percent interest the lease-to-own contract, so win-win. They're gonna become homeowners, they're gonna become a long-term tenant, we're talking, you know, my tenants are 5, 10, 15, 20-year tenants, because they own their home, the homes aren't that mobile, they can't drive off in the middle of the night… You know, it does cost an average of 5000 dollars to really move one of these homes, so unless you're a slum lord or a terrible landlord or gouging prices, there's not a lot of incentive for them to move.

And so when I looked at a lot of those factors, it became more appealing, and then I kind of unpacked, I said, okay, well, let me look at the demand for this product, the demand for the space. And housing in America is only becoming more and more expensive and more cost prohibitive, and so when I look at the market forces for affordable housing, I thought, Okay, this is something that I should probably invest in. This is going to be a long-term trend. I only see becoming a higher need is the need for affordable housing, and then there was one more very, very attractive sort of layer to all this, and that was the shrinking supply curve and the rising demand curve, so the rising demand curve for affordable housing met with a shrinking supply curve of mobile home parks actually being demolished more each year than are being created. There are a lot of reasons for that, and I won't spend this podcast getting into that, but a lot of those reasons really led me to really sort of make an unconventional decision and decide to use a nest egg to ultimately purchase a 31 pad mobile home park in Tucson and Arizona.

And I chose Tucson because I was living in California, and it was something close by that I thought I could travel to relatively easily, if I had to get there, and I purchased that one in 2017. I got that for 695000 dollars. Seller financing put 120K down, create my business plan to have value to improve the quality of the park, … roads, a lot of the basic stuff, and bring in homes in the empty pads, filling vacancies, do some rehabs, a few rent raises because they were under market. This is very hard, it's not very easy, but it's also not very hard, and so I followed that plan and in a year and a half, I was able to sell that part that I have purchased for – cash flowing very well throughout the entire time, and I was able to sell it for 1.325 million ton a year and a half. And so I thought, Okay, there's something here. I think I wanna do more of this.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: 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 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.

[END]