

Episode 1501

[INTRODUCTION]

Luke Hall (LH): Every once in a while we'll have a property come in that says, hey, this really doesn't fit. Our typical model, but there's probably a creative way that we could make this deal work. And so when Sam and I are looking at a deal, it's not a quick yes or no, or let's just toss this deal out because it is off just a little bit here. More often than not, the conversation is, okay, we have this deal. There might be a way to make it work. Could we get creative in a way and how can we figure out how to create some value here? How can we figure out how to have this project make sense for our investors?

Whitney Sewell (WS): This is your daily, your real estate syndication show. I'm your host, Whitney Sewell. Recently, I have been asked numerous times about our team. I've talked often about our growth and man, it's been incredible to see what the Lord has done in our business over the last number of years. But recently, we have hired numerous people, and I get more and more questions about that growth and how we're handling that and what does our team look like? Who have we hired, what, you know, how have we hired them? What do they do and what's their function and all those things. So I'm trying to bring that content back to you and help you to see how we are handling that growth.

[INTERVIEW]

WS: And ultimately, it's by hiring amazing people and people that are amazing at what they do better than I or Sam or are at their roles. And that's what we're trying to do, right, is bring that talent on the team that's better than we could ever do it. And so we're doing that again today. We're bringing to you another team member that man we're proud to have. His name is Luke Hall. Luke, welcome to the show.

LH: Whitney, thank you so much for having me. It's such a treat to be on this show. I started listening to the podcast earlier this year, probably around the first of the year, and so it's just amazing to have gone from listening to the podcast to being hired by Life Bridge and to now being featured on the podcast. I feel like you're taking a chance right now by putting the spreadsheet guy on screen. It's a little bit of a risk, but I like it. It's good to be here.

WS: Yeah, that's awesome. Any engineer or anybody that's a numbers guy or spreadsheet guy or understands what Luke's talking about right now. Right, man? It's a different dynamic, right? We were talking about it, it's a while before you feel comfortable, I think, on a mic or on a camera, and. I don't know if you ever really feel comfortable, I just get used to it, I guess. But Luke, I'm confident in your ability to be on camera as well, so I'm grateful again, Luke, for that you're part of the team and it's been great to get to know you and a little more about your family and, but share with the listeners a little bit about maybe before Life Bridge. What did you do? What qualified you to do to become our analyst? So I didn't even share that earlier. You know, he's analyzing deals for us constantly and doing an amazing job at that. And so he is really good at those spreadsheets and numbers and figuring those things out. and we're gonna dive a little more into that, but what qualified you, Luke, to do that for a Life Bridge? What'd you do before?

LH: Yeah, that's a great question. So I can kind of give you two answers. The first is a little bit of my personal background. So I grew up in Western North Carolina, a small school in upstate South Carolina which is where my wife and I now live upstate. We have two boys who are very energetic, which keeps things interesting around the house. We love just doing stuff outside. We love. Outdoor adventures hanging out with family, friends in our church. So that's a little bit of my personal background. As far as professional background, so at school I studied accounting with an accounting degree. The path is work in public accounting, get your CPA, shoot for partner, and that was the track that I started on.

LH: Straight outta school, I started working for a CPA firm, started studying for the CPA exam, and about halfway through the exam, I had a failed attempt on one of the exams. You need a 75 to pass. I made a 73 and for anyone in the accounting world that is just devastating, and so it got me thinking, is this something that I really want to do? I'm spending all this time working busy seasons and studying for a CPA exam and really just not enjoying the work. The firm that I worked with was really great. The people were awesome, just a wonderful family and faith-based community. We were the best in our field at what we did. And what we did was we audited government entities and non-profits.

LH: But myself, having an entrepreneurial spirit, did not mix well in that environment because government is not exactly entrepreneurial. And so I really wanted to do something else. About this time I caught the real estate bug and just like most people started reading books, listening to the podcasts, going to the meetups, and eventually started buying my own real estate deals while I was working in public accounting. At this point, I was hooked on real estate. I knew that I loved real estate, I loved investments. I love just watching the market. Seeing how people were reacting to different situations, and I knew that real estate investing was something I wanted to do for the long haul.

LH: So I quit studying for the CPA exam. That's probably the worst five grand I spent on study materials. It's not cheap, but that five grand was well spent because it directed me on a path that I really wanted to be on. So in a way it was kind of a blessing. After several years in public accounting, again, learned a lot of valuable skills as far as Excel, financial modeling, analytics, just comparing financial statements, you know, previous month, this month, budget to actual all kinds of different things. Looking at different matrix. I took those skills and my next job, I worked as an analyst for one of the best investment brokerage teams in the southeast. Was really, really fortunate. Just such a blessing to work with these guys. They're so talented. They are so dynamic and really cut my teeth in the investing world on this team.

LH: So about this time, I was really involved with retail, product, office, product, industrial, some multifamily as well as some healthcare. And so we were doing a lot of single tenant net lease type deals. We were doing the modified gross office deals, expense caps. We were doing strip centers all the way to mixed use high rises downtown. Just a wide range of things, and it was really just a wonderful time of cutting my teeth, learning the business, seeing how transactions work. I think I was involved in about 400 million worth of transactions, and so I did a lot of due diligence, coordination, did a lot of underwriting, did a lot of broker opinions and values. Helped put together listing presentations to pitch for these deals that these brokers were working on, and I just, I loved it. It was so much fun.

LH: But throughout this time, I was also buying my own personal investments and they were all multifamily. And so I knew that over the long run I wanted to be more involved in the multifamily space, multifamily investing and you know, what does everyone say go bigger, right? And bigger is, you know, syndication and fun. And so it was just a business that I really wanted to learn. Fortunately, I started listening to Whitney, your podcast early this year with no intentions of ever working for Life Bridge. I didn't know that would be an option, but I saw posting for that job and through my hat and a ring, and here we sit today, the analyst for Life Bridge and just so happy to be here. And it's been just such a blessing for me and my family.

WS: Awesome. Grateful, appreciate you sharing a lot of details there and just how you got here and your background. Well qualified for the analyst position for sure. And just grateful. So, you know, and maybe we'll discuss a moment, you know, like, why did we hire an analyst, why does a company like ours need somebody like Luke? And, well, one, there's only so many hours in the day, right? And you know, it's different. You know, Sam was doing pretty much all the underwriting for Life Bridge, and you only look at so many deals, right? And can only do so many things and he was being pulled numerous directions. It's any, I mean, it happens with every executive or every you know, as a business grows, right?

WS: You know, I've talked about this on numerous shows recently, how Sam and I were doing everything, right? And then as we grew, well, it just gets more and more really impossible to do all those things well and to scale and to grow. It's impossible to keep going and or to grow and keep doing all those things. And, you know, just like, and if you were listening to previous team series shows, you heard Josie, and you'll hear other people who support me in certain roles, right? Well, they take things off my plate and ultimately they end up doing them better than I could, right? You know, these things. So they're committed to those tasks. They're devoted to that thing, whatever it is, you know, we hired them for versus me trying to do it being pulled in 12 different directions, trying to do all those things well. Well this is, Luke is thought for Sam. You know, Sam, now he's underwriting some deals, but man, Luke's doing the bulk of the underwriting.

WS: When Luke can focus, Luke's so good at it and when he can focus on those things, he's even better at it, right, than him being somebody trying to do it that's pulled in so many different places. And so as we've grown, obviously we know just like any operator, if you wanna do more deals, well guess what? You gotta look at more deals, right? You gotta look at more deals and you gotta underwrite more deals and you gotta make more offers. and so that's what we're trying to do, right? And we want to ensure that we're not just throwing more offers out to throw offers out, but we are underwriting those deals properly and we are seeing the things we need to see and looking at the metrics we need to look at. And we're not skipping steps that are important just to throw more offers out, to hope to get more deals. But we want to ensure we're doing that correctly and looking at the details as much as possible. And that's, Luke, man. I mean, that's why we need Luke on the team, right? And so it was a big process of hiring and been listening along. You've heard me talk numerous shows about differing hiring processes that we've gone through to hire different people. and we're very grateful that Luke ended up being our hire for this role, to say the least. And so very grateful for him.

WS: So, Luke, why don't we jump into what you do a little bit, you can explain it better than I can. So what do you do? You know, maybe you can talk about a day in the life, you know,

type of scenario. But then there's numerous other things that are more like, you know, occasional projects or, you know, they're not every day. But but let's jump in a little bit. What's the day in the life of analysts at Life Bridge?

LH: Yeah, that's a great question. Primarily, as far as Life Bridge communication, I work mostly with Sam, so he is our COO and I also call him our Director of Acquisitions. Maybe that's not his exact title, but that is his title that I use when speaking with brokers to kind of have some hierarchy there. So a day in the life, typically it is, we're looking at deals in the West, Midwest regions. I'm on East Coast time and so I'm a typically two hours before most of those brokers are getting to work, which is great. I love it. That means I have two hours in the morning that I can be really focused. I can dial in and look at some of the deals that have come in the previous day, maybe over the weekend and can really have those kind of two hours where I'm really not being interrupted. And then about 10 o'clock, we typically have a team meeting where it's just a really valuable meeting where we talk about what we're focused on as a team, maybe where we're struggling as a team. And then you know, also some successes that we're having.

LH: So it's great to bounce ideas off of the team. And it's also wonderful since we're all working remotely that we can keep up in that way and still have human touch, you know, throughout the day. So after that, typically it will be meetings with brokers, phone calls with brokers, meetings with Sam. We'll talk about different deals that we're working on. You know, oftentimes, there's a lot of deals that I don't even show Sam because they're just not great or they're not in good markets. And so when we have a deal coming through the pipeline, it's pretty easy to weed out the small ones, or maybe it's not the right vintage, or maybe the value add plan isn't really there.

LH: And so I'll weed a lot of those out. I'll typically pick what I think are kind of the most qualified opportunities, present those to Sam, we'll start working through and we'll start diving in deeper into, okay, how could this model work for Life Bridge? What do the rents look like in this area? A huge one for us is, what are property taxes gonna do? You know, property tax is double. Yeah. That could tank your deal. There's numerous cases where that would be the situation for the property. So working on just underwriting a lot of market research. We're looking at, hey, is the population, is it growing here? Do people wanna live here? What are the industries that you know, primary industries here? If the coal mine shuts down, is the town underwater? Is this a place that we see growth and opportunity for Life Bridge to continue to grow and for our investors to do well?

LH: And so I think one of the things that I pride myself and Sam on our underwriting, I'm a very conservative person when it comes to underwriting. Mainly because I come from the accounting background, and when you're in accounting, you know everything is, you tie it to the penny. And so having some of that, you know, plus having my personal portfolio, I'm not ready to spend money on something that I don't feel is conservative. And so we're looking at our stress test. How are we going into this asset? How are we exiting this asset? What is our rent gonna be? How is it gonna escalate? What are our debt terms specifically right now, we look at bridge debt and we think, man, it's risky right now to be in bridge debt that is, you know, gaining 50 basis points in rate every year. And then what happens after that? You know, it's hard to say. We see rate hikes coming in the future and so this is a long answer for saying what do you do in the day? But these are just some of the things that we

think about every day we're having conversations about. And so these are just some of those things.

WS: For sure. No, that's incredible. You know, you mentioned as well or something triggered this but I wanted to ask you, cause I kind of alluded to it earlier also, like other projects that you do for us and or you talked about you know, population growth or the whole company goes out as whatever, you know, is a town underwater, you know, as far as employment and, but talk about maybe project you did recently about just the market research at a high level. You don't have to go through all the columns, everything, but I mean, just, you know, as we try to explain, expand into other markets, right? This is something Luke hit headed up in a great way recently, but it's like, well, how much data can we collect and compare about how many different markets. Well, that takes a lot of time and Luke did a great job on this, but speak to that a little bit too. That's something that you did a great job on and was very helpful.

LH: Yeah, so the project was create a spreadsheet that we could sort by all kinds of different data reference points to determine which markets, you know, Life Bridge wants to expand into. And so as Life Bridge is growing, we're gonna probably outgrow some of the opportunities that are in the markets that we're in. And we wanna expand our footprint. We want to see new markets and we wanna be involved in opportunities where there are opportunities. And so part of that is evaluating different markets. And so we put together a list of 50 or 60 markets, new markets that we wanted to explore and so we set some specific criteria and said, hey, these might be some markets we would be interested in. Let's find some data on these markets. Let's examine that data. How do these markets compare to the ones we're in and how do they compare to each other?

LH: And so from that work, we were able to determine that, hey, you know, here's a handful of markets that we're gonna aggressively pursue. We're gonna start connecting with brokers there. We're gonna start connecting with owners potentially and try and dig up some deals in these markets. We're really excited about their growth. We're really excited about their potential. We're really excited about just kind of the labor force, the work, the industries that are in these markets. And so that was a long project that took some time.

LH: I know that with technology today, you can very easily run a report that spits out your data and says, hey, here's data on this market, and you should go after these. And I think that's great. But there's also something powerful to me about manually working through every single one of these markets and saying, I've put my finger on these data points and I feel just intimately acquainted with this market now instead of just seeing green or red numbers off, you know, a co-star report or something like that. And so whenever I see a deal through my email, I have a very quick idea of is this a market that I want to be in or not? It's pretty quick in my mind at this point, just from putting the time in and putting the work in to to that project.

WS: Yeah, that's a great example of, I hear other people talk about, you know, tracking metrics. On a business or your life, whatever. It's nice when you can automate that and it's just in a dashboard, whatever. You can go look at it, but it's different when you have to go physically find it, say every week or every month or whatever. You are more intimately involved when you have to go physically find that number. You know, every time there's

something about that to where, I don't know, you know? You just know it. You know, than just glancing at a screen. And so, and I appreciate that about you in this project too, and I think you're able to, it's kinda like you spent the time up front and now you get this deal or you know, from a market from broker, whatever, in a different market, and you already instantly know a lot about it without even having pull the sheet up.

WS: You know, but great project there. I think that's helped us a lot. It's great to have all that in one place where we can just compare a lot of different things on the fly. Luke, is there anything else about, I know we briefly mentioned it and we're not going into a great detailed show right now about this, but I wanted to ask you again, is there anything about, say the deal process or how you and Sam work together you felt would be helpful to highlight at a high level for the listeners right now?

LH: I think one thing that's really important is understanding your acquisition criteria. Sam and I, we talk through this regularly of what is our criteria, how could this fit our model? And I think that you need to be also creative with that criteria as well. So we have our typical buy boxes. Hey, you know, these are the vintages we're looking at. These are the markets. But every once in a while we'll have a property come in that says, hey, this really doesn't fit. Our typical model, but there's probably a creative way that we could make this deal work. And so when Sam and I are looking at a deal, it's not a quick yes or no or you know, let's just, let's toss this deal out because it is off just a little bit here. More often than not, the conversation is, okay, we have this deal. There might be a way to make it. Could we get creative in a way and how can we figure out how to create some value here? How can we figure out how to, you know, have this project make sense for our investors?

LH: And so I think having that criteria is really great for kicking out the deals that are just very clearly not gonna work. But then, you know, having willingness to get creative on deals that, you know, maybe have a 1031 buyer and you could have some class A shares for them. Just a prereturn only that boosts your class C members returns. And so what deals would work in that scenario that wouldn't have worked under a straight class C type deal. Just different things like that.

WS: Yeah. That's incredible. I, it's just neat to see that happen and grow and how, you know, more deals we're looking at and you all are figuring out ways to be creative, you know, just different things happen, right. And we learn different things. Learn as we go. So alright, Luke, a few final questions but you know, I ask almost every guest this Neil, and, but I thought it's neat to ask our team this same thing. I mean, it's like, what do you feel is one of our biggest challenges at Life Bridge right now? Or that we're facing?

LH: I think one of the biggest challenges on the acquisition front is probably market turbulence right now. I picked a really interesting time to enter the multifamily world specifically in June when we started seeing rates picking up, you know, even now rates are higher, the market is just a little unsteady. Buyers and sellers don't seem to be connecting so well. And then more rate hikes in November, December, potentially next year. So I would say that expectations of buyers and sellers could be one of our largest challenges, but I also think it could be one of our greatest opportunities for sellers who can, you know, kind of connect to the real world on this. And I think there will be some opportunities that we'll uncover during this time of turbulence.

WS: Awesome. Yeah, definitely a challenge. No doubt about it. I know we're gonna keep hammering forward, and learning and you know, doing the best we can with what we know. And but Luke, what about what metrics are important to you to track? And again, this could be personal metrics, it could be professional, anything in between. Always like to know what do people track, what's important to them, you know, as they move and grow, and what would that be for you?

LH: Yeah, that's a great question. So personally, I have a little app on my phone. It's called Habit I think, but it's where I track all of the things that are important to me. I'll give you just a number of those. So every day, I'm making sure that I'm in the word spending time with the Lord. I'm making sure that I'm reading 30 minutes a day is my minimum. Hannah and I also track having family dates. So once a month, we're spending almost an entire day of this is just us, just our family, you know, no friends, no extended family, and we're gonna go do something so much fun with the boys. And another thing that's kind of in line with that, you put me onto a book called Family Board Meeting, right? Is that what it's called?

WS: That's right.

LH: Family Board Meeting. And so I have changed the name of those where the idea is you connect with your kids one on one. Since I have two boys, my goal is to raise them into to men. And so I call these man to man meetings. And so we are trying to do these once a quarter. And so I am just starting to do these and starting to track these. So that's one of a personal one. Two more. I listen to podcasts and so I want to continue to grow expand my knowledge base and listen to what other people are seeing in the market. And then I like to work out. A little bit, not much as you can tell. And then professionally for Life Bridge, I'm tracking how many deals that we're looking at. So for me this quarter I'm hoping to look at 200 deals, underwrite 200 deals and then we're hoping to write 30 offers.

WS: Awesome. Yeah, I appreciate you sharing some of that personally and professionally. I think it's helpful for the listeners to get to know us and our team and I love. And Luke shared this during, I don't know, a meeting recently called it Man to Man meetings. I love that. I've been doing it with my boys. I've been calling it one on ones, but I love man to man, so much better. And but if you don't know what Luke's talking about, you should go back and listen to an interview I did with Jim Shields. He's the author of that book, the Family Board meeting. And I've gotten to know Jim a little bit and we've spoken at some of the same conferences and whatnot, but I also offered to give that book away to anybody that emailed info@lifebridgecapital.com. Provide your mailing address and tell us you want that book and I'll happily send that to you for free.

WS: So I've been doing that with my boys now as well. And I. Luke and our team's doing it, numerous team members now are doing this. So it's so important that we're spending that consistent quality time with our children. So even the, even would you say a day, a month, like a date, a family date, you all are out together. I love that you're tracking that as well. So important. That's incredible. So, I just think, I hope that's encouraging to the listeners and that they're doing something like that also. What about, and actually you, maybe you mentioned this a little bit, but I wanted to ask you what would you say is the number one thing that's contributed to your success or your growth, your personal growth even for your family?

LH: I would say that, first off, I think the Lord has really blessed me and my family, just specifically his grace is amazing. I would also say that I view everything as an investment. I think that my wife is an investment. My relationship with the Lord is an investment. My relationship with my kids, my finances, my work, and I believe that in any investment, given enough contributions and time, those investments will grow. And so if you're making good deposits to all of these things, they will continue to grow and become more beneficial and more profitable than I think that, than I think we can even imagine.

LH: You know, if you make a bad investment and continue to make bad investments, those things that, you know, if you say they're important to you, but you make bad investments, they'll continue to get worse. And so I just, I see every day as potential to make one small good investment in something that's really important to me or somebody that I love and believe that over time it will just essentially get sweeter and sweeter and better and better.

WS: Awesome. Love that analogy as well. Are there any other habits, Luke, that maybe you have that we haven't talked about that have produced a high return for you?

LH: I know most people will say getting up early in the morning. I will just be the first to tell you that is not my thing. I do not love mornings, but I love waking up to see Hannah and the boys off to school. My wife's a teacher and so she rides the boys to and from school. I will say goodbye to them and the first thing I do when they walk out the door is I sit down on this couch behind me and spend some time with the Lord in the word and in prayer. And I think that's probably one of the most important things I do all day. And then after that, it kind of depends whether it's a day to work out, whether it's a day to read and then getting ready for the day, breakfast, work. And another thing working from home, a routine of mine is I very regularly am having lunch with friends, family, mentors, and just staying really involved in church and fellowship and community because working from home is kind of a different beast and just staying well connected is really important to me as well.

WS: Luke, how do you like to give back?

LH: One of the things that I'm most passionate about is missions, global missions, and so whether it be supporting missionaries or going on mission trips, I really love to give back there. Last year I was fortunate enough to go to Puerto Rico for a week and help, help rebuild kind of some squatter communities there. Really, really enjoyed that. That's a huge passion of mine. Global missions and the gospel going out to the world and also serving in church. You know, if you can't do it locally, why bother globally? I serve it our church as a usher. And I help with facilities and I really am just so happy to be doing those things.

WS: Luke, it's been an honor to have you on the show actually honor to have you as part of the team at Life Bridge. We're very grateful. For you and your family too. And so we're grateful that you're here and even on the show, grateful for your willingness. Say, I just sprung this on, just so listeners know. I just sprung this on him just like an hour ago or something. Said, Hey, how about we do an interview? And so I just think that says a lot about him. He was willing to just say, hey, okay, let's do it. And no big deal. And he's done great. And so Luke, thank you again, honored to have you on the show.

LH: Thanks, Whitney. It's just such a blessing to be here.

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WS: Have a blessed day.

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