

EPISODE 1540**[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 Andrew Bermudez. Thanks for being on the show Andrew.

AB: Thanks for having me, Whitney.

WS: Andrew is a former senior vice president with Lee & Associates in Irvine, California and the CEO of getdigsy.com. Andrew was sick of the complicated technology solutions and has built tips, tricks, and technologies that are easy to implement, yet powerful in the industry.

Andrew, welcome to the show. I'm looking forward to hearing tips and tricks. I love hearing about technology and different ways to automate things, just making it easier on our team, but also even bringing more accuracy to things. There are so many ways that technology has helped us in this business, but I'm looking forward to what you've done and what you are going to present to us today. But give us a little more about your background, who are you and how'd you get to this real estate business?

AB: So, I have to start at the beginning and I'll make this really short. I was born and raised in Ecuador, actually, so South America, third-world country, banks went bankrupt. My parents moved to the United States back in '93, and then in high school, I had taught myself how to code. My parents didn't have any money to send me to college, so I basically was trying to figure out ways that I could make money to put myself through college, met this gentleman. I was reading a lot of like Dale Carnegie and things, because I used to be very introverted, and met a guy from the Dale Carnegie Institute. He's like, "Hey, I work in commercial real estate. Trust me, come work with me and you will be the most social butterfly ever." So, that really captivated me. I did that. And within the first three months I learned how to cold call in person, on the phone, and severely got out of my comfort zone. So, I was like a bull in a china closet

What I noticed the first three months working there is that they were like sitting on gold mines and the problem was really trying to sift all of the leads that they were getting from sign calls. They weren't really generating anything via email. This is back when we were actively using faxes. But I was able to help cede some of the pain points from brokers and it was like, all of these leads that we get, all these sign calls, we have to put in a prospect report every Friday and we

hate it. It takes us like, two, three, four hours. And I said, “Well, I’ll do that for you. And in exchange, why don’t I run with the leads that you don’t want to work with and I’ll call them.”

I did that. I built a little program to sift all of that with a few clicks I’d have a report for John Doe, for Phil, for Tiffany, et cetera. And what ended up happening is I started looking in the email, and then marketing properties via email, and then really just thinking outside of the box of generating leads on Craigslist et cetera. And really quickly I became partner, which basically gives you profit sharing and a title of vice president. A year and a half later, I became senior vice president. Actively, the whole time I was building technologies to automate workflow.

What it’s akin to is I heard this saying from a friend of mine who built a few technology companies he built and sold, and I consider him my mentor, Cleve Adams and he told me one time, “What’s the fastest way to find a needle in a haystack?” And the answer he gave was so profound, he goes, “You burn the damn haystack, instead of pulling little threads here and there, instead of using a magnet and this. You just throw a match in there, go have a beer and come back, and boom. There’s all of the needle in a haystack.”

So, I’ve always looked at life that way. It’s like, “Hey, you have a problem. What is the simplest or the most creative solution that will actually get you the result?” We tend to focus on the process and what we can do, rather than focus on the result. If you grab the result and you actually reverse engineer backwards, you can actually get to the solution much faster.

So, that’s sort of where we come from, at Digsy, we look at problems. We go, “What are you trying to do?” “I’m trying to make sure I don’t miss a deal of people that are searching for commercial real estate for sale or for lease, and I want to know who’s out there so I have a competitive advantage.” Or, “Hey, I want to generate new clients to represent.”

In a nutshell, that’s essentially, necessity is the mother of all inventions, so that’s we’ve done and we enjoy it.

WS: No, that’s awesome. It’s such an interesting background and how you got to where you’re at now, and I love that quote, ‘the fastest way to find a needle in a haystack is burn the hay.’ I mean, that’s a great thought process and reverse engineer things like you’ve mentioned. We do that often. How do we get there? Where do we want to go first and then figuring out what’s the steps to get there.

Andrew, tell me how these systems help people in commercial real estate?

AB: It’s simple. So, you have two sets of people. Actually, I would say, you have a total of three personas. The first persona is a commercial real estate professional, can be a broker, an

in-house leasing person, a property manager that what they're really interested is in leasing or selling available property. And they want to do that as fast as possible.

Then you have brokers on the other extreme and whatever brokers, professionals that represent tenants and buyers, so they don't necessarily market property but they you find people who are looking for property to kind of become their matchmaker and make a commission. In between, there is a hybrid of those two where they list property but at the same time, they want to represent tenants and buyers.

So, we have these tools that basically, one of the big concerns that commercial real estate professionals have is when they have a property and then all of the sudden, they find out that Amazon, let's say they had perfect property for Amazon, and then they find out that the building down the street leased to Amazon and they never got the call from Amazon or Amazon's broker. The broker is upset because he missed that deal. Now, the other thing that upset is they get a call from their landlord or the property owner furious saying, "Why don't we get in front of that deal?" And simply, the real estate professional goes, "I didn't even know they were in the market."

So, what happens is if you look at the statistics and this is even the most like listing services, the usual suspects. They'll have statistics on their website, how many visits they get, how many properties reviewed a month, et cetera. And what you find out is that – and this is even Zillow. The board member of Zillow, Gordon Stephenson is one of our investors. Some of the early guys at LoopNet are investors in our company. And then a friend of mine used to be the chairman and CEO of realtor.com. And the average number of people that reveal their identity to a broker, meaning that, "Hey, I saw Whitney's property. I am going to inquire on Whitney's property. Now you know my name, email address and phone number." It's 1.2%. In residential, it goes as high as 1.5% on average.

So, that means that if 100 people look at your property, you're missing 98.5 of them. So, Amazon could've looked at it, and for some reason, they said, "You know what, I don't think they'll give us TI dollars. The picture doesn't look that well. We need a little bit more land. We need two docks, but it only has one." When that landlord or that agent would have been like, "Dude, for Amazon, we would have freaking dug truck wells out of our own pocket to get that deal." But you didn't know who it was.

So, we basically developed a technology were – so, Digsy in itself, is a free way to market your properties and market them online. So, when Amazon or the facilities manager of Amazon or when a mom-and-pop shop is looking for commercial real estate, they'll see the usual suspects in the first page of Google, but they also see a fine industrial retail multifamily, whatever, for sale or lease here. So, they find us.

It's a free way to market your properties, not to brokers, but market them to the end users. So, the buyer, the investor, and the tenant. So, that's one way and that's free. Now, when you have an upgraded account, what it does is anytime you have a brochure, a floor plan, a 3D tour or whatever, Digsy gives you this link and it's basically a trackable link. Think about it like a spy tool almost.

So, the brokers will basically, when they're sitting on an email blast or they're creating a brochure and they're uploading it on a different platform, they'll put these links in the brochure. They'll say, "Okay, here's property A and click here to download the full brochure. Click here to view the 3D tour", but they've embedded these trackable links. So, when the user goes there and they click on it, they basically get presented a form and they say, name, email address, and phone number. Our system, when they're typing the phone number, it's actually checking with a telecom company that it's a live phone number. And at the same time, they have to confirm their email address.

Now, if they've done this, if that user, that person has ever done this before with any Digsy's clients, what we call these magic links or trackable links, if they've ever done it before, they don't have to go through that process, so it's invisible to them. But then immediately when they unlock the brochure or the 3D tour et cetera, you Whitney, you get an email saying, "Andrew Bermudez just unlocked the brochure, phone number, email, name." So, that's one way.

WS: So, we could call that person right then if we wanted?

AB: Exactly, and that's the thing. Also, if you see the same person like opening and downloading and doing multiple things, then you know the intent is higher. Now, the second thing that's interesting is what will happen often, is you'll see a person at like this domain, let's just say it's Amazon. You see this person, let's say Whitney at Amazon, download, unlock the brochure, et cetera. But then you start seeing Joe at Amazon. Then you start seeing Jessica at Amazon. So, that means they're circulating it internally so you pick up the phone and you call them right away, because you know there's high intent. But it's a way for you get intelligence on the 98.5% of people that you're missing and it basically allows you to not miss any deals, and move properties faster too.

So, that's for the listing side. Now, what we do is in residential, you have what's called the IDX. The Information Data Exchange and in commercial real estate, we've never had this. If you've ever gone to a realtor website, you'll see that they show all the listings in the market. And they do that because they know that if somebody runs into the web and starts browsing through property, they want to unlock let's say pricing or let's say a virtual tour, they have to enter their information.

Now, that agent has a buyer lead. Well, we haven't had because there's like 50 commercial real estate listing services in the US and that's just counting. I'm sure there's much more. But none of them had really broken through, and the problem is that data wants to be free and it's already 2020. So, the fact that you just build your business around just data that's monetized and anybody can go and aggregate, is a very vulnerable position to be in.

So, what we said, "Look, let's just go out and really build an MLS for commercial real estate. Let's give brokers the tools to do their listings on there. Let them present their listings and anybody's listings on their site, et cetera." We have what's called a personal IDX, and what's interesting about this tool is there's multiple use scenarios, like sending out email blasts, putting a link on your business card that says, "Hey, Andrew Bermudez XYZ Realty", view all properties in the market by clicking andrewbermudez.com or something like that.

Then I can view all the properties, and then the moment that, let's say, Whitney, you're looking at that, they property, pricing or anything else, I get notified that you are in the market or your curious.

So, the best-used scenario that I've seen and it's really creative is brokers grab this and because brokers don't leverage Google or Google Ad Words, they're buying Google ads against the keywords of people who were looking for commercial real estate. So, commercial property for rent, commercial property for sale, commercial real estate for sale, multifamily apartment for sale, et cetera. And they're basically doing – they're buying those keywords and then they're sending people to that page, in their market of course, in Tucson, Arizona, they're targeting Tucson, and that personal IDX is focused on the Tucson. But it's incredible how many leads these brokers are getting simply because they're buying ads, they're showing the listings, and then at the same time, they're just getting notified like this stranger unlocked pricing, this stranger viewed the 3D tour, this stranger unlocked the brochure. So, it's a fantastic way for you to not only know who's looking at your properties, but also find who's looking online.

There are multiple use cases, like people are using that personal IDX link in Craigslist, they're using email blasts, some are thinking about putting on the business cards like I mentioned, but there's just multiple ways. Also putting in their LinkedIn profiles. Some people are using LinkTree, they'll put on LinkTree.

One really interesting guy, and I'm going to give him a shout out. His name is Robbie Lober. He's in his early 20s, broker, and he's in Tampa, Florida, Boutique National. This guy, nobody knew about earlier this year and he just blew up on LinkedIn, kind of like how you and I met. He gets leads from – he has the personal IDX in his signature blocks, so anytime that emails somebody at the very top right before his name, it says, "Click here to view all Tampa listings."

But the interesting thing is he's generating leads from his Google – free by the way, free page, Google My Business page. And basically, if people are typing in best commercial broker in Tampa and he's popping up.

He called me earlier this week saying that he got a call from a property owner that has these triple net investment properties and wants to sell them and that he found them through Google My Business. It's incredible.

[INTERVIEW 2]

our guest is David Grabiner. Thanks for me on the show, David.

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David Grabiner: Thank you with me. It's a pleasure to be here with you.

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WS: Yeah, you have an amazing background and that I'm looking forward to you sharing with the listeners today, a unique one that's for sure. Almost 1,000 shows and I don't think anything I've heard of it or any other bio like yours. David is an innovative real estate investor. He post practical advice on social media and it's helped many investors improve their real estate portfolios. Beginning while living in the Congo with \$12,500 in a single complex. In 2014, his Chattanooga real estate portfolio is now valued at over \$26 million with over 170 units and several large commercial properties, which he self-manages. David worked with the World Food Program in Zambia and managed a thriving Hospital in the Congo. The skills learned in those settings enabled him to bring a fresh perspective to changing economic times. David currently lives in Tennessee with his wife and their four children.

David, welcome to the show. Such a unique background. Give us some details around an investing from the Congo, why you started investing in the States while in the Congo, maybe how you got to the Congo, and some of that?

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DG: Okay, so I grew up as a missionary kid in Africa, I am from the States, but when I was 10, I moved over there. And then I came back to college and I graduated 2007. I wasn't really a great job market time, I went and got my master's and I was still kind of just, what are we doing? And my wife, who I met in Kenya, actually went to high school together. Her parents started a hospital in the Congo. And they said, "Hey, can you come over and help us run it?"

She's a nurse and I had my MBA in healthcare management, so we said, Okay, let's go on over there, and then we were over there and we were working, and I just got this bug of like, "Hey, I wanna be able to work wherever I want in the world and have financial independence." And be just financially free, it doesn't matter what the salary is gonna be, so I said, "Okay, how am I gonna do that?" And I started researching in real estate just to be the way to do it.

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WS: Nice. So, it came from a desire to be able to work from anywhere in the world. And you try to figure out how can I probably create passive income, right, so I don't have to actually drive to work every day. You know, having the W2 grind, you wanted to be able to make your own hours and be remote and creating your own real estate business is a great path to doing that.

Tell us some of the first few steps how you did that? I want us to get to your commercial real estate journey as well, but I think it's just an incredible story from being that far away, you still made it happen, investing in the States.

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DG: Yeah. So, my initial goal was very modest, I just wanted to have \$30,000 a year of passive income, and I figured I could do that in five years just by saving up my money, being aggressive and saving up my money and buying a couple of multi-family properties. Now, I had a couple of obstacles, I was living in the Congo, so I was gonna buy properties in the States. So, I talked to my dad and we partnered up, and we both put in a little bit of money and by the quad flex, but I would be over there at night and I'll be searching for more properties that would be emailing real estate agents and be like, Hey, I'm interested in this property and my business partner is gonna come take a look at it, all that from over there. And, I did that until we got to about 24 units, so it built up to about 24 units when I was in the Congo, just at night, just looking on the MLS, going straight to listing agents, which was a huge key to my success. I got rid of the buyer's agent pretty quickly and just started going straight to listing agent, which is interesting now that I'm moving into commercial, that's really common.

It's really common to go straight to the listing agent in commercial, you don't always have a buyer's agent, but in the small residential, more multifamily space, that was really out of the box for a lot of people.

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WS: I think that's neat that you brought that up, I think it's a very useful advice right there, especially when you're looking to smaller properties and most people want that realtor that's

representing them, right. It's gonna be on their side, but I think it's a great point there, or you probably found some deals going straight to that agent... A seller's agent. What about any other obstacles, obviously, you were a few miles away at different time zones, all that? But it sounds like your father was here, you partnered with him, and so it was that a crucial step, obviously having someone here that's probably awake during the same time, and could go view properties and those things, how did that work out? And anything else that helped you to close up to 24 units while being that far away...

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DG: Yeah, so that was definitely key, having a partner that I could trust and I couldn't even use my income over there to get loans because they couldn't verify any of it. So, all the loans in the beginning just went in my father's name, and we had our own little signed operating agreement, how we were doing everything, but the loans were going his name. There wasn't even really any record that I owned, it wasn't on the tax records or anything, but we were just 50-50 partners. And that really enabled me to do it. And then when I got to 24 units, I decided to move back to the States and start doing it full-time.

And then when I started coming back to the States, and one full-time like, Okay, I'm gonna manage it myself, I'm gonna use that income to live off of... And I'm gonna grow this by being completely plugged in. And I know a lot of people think of going directly to... Well, I never wanna really be working in the business, I wanna be working on the business, and they don't really wanna put in that time, but sometimes if you're putting that time and effort and grind in the beginning, you can really free yourself from a W2 job, a lot quicker. And I never would have been able to do that if I wasn't just self-managing and I learned a lot by doing that as well.

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WS: So that's an interesting point that I don't know if I've heard many people mention before, it's just like by doing it all yourself in it. Maybe that's not your long-term plan, but at least initially, let's cut all expense as possible, do as much as we can and just so we can get to that freedom number as fast as possible, and something would probably say, Well, you're not really... It's not freedom yet because you're tied to all those things, however, you are full-time in real estate now, right. You still don't have that W2, so I would say there's still a lot more freedom there than you've had in the past.

And so, tell us a little bit about your thought process there. Do you plan to do it that way forever, what you're playing for the future and self-managing or not?

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DG: So initially it was like, Okay we'll do it for a while then we'll get a property management company. Then I started seeing how bad property management companies are in. No offense, the property management companies in my area, I'm sure maybe there's some decent ones, but it just no one ever is gonna care about your expenses and your properties like you do. It's just a fact. I did hear some other person who was talking on some show and he seemed really good, like, Oh, I was treated like it's my own. But no one's really gonna care like you do. So I started growing this and I started seeing I'm being more profitable, it's not only about the eight or 10% you give up on the top, it's all the expenses as well. And expenses is a huge profit center for management companies.

So I started running things a lot less, a lot lower expense ratios than all these other management companies like, Okay, and I'm making a more profit, more profitable, so if I give that up, Okay, that's gonna kind of hurt, so now I'm at the point like, Okay, now I need to just build my own employees who can follow that on. And it also started to push me to do more commercial because I realize commercial is a lot less management intensive than multifamily.

I can manage myself hundreds of millions of dollars of commercial property just as easily as I manage 170 residential units. It's interesting the difference. I would still work, you still have to do it, but you can just scale it a lot more with a smaller team, and I am kind of focused on that, I'm building my team, but I still wanna keep it small. I'm kind of focused on this efficiency, like how much money you can make off of a few of the employees as possible. I think of Warren Buffett with Berkshire Hathaway. They have, I think like 19 or 20 employees, and they're like what? The fourth largest company in the world, they're huge. But they only have like that. Now, obviously, they have some desires to have employees, but their business of finding other businesses is literally just run by 20 people, it's amazing. And I am kind of obsessed with that kind of model of, I wanna have businesses that are efficient because employees and personnel are just such a high expense.

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WS: How are you learning that moderator books? Is there anything that has helped you to think that way? I think it's very valuable, not only because its Warren Buffet does it, but I just mean it does make sense to operating as lean as possible. How did you learn to do that? Or think that way.

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DG: So, it really just came from how I was doing things, I was doing everything myself, so I was trying to hosting systems in place and I was seeing how much I could really do myself. It's

basically not listening to what other people are saying in a way, because people are saying, Oh, you can only manage 50 units, and then you need to have another property manager, they're gonna love your proper major 50, 100 max. But I was managed my own properties, and at one point I was managing for another company properties as well, so I always managed 250 units myself. No one asked. I'm talking doing accounting, phone calls, everything, 250 units myself.

So, I can tell you it's possible, I know it's possible to get out of other people because I've done it myself and obviously, I don't wanna be killing myself for a long time, and I pulled back from that I'm not managing that many. I'm bringing people on the team, but I kinda have that high standard, I was like, Okay, I know we can have a property management software, and I use Buildium. And the way I use it, the way I do my accounting is probably different than just a normal bookkeeper does it. But it's way more efficient. I only do my accounting for the property one day a month, and I can do all my book keeping just one day a month.

So, I realize, Okay, if I can do one day a month, so I could have a bookkeeper, and if they were as efficient as me, we could be 30 times as big. But I hear other people are paying for people, they have 40 units and they're paying \$800 a month for their bookkeeping. How is that possible? You know, Okay, they're using a different system. And if you're not using the right system, it's easy to think it takes a lot longer time. I've looked at different software systems and just recently I was using [inaudible] because it's better for my commercial properties. But it's so much more cumbersome to use than Buildium. It was taking me three times as long, so I'm cancelling that. I'm just... Okay, I'm just staying with Buildium, 'cause the system is just that much more intuitive and that much easier to use. But yeah, that's kind of how I'm going that way. I can't point to any books or whatever that not necessarily learning off of.

[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.

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