

EPISODE 1517

[INTRODUCTION]

Paul Wakim (PW): We're building into TwnSqr ease of finding good deals. In other words, we want to make sure that you and your lender or you and your syndicate have enough information to look at a property on TwnSqr and underwrite it instantly to know, or at least as fast as you can to know if it's a good deal or not, so that you can act on this down market in terms of prices that we find ourselves in.

Whitney Sewell (WS): This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. We're back again today with our guest, Paul Wakim, up a short series here where he was on yesterday, we talked about TwnSqr. What that platform does in the real estate industry. It's amazing. All the data that can be brought together now and to have a piece of software like this that can analyze it and give you information quickly, is priceless, right. And Paul goes into he went into that yesterday. And today, we are just going to dive more into sourcing off market deals, and even probably some apps or websites that you've probably not heard of before. I've not heard of some of them. And I know those are going to be helpful for you, even as we move into the show where he's going to talk about some habits or techniques that I thought was very interesting as well.

[INTERVIEW]

WS: Paul, welcome back to the show. I'm looking forward to jumping back in because you've become an expert in this and I know many people listening want to know how to find off market deals. And you spend a lot of time trying to figure that out. So we're looking forward to this, I would encourage listeners to go back and listen to yesterday where Paul talks a lot more about TwnSqr and that platform and how it can help you to find your next deal. And so, Paul, let's jump into sourcing off-market deals. Do you have some step by step guides that you use? Or something that we could use? Or, you know, tell us some secrets? What is that you know that thing or but either way, let's jump into sourcing off market deals get started?

PW: Yes, certainly. So my natural reaction is if you're looking for off-market properties in your neck of the woods, come check out TwnSqr. We're an off-market property marketplace, but if you're looking for them, between you and the seller, you're looking for a way to connect with somebody in your market, the way that I have had success is building a relationship. I know there's a lot of guys in the real estate industry that say I send 50,000 pieces of mail every single week. And I have a team of people that cold call, you know, 8,000 people a month and I call each of them three times. And it seems to work. But I have only ever had success in my business career connecting with a wholesaler who can bring a property to me or a landlord, who has multiple properties that he's willing to sell or has so many that he just wants to offload.

I'll give you an example of some off market properties that I've been able to access through relationship building. I looked at my county court records, tax records tax assessment website. And I went to them and said, Hey, can I have all of the records? And they said, Yeah, sure. It's going to be a CD, or a flash drive. I said, I'll take the flash drive. I don't need a CD. Yeah, right. It's gonna be like a six gigabyte Excel file. And I was like, Okay, no problem, I want that I want all that data. And from my experience, you can do this with any county across the US. So I went on, I got that flash drive. And I looked at all of the people who owned properties in the market where I wanted to purchase properties. And I found the guy that owned 600 single family homes, duplexes, triplexes, and four units. And it just so happens that his name was Chuck, and I called Chuck found him online, gave him a call. And he's become a friend of mine, and somebody who's willing to sell or finance any property of his that I'm interested in. But it's only because I was able to build a relationship. So I went to my tax assessment office, I used the technology that was available to me like Excel. I know it's not that fancy. But then I used that technology to spur a relationship that has led me to have a lot of properties at my disposal to source, it wouldn't have been possible. If I just sent him 500 pieces of mail, I can guarantee that.

WS: So you went to the county, and you're asked for all the data that just come in a massive Excel file, like you said,

PW: Yep, just a flash drive that they sent me in the mail. they mailed me a flash drive that had the little Allegheny county tax assessment office logo on it back whenever I was in Pittsburgh, Pennsylvania. And I plugged that into my computer and downloaded the file and was able to run this gigantic Excel file on my computer.

WS: That is gigantic. And then how do you narrow that down to find that individual?

PW: Yeah, just do some formulas in that Excel document that pulled out all of the people that owned or that their name appeared more than 20 times and then found the people that owned the 20 or more properties or the companies that owned 20 or more properties. Then I went through a couple of different online services that did skip tracing and did finding of people's information to find Chuck and his properties. And then I found his number on a real estate investment associations website and just gave him a call one night at 730 at night and said, Hey, I'm sorry, from interrupting your dinner, but I'd love to talk to you about your properties. And if you're interested in selling any of them?

WS: What are the strategies have you seen be successful in finding off market deals?

PW: Yeah, so I have some friends in the industry. things that I learned from that have had so much success with just walking or driving around their neighborhood and finding properties that look a little bit rundown, it's the old driving for dollars adage where you find properties that look like they're a little bit rough around the edges, and then skip tracing who that owner is, and calling them and trying to build a relationship with them. Again, I know there's a lot of guys that take this volume approach and try to pull a list from core logic or list source or one of these other list providers and then cold call every single person on that list and eventually you've cold called everybody in your county. But the slow, more targeted approach has always been more successful for me. And it actually helped me buy a couple of properties walking around my neighborhood and finding properties in distress.

One in particular, I don't mean to ramble too much. But one in particular, I was out walking my dog one day and found a property that was a duplex looked pretty rundown, the porch was falling off the house, I had walked past it probably 2040 times before that. And I said, maybe I can buy that house. So I skip trace, the owner found out that he was a professor at a college near me, and then found out that he lived in Qatar. And I actually ended up purchasing that house through text messages on WhatsApp over an eight month period, all through WhatsApp from Qatar, in Pittsburgh, Pennsylvania. And it was just through me walking around and then building a solid relationship with the guy that owns that property.

WS: Interesting. Any disadvantages for sourcing off market deals?

PW: I would definitely say that, at least in my experience, if you're going directly to the seller, and you're sourcing the property from them. A lot of times, especially in multifamily that are under-managed they might not have current rent rolls, they might not have clear expenses, the property that I was walking my dog and found it was a duplex. It wasn't the largest property ever. But it was kind of like, oh yeah, I have tenants that stay and they randomly pay me like couple of hundred bucks sourcing properties off market usually means you have to do more legwork. Whereas a real estate agent, they're being paid to do that legwork for you on market, because it's their fiduciary responsibility to take care of the seller and make sure that they get them the best deal possible. So I'd say a disadvantage to sourcing properties off-market is that you better know what you're doing. Because otherwise, you might find yourself in a situation where you don't know what you don't know. And that could come back to bite you.

WS: Yeah, what resources are I know there's a ton of apps and different technologies, right, that help us find deals, potentially, but any apps that you recommend to find off market deals?

PW: Yeah, so my favorite, they're like the shining example, if you will, and they're a little bit hard to get in touch with sometimes because they're very exclusive. But there's this company called Audantic. I'm friends with the CEO, co founder and the director of sales over there. Audantic is based out of Seattle, they're a prediction company, they predict who's going to sell their property next. And they do what I would say I have a little bit of experience. If you go back

and listen to the first episode, I'll talk about my experience, predicting who's going to sell their house next. Identica does such a good job at predicting who's going to sell their house next. And I think they're even working on some abilities to market to the people that they predict are going to sell their house next so that you can go to them. And essentially have them help you with lead generation from A to Z. So Audantic is one.

And then just the everyday good applications that help you get data on properties. I would say batch leads, or Prop Stream. Prop Stream is like one of the biggest names in the industry. And then just your county tax assessments website, all of the different data providers, all the different data aggregators, whether it's a gigantic company like CoreLogic, or Cherry, or a smaller company, like batch leads, they're all scraping the tax assessments website, they're all going out and gathering that data and then either making predictions on it or helping you market to find the next person who's going to sell their house. They're all going to the tax assessment as the first source of truth. And you're never going to find fresher data that you can take action on, than your local tax assessments website or your local tax assessor's office. So all the apps in the world are cool. All the prediction in the world is cool, but when it really comes down to it, walking around your neighborhood and going directly to the source that the county tax assessor is probably going to work out best for you.

WS: Now, are those competitors for you, for TwnSqr?

PW: No, thankfully, no. So Identica they're doing the front end acquisition and helping you predict who's going to sell their house next. Batch leads and Prop Stream. They're more just data providers that help you act to go out and find the lead. We're in the dispositions or the sales process where somebody who has a property to sell comes to us to sell it directly to a buyer or a wholesaler who has a property under contract comes to us to sell it to their buyers.

WS: Are there apps versus websites? I mean, that are different or that are better that we should know about? Or is that a crazy question?

PW: No, no, I think that batch leads and prop stream are the two leaders in the you-go-figure-it out, here's the data kind of approach. And then Audantic is by far the best when it comes to prediction of who's going to sell their house next. Batch leads and prop stream are kind of like I said, like, they hand you a nice looking user interface. And then you have to figure out how to configure it to get out the data that you think is best to act on. Audantic, they take data from all over the world, they run it through some crazy prediction algorithms and give you a list of people that they think are going to sell their house soonest and next.

WS: Wow, it's interesting, all this data and what can be done with it when we can, I don't know, figure out how to analyze that, I guess is the hardest part, right?

PW: Yeah. So that's really what Audantic has taken on and what they have on their shoulders, there's a couple other companies that are trying to do it, but really wouldn't be what it comes down to, at least in my experience in the world of technology and trying to figure out who's going to sell their house next, a lot of it comes down to how well your data is structured, and how well your historical data is structured, which really means in layman's terms, if you've been doing business in this world of big data longer than the next guy, then you probably have better-structured data. And you probably have better data across the board so you can make better predictions and find motivated sellers off-market better. So, Audantic has been at it for a long time. There's a couple of companies like SmartZip that kind of appeals to real estate agents. There's another company that RE/MAX purchased called First.io. Smartzip's like the oldest in the industry. But I'd say Audantic are the guys to go to if you want to predict who's going to sell because they have all of this really nicely structured data. And they're able to make really accurate predictions on it.

WS: Speak specifically to TwnSqr, and how that helps investors, you know, say in all sizes of real estate investing.

PW: Yeah. So once you have a motivated seller that wants to sell their property off market, or if you have a property to sell yourself, and you're a motivated seller, we are a marketplace for you to sell your properties off-market to your network, we've built tools for you to say, here's my property. And here's my network, I'm going to use TwnSqr to professionally display my property to my network. And also on TwnSqr, we've built the tools that allow you to say, here's my property, and then other users in my market have also made their network of potential buyers available. So you can take your property on TwnSqr, send it to your people in your network, but you can also send it to other users on TwnSqr to leverage their network and the relationships that they've built with their network. Usually, the way that works is there's a joint venture agreement where if another user on TwnSqr brings a buyer to your property, then you will owe them a little bit of the profit. But it's better than possibly selling for a lower price. We're not selling the property at all.

WS: Is there a plan to raise more money for TwnSqr?

PW: Yeah, yeah. So our plan is to break even get to the point where we're breaking even covering our expenses, and then go to the world of venture capitalists and family offices that we have, thankfully have built really strong connections with and raise more capital to build more products on top of our marketplace to support real estate investors.

WS: Do you expect that to be easier the next time than the first time?

PW: Easier for me mentally because I know what to expect now.

WS: Yeah, for sure. What about, you know, what would you tell Paul 10 years ago about real estate? Would you do it the way you've done it? Would you do a tech startup? Would you do something different in real estate? What would you say?

PW: Yeah, right now I'm very into the world of creative finance and figuring out how subject-to-deals work and how seller finance deals work. And I think that the leaders in that side of our industry are really helping me find that part of our industry. So right now, my brain is

on technology and on those creative finance type properties. And I just think they're, they're so interesting. So right now, I would tell Paul of 10 years ago, go learn about creative finance, go learn how you can structure a deal a way other than putting 30% equity down and going to a bank and getting 70% financing, figure out how you can structure a creative finance deal. And even though it's timely with what I'm interested in right now, I think that broadly across the board, learning how to do creative finance would benefit everybody because it's just another tool or multiple tools in your tool belt.

WS: What about with all this, I was thinking too, about like it's a lot of data, right? I'm sure can be used for lots of different things. If you get thing I was just thinking about like having that much data Though there's so many things that you could do with that, but I wondered if there's anything that's come from the data that you all have pooled for TwnSqr has changed what you think about even the future or the next six to 12 months in real estate or this economy, or I don't know, any thoughts about what you expect, or predict, because of all this data that you have?

PW: Yeah, for sure. So in our conversations with friends, like the guys at Audantic and in our conversations with users of the platform, and in the data that we see, right now, in late November 2022, what we're seeing is that the market for flipping properties, rehabbing them, and then trying to sell them for a significantly higher price than you bought it for, that market is pretty much totally drying up. The buyers' sentiment does not match the sellers' sentiment, because the buyers have so much less buying power due to the traditional way of buying with mortgages, because the mortgage rates are so much higher. However, what we are seeing, and what we're hearing from our friends and partners in the industry is that right now, and for the next year and a half to two years is the time to buy rental properties and long term rentals that could be used as short term rentals whenever the market starts to go back up a little bit. I was at an event last week with one of the largest hard money lenders in the country. And he said he has more short-term rental properties in his lending pipeline right now, as the market is crashing according to some people, and he has seen in the last three and a half years, because the sentiment among real estate investors is I can get properties that will actually cash flow now versus I can get properties that I can flip and make a quick \$150,000 whatever it might be.

WS: Interesting. Yeah, I know, when you think about if it's something that will work as a short term rental, whether it's a lot more income than if it's a long term rent, or you know, a year lease six month lease, typically, so you can pay a lot more. Right, you know, for that property, as long as it works for that, right. That's interesting that many buyers are turned in that direction. Yeah, I mean, we're doing a few short term rentals, even in our larger multifamily deals. And it's been interesting to see some of that, how does that work? And just the different expenses and different way they operate? But yeah, it's interesting to have all that data to think about, you know, things that are changing, and how do you prepare for that? What about what ways have you recently improved TwnSqr? Or just your business in general, that we can also apply to ours?

PW: Yeah, certainly, thank you for asking. What we're really pushing for over the next 2, 3, 4 months in our development pipeline. And really to match what the market sentiment is telling us is we're pushing for more professionalism, more standardization, and more legitimization, if you will, on our marketplace. So what does that mean, it means that, there's probably going to be more properties coming to the market, because people are in financial distress and need to sell, they need to sell quickly, so they want to sell off market. So maybe there's more deals that are available. But those deals, for many reasons might not be the best deals to purchase, they probably won't work out number-wise. So, what we're trying to do at TwnSqr is match the market sentiment of there are still people buying and they know that now is a good time to buy. But the deal has to be a good deal. So we're building into TwnSqr ease of finding good deals. In other words, we want to make sure that you and your lender or you and your syndicate have enough information to look at a property on TwnSqr and underwrite it instantly to know, or at least as fast as you can to know if it's a good deal or not, so that you can act on this down market in terms of prices that we find ourselves in.

WS: Yeah, more professionalism, that's interesting. And versus what, as opposed to what?

PW: Yeah, I think that for the last two and a half years, really, even before COVID a little bit, the market was so hot that everybody saw the HGTV-isms of the world and wanted to buy a

property to flip and they thought they could make \$100,000 on it. And people were like that was the thing. So we're doing what we're doing now versus what it was before, which was anything that had a front door and windows and wasn't totally blown out or had a fire in it was selling to somebody. So we're really trying to force a higher quality of property, a more professional display of those properties into the market, versus again what it was before, which was really anything could sell to anybody because money was cheap and finding houses really wasn't too difficult.

WS: Yeah, there's something to having a higher standard and being consistent. And so what's the biggest thing that's holding you back from scaling many times?

PW: Yeah, I think we find ourselves in a very, very fortunate position where for the last two years getting to the point where we are now we were trying to find the ever-elusive product market fit. We were trying to find a product that our customers were that some customers wanted. I'm very confident with what we have put out now since July or earlier this year, we have product market fit. We know what our customers, whether it's syndicators like yourself, you're looking for high quality, very detailed information of off-market properties, or the flipper or the short-term rental buyer. We know and I feel what you guys want, what buyers are looking for what investors are looking for. So what's holding us back now is thankfully, just development power and development power right now is easy to find, easier to find than ever because of all the layoffs in the tech industry that have been happening. So, right now we need developers, and we need money to pay those developers. So it'll be interesting to start raising money in the new year, because it should work out nicely to say we have product market fit. We need developers, therefore we need money, and everything's going to work out.

WS: Paul, what are some of the most important metrics that you track? I know you keep a notebook, you write a lot of things down. It could be personally, professionally, could be your bench press record or it could be you know, how much money you're raising for the business? Or I don't know, what are the most important metrics that you track?

PW: Yeah, personally, the most important metric to me is the number of steps that I take each day. And I know that sounds lame, but what it means to me is, as soon as I'm done working every single day, I take a break at around 3pm Pacific, and I go walk in the woods with my wife and my two dogs. And if I get to 7,000 to 12,000 steps, I know that I have spent a lot of quality time with my wife and with my two dogs. So I track the number of steps that I take. Right now, I'm at 663. It's earlier in the morning, and I haven't spent very much time with my wife and my two dogs. But I assure you later on, if I have a good day, I will have taken at least 7500 steps because I will have walked in the woods with my family.

And then business-wise, the biggest things that we track on TwnSqr are what we call connections. So, a user brings a property to TwnSqr, and they want to connect with a direct buyer, or they want to connect with another user of the platform to market their property they have for sale to that other users network of buyers. Whenever I as an investor connect with a buyer or I connect with that other user of the platform to sell to their buyers. We call those connections. And we track those very, very diligently. Right now we have about 650 properties being posted to the platform and 207 connections have been formed over the same period of time.

WS: Wow. What about any habits that you have that you're disciplined about that have produced the highest return for you? Other than walking? I was gonna say that it's interesting, you know, you're linking the steps to the timespan of how you're spending your time. So I love that. But what about some habits?

PW: Yeah, I'm 29. So, by no means am I an old, weathered wise man. But I have realized that, as I've gotten a little bit older and haven't been, you know, hanging out with my high school friends being dumb, like I used to sleep, it has become absolutely everything to me. So I wear a Garmin watch. And I use a sleep-tracking app on my phone. And then on my iPhone, I have a widget right on the home screen that tells me how many hours of sleep I had last night. So getting to bed at the exact same time every single night, no matter if it's a weekday or a weekend. And then looking at that widget that says what did your watch say your sleep quality was? And what did your phone app say your sleep quality was? I'm just tracking that diligently.

I know that I'll have a good day and I won't need more than one cup of coffee. If I have at least six hours and 15 minutes of sleep. Now some people say well, that's way too much. Whoa, that's way too little. But that's what I have found works for me. And it's something that I keep habitually looking at every single day.

WS: That's neat. Have you heard of Eight Sleep?

PW: Oh, I wish I had an Eight Sleep so badly.

WS: Yeah, I thought that somebody told me about that. And I thought, wow, that is so neat. We also track our sleep. And I agree sleep is so important. It's so important. Just the way you function when you have enough sleep, it's worth it right? Figure out a way to get enough sleep, you're going to be more productive than you are working more hours and staying up late. But yeah, sometimes I know, yes, we've all had to do those things. But if you can be consistent about sleep, it's made a big difference in my wife and I.

PW: Yeah, it's disappointing. It's disappointing that sleep is that important. Honestly, I wish that I could sleep two hours a day and feel the same way. But it's, yeah, it's so important.

WS: Me too. Me too. What about the number one thing that's contributed to your success?

PW: I always say my support structure. I've been super, super, super fortunate in my life to have an amazing support structure around me whether it's my wife, my brother, my family, my business partner, the number one thing that has contributed to getting to where I'm at today, being able to raise money for my business, being able to start a business has been the people that I can go to whenever I'm having a hard day, or the people that I can celebrate with, whenever I have a good day. Without that support structure around me, I wouldn't have been able to get here. I mean, sure, there's everybody that wants to start a business, you better be able to work really, really hard. But my hard work has never really been the thing that drives all the success. It's been the support structure around me that allows me to work as hard as I possibly can.

So I have people ask me, sometimes, not all the time, I'm not that important. But I've had people ask me sometimes, like, well, how can I get started? How do I start a tech company? How do I start real estate investing? And my answer is always, make sure that everything else in your life is as structured and as clean as it possibly can be. And I mean, clean as in, like, make sure your relationships are happy, make sure that you're taking some time for yourself each day to go walk or spend some time with your family. But make sure that the structure of your life is good outside of work so that whenever you sit down at your desk, and you write down the things you have to do every single day on your notebook, you can actually get those done. And I don't think you're able to do that as efficiently if everything else in your life isn't good. And you don't have a good structure or support system around you.

WS: Yeah, I think that's very well said. It's interesting. You talked about, you know, the other things in your life that affects you, right? It affects your business in a big way. I was in a group, I'm in a group of guys, a mastermind, it's local here. We have all kinds of industries, from all kinds of industries in different businesses. But yeah, you know, it's common that, you know, we all rank ourselves every month and where we're at on, you know, family and fitness, nutrition and asleep and all these things. And you know, rest and relaxation or sleep always, it's always low on those things. Our family, it's always really low. Typically, majority of the guys it's really low, often. But it's just interesting to think about. It's so important, those things are so important. But also when those things are struggling, guess what, you know, the family unit is struggling as well. And so it is, I could not have done any of this without the support of my spouse, and many other people, many other people, but it does play such a big role in your performance, just your mind, right? Your mind is taken by all those things, which are so important, and not in the business, you know, when you're needing to be working. But Paul, how do you like to give back?

PW: Right now, I unfortunately, haven't had a lot of time to give back because I'm working as hard as I possibly can to keep TwnSqr growing as fast as it has been growing. But hopefully, one day, the way that I want to give back is the way that I have been supported in my life. To give you an example, I did a new construction project where I built some high-end townhomes

in my hometown. And I found the deal, I put it all together. And then I went to a mentor of mine. And I said, you know, what do you think about this? Can we work together? And he said, Yeah, sure. All the way under his wing, I was there for two and a half years trying to figure out how to build these townhomes. So whenever I have time to give back, I hope that I can find somebody that is ambitious, and wants to work really, really hard, so that I can bring them into my company. And they can feel the amount of support that I've had from my mentors. Like I said, unfortunately, though, right now I don't have, I don't have a big way of giving back because I'm spending a lot of time arguably too much time on my tech startup.

WS: No, I understand and will appreciate you giving back to us today. And just being willing to spend this much time with us. But also just sharing about the tech startup, even some lessons learned around raising money, right? Diving into that for you, the tech startup, even just so many things around that, that it doesn't matter what kind of business you're in, if you're raising money, you need to know some of those things like framing your marketing for your investors, like we talked about, but even the communication for your team or as you all grew, you know, and just the remote team and the communication, the culture and you talked about documenting all these things and being so transparent across the team and what that's done for you. It doesn't matter what kind of business we're in. I mean, it's so important, right? But then you're going into sourcing off-market deals and some of the things that's worked for you and others and gathering all that data and what you've been able to learn from that and do with that. And now you are helping so many people with that. No doubt. You're a much better system of gathering and organizing that data than if I tried to go get it myself. Yeah, it's just a no-brainer. But Paul, thank you so much for your time, tell the listeners can how they can get in touch with you and learn more about TwnSqr.

PW: Yeah, thank you so much for having me. I really appreciate doing your podcast and getting the chance to talk and ramble. Hopefully everything was as coherent as I possibly could make it. But the best way to get in touch with me is just to send me an email. You can send me an email at paul@twnsqr.com You can find our company TwnSqr at twnsqr.com You're gonna find us across social media and if you want to connect with me somewhere online that isn't email, you can find me on LinkedIn, my name is Paul Wakim, W-A-K-I-M.

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[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 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.

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