EPISODE 1555

[INTRODUCTION]

Dave Codrea (DC): My grandmother was a real estate agent back when I was in high school. I always love looking at this stuff. And, I was trying to find what I am going to do, where am I going to go in life. Real estate was something that always intrigued me.

WS: This is your daily Real Estate Syndication Show. I'm your host, Whitney Sewell. Our guest today started buying real estate while he was a senior in high school. He now owns over 4,000 units. His name is Dave Codrea. Dave is a co-founder of Greenleaf, an Atlanta-based real estate investment firm. Since its inception as a two-man venture, Greenleaf has grown its geographic footprint to encompass several states in the Southeastern US. The growing portfolio currently includes apartments, mobile homes, and commercial properties. Dave oversees investment management, capital projects oversight, financial reporting and budgeting, and operational execution with a focus on leading with innovation and goal focus. You're going to hear over the next few days, Dave and I, go into how he get started as a senior in high school. It's an incredible story that I have not heard too many times where somebody can actually buy a piece of real estate while they're still in high school. It's an incredible task to accomplish. Unfortunately, most are not focused on those types of things during that time, but he was and you're going to hear a little bit about that. But also how he grew into moving to Atlanta and moving into commercial real estate. He focused on commercial real estate, as well as how that has changed.

I hope you'll stick around for the next few days because we're going to dive into many things around what he's expecting over the next year, how he's prepared from reserve budgets, and even just their strategy with their assets, even qualified opportunity zones, what are opportunities zones, and why this could potentially mean some buying opportunities for you in the very near future.

[INTERVIEW]

WS: So Dave, welcome to the show.

DC: All right. Thank you very much, Whitney. A pleasure to be here today. I've listened to numerous episodes. So I'm excited to talk a little bit and see what we can cover today.

WS: Yeah, let's do it. Let's do it. I want to help the listeners and myself as much as possible and learn from you. And because you've definitely gotten there, made it happen. And so, I'm looking forward to hearing your story. Dave, why real estate? When did real estate begin for you? Let's dive into you're -- just getting into commercial real estate as well, specifically.

DC: I really, I mean, a lot of people read that Rich Dad Poor Dad, Kiyosaki book. And actually, my grandmother was a real estate agent back when I was in high school. And I always love looking at this stuff. And I was trying to find like what am I going to, where am I gonna go in life, right? And real estate was something that always intrigued me. So I bought my first rental property rental in my senior year of high school, which was a $20,000 row home that I had saved up from shoveling.

I grew up in Pennsylvania. So, shoveling snow and mowing lawns, I was able to buy one of my first rental properties that my grandmother helped me do. And I was my goal was really to just buy those and try and have some income from it. And eventually went from passive to active over the years as it continued to grow.

WS: Wow.

DC: I moved down to Atlanta.

WS: I want to ask you about something there, though. It's so interesting that as a senior in high school, you purchased rental property. Wow, congratulations, just making that happen. What was the influence there? There was the grandmother mostly, were there other influences in the family that was like made you want to pursue something, it's not the norm as a junior, senior to be thinking like that, you know, long-term investing. Explain a little bit of that.

DC: I came from a family of entrepreneurs. My dad started a business with his family members. And they operated that for almost 40 years that they did it. So I kind of grew up in that. That mindset of a family. And the real estate part was always something where this is something you could buy, you could go do work on it yourself instead of most high school summer jobs, at least when I grew up were mowing the lawn or Caddying or doing something like that. But this is where something I could really go out there and work on it, and add value to it and then receive that, that rental income.

And you know, some of that comes from just the Rich Dad Poor Dad book of like, "Hey, this is a good long-term way to look at things." So, I saved my money to do that. I mean, I got a mortgage on that house when I was 18. So it's like, it was an interesting journey. Started with

that. I eventually got up to about 15 of those little single-family homes, row homes that I was able to buy, and I just manage those and that was really my -- I went through college that was my income that was coming in the door was from that stuff. So --

WS: Incredible. So you purchased these 15 single-family homes, you're managing them what while you're in college. What an experience or education right there but by itself much less outside of college, you know, while you're doing that at the same time. I love that. Speak to though, okay 15 single-family homes now. You're in college. Where did the real estate business start to take off? Was that your plan while in college? Or did that change?

DC: You know, when I was starting, that was always my plan was to get a job, save as much as I could to then go deploy that and buy real estate. And I did that for a number of years before I really even thought about the syndication aspect, or even approached the idea of like, "Hey, maybe I should bring on investors to do this."

And, I was in school in Washington, DC, and I own stuff in eastern Pennsylvania. So, I was driving back and forth all the time. And it was definitely a challenge for a number of years. And eventually, I was like, There's got to be an easier way to do this. Or at least I should buy stuff that's closer to where I'm physically, instead of doing that. But I did that for a number of years, I probably will, it would be nicer to have a mentor that explained, "Hey, maybe you don't need to go do this crazy distance."

And I moved to Atlanta, around the 2008 timeframe, when, when everything got pretty challenging in the real estate world in 2008, 2009, mainly because there were some great opportunities in Atlanta that I wanted to take advantage of. So, over the years, you know, I had met some great people, I had two business partners at the time, and moved down to Atlanta, start buying stuff down here. So I could be one closer to it. There were better deals and easier to operate. Don't get as much snow down here in Atlanta as we do in Pennsylvania. It's helpful.

WS: That is so helpful. One of my employees in South Dakota and they have to go out like every few hours and shovel or else like it gets too deep. I mean, she showed a deer trying to travel through the snow. And it's like blowing his chin. I just can't even imagine having to deal with that. But I don't blame you for moving to Atlanta to get away from some of that.

So, what does your portfolio look like when you made that transition to Atlanta? You know, so you'd already purchased a number of single-family homes? You know, I had figured out okay,

this is, you know, something I want to pursue. You already had a couple of business partners as well. But what did the portfolio look like then before you moved?

DC: Yeah, so I had some of the single-family homes, I had some small apartment buildings in Pennsylvania, that I couldn't just sell an exit right away. So, I was operating those for a few years as I moved to Atlanta. And, one of the main things I was always good at, or what I did was the operator.

So, the first property I bought, I mean, I did all the renovations myself. I didn't have a well team, it was more, me just trying to go figure things out and do it. And I was lucky that I had some great contacts in Pennsylvania that could help me with, you know, figuring things out. But I did all that work. And I brought that down to Atlanta. So I had a little bit up there and in Atlanta really started as an operator. And it was we grew a basically single-family management company out of the gates, that was the fastest way really, you know, when I was in my late 20s, like how we're going to make some revenue to keep the lights on to start with.

And it was property management that really led the way for that. And that was when a lot of people were struggling to sell homes. So they were like, "Hey, I can't sell this home. What am I supposed to do with it?" And you know, me and my business partner had down here, we're like, "Hey, we'll step in. And we can operate this and we'll lease the home for you." And we weren't real estate agents. So we're like, "Look, if you want to sell it on the future, happy to use whatever real estate agent you want to sell it and we'll lease it for you in the timeframe and manage it."

We did that for a lot of single-family homes in the Atlanta market for really the first three or four years. And, that was our way into the Atlanta market. That's how we built a lot of our contacts. And, we were able to then start securing deals that way, because I didn't know a single person when I moved to Atlanta. We had to go build that, build that network and go meet people. And, that was a great way to do it.

So, management really led the way of understanding the market, seeing what's out there, and meeting people in the space.

WS: Yeah, that's awesome. What about, you know, you move to Atlanta, were you married then? Was your family on board with this move? What did that look like?

DC: It was a little bit easier. I wasn't married. I didn't have any kids. So, not too long after that, though, I got married a few years after coming down here to Atlanta.

WS: Yeah, that's awesome. I wonder how do people get their family on board with making a decision. A big move like that? Thankful, you know, you did that even before you were married. So that's, that is awesome. So you moved to Atlanta and then how did you get established there?

DC: So I mean, the property management was really the key point of getting things going. And then from there, we branched out to some other cities that were around Atlanta. When you look at the south, you look at Georgia. Atlanta is obviously a huge market, but there are a bunch of other cities that go out from there. I mean, the University of Georgia and Athens, although they do well this year, that go to Gainesville, you got to Greenville and Charlotte. You kind of work your way all way up 85. And it's a huge growing quarter.

So really going up and down that path endlessly for years. On the management side, we were able to start securing deals in that footprint as well.

WS: Wow.

DC: That's really you know, we started buying deals that were really just smaller in size, not like 200 plus apartment units at one time. That's pretty competitive space even back then it was competitive. So but we can pick up 50-unit deals, 80-unit deals here and there with really little competition.

And one of our best kind of kick-off stories is we go to a property we're looking to manage. And it was, let's maybe like 45, 44 townhomes. And we're talking to the woman that owns it. And she's like, you know, we mentioned we're like, hey, you know, we that we consider just buying this from you, she's like, you would buy this place? Yeah, we would buy it. She's like, what else would you buy, and she drove us around. And she pointed out all these different apartment complex and stuff that she owned. And we bought the majority of them from her. And we still own some of them to this day, that's 12 years ago, now that we first met her.

So it was an interesting conversation, you kind of you take a lot of these meetings and see where they go. And from that, we got some great deals that we still own today.

WS: Interesting, I want to come back to that investment strategy a little bit. You talked about, you know, you own some now that you purchased 12 years ago, but obviously, you all have grown a lot since then, as well. And I want to back up a little bit for those who are getting started in this space, or maybe even the high schooler that's listening to this.

DC: I hope so.

WS: And I hope they're motivated by your story. Now, what would you do differently if you had to think back to, you know, you being that senior that's looking at that single-family home, and knowing the path that you've taken, what would you say to that senior today as far as how you did it, or maybe how you would advise differently?

DC: Real estate is, it's a long game. And it shouldn't be a long game, I think you don't want to try and jump in and try and make money instantaneously. A lot of guys, even people that are saying, hey, get a mentor, and, you know, put in some free work so you can learn. That's so important.

If you're going to start out in real estate, most of the people you meet that are successful in real estate, they're like, "Oh, I've been doing it for 50 years, you can't fast forward 50 years, you've got to start at some point." And, really starting in the operating side, or anything you can do to be hands-on with the property to understand how they work, just enables you to make better investment decisions down the road of like, what type of stuff to buy, what type of stuff not to buy. And it helps you with your financial modeling, it helps with underwriting, everything,.

You understand why insurance rates are different when you're buying a building built in the 80s, with polybutylene piping, that's going to burst all the time when it gets cold. It's like you don't want to buy that it's gonna be a headache. If you're out there able to see that in your younger years, and you're 18, 20, 22, and kind of get these disaster experiences that you look back on in our great pieces that kind of mold in how you make decisions. I think that's important when you're starting out.

WS: To be willing to work for free, right? And you're gaining such an education. Sounds like you know, by being willing to work for free. Speak to finding that person you'd be willing to work for. I know you had some family members that were entrepreneurs, which is so helpful, I think. But any advice on how you guide people, they find that property management company or that operator that you're willing to go, you know, put some time in with.

DC: When I started though, the only way to really do that was to literally go and knock on doors. There was no, you know, we didn't have like meetup groups, I started in early 2000s. So there was no, or at least that I knew there was no meetup groups, there was no like online forums, I think we had AOL messenger. I don't think that was a good way to do it. But you know, it was really just going to different real estate shops, knocking on the door and seeing who was there that I could talk to.

That was how I started doing everything. It tells me you can reach a lot more people now with just anything like this, or social media or any way to get out there. So but the concept is still the same. So you've got to reach out to people and you're willing to be vulnerable and say, like, "Hey, I want to bring value to you. This is how I can help. This is what I can do, you know, give me a chance." And I think doing that is really the best way to get started and make your real estate income.

WS: What about the transition to Atlanta and now scaling, some tips there. Maybe some challenges that you face that you could help the listener with, even through that transition from smaller units, single-family, small multis to now being able to do large assets as well.

DC: When I first moved to Atlanta, so I had two other business partners that I was good friends with. And I had met over the years and we moved to Atlanta. In that group of three, I was like, "Hey, you know, we're gonna go, we're gonna start buying some bigger apartment buildings now." And like, we're gonna have to show up and do all the work and one of our partners is like, "I don't think that's for me. I don't necessarily want to do that." We bought this seven unit apartment building that we bought for 900 grand.

So you can imagine the condition that it was in, and we did a ton of the work on that thing ourselves. So, you know, moving down to Atlanta, in that transition, we had to go find all the trades. We had to go find everyone to help with. But that property management experience helped us know what to look for and what to do.

But it was really got to start somewhere. So we took that first bet. And we did a bunch of the work ourselves across that whole complex and learned a ton from it. And the investment did great. So but it was a long-term strategy. We weren't trying to flip anything. We purchased it and we were able to hold it for a long term.

WS: Speak to your strategy a little bit. I know you mentioned that you own some even today that you purchased 12 years ago. What was your strategy back then? And how has that changed to today?

DC: Back then, I mean, my original strategy was to see how many more checks I thought like. If I had more checks coming in, and I had going out on a high level that should be successful. So it's like, just get more money coming in the door, then you have going out the door, pretty basic thought process. And from the investment side, it's really knowing what we are good at, and what, what I can do as an operator.

So most of our buying one and two-storey, brick garden-style projects. And now, you know, those are apartments, those can also be medical buildings that can have an industrial flexfield to it, the office, but it's all the same type of an asset if you were to look at it. And I can operate that stuff. And I understand that stuff. And we know what to do when we're in those assets.
I think if you're looking at investment decisions, and you're trying to pick that stuff, there's a lot of sexy things out there that you're kind of like, "Oh, should I go do this development project? Or should I buy this fancier-looking asset?" Try to kind of shied away from that and just stuck to what I've known over the years, and that's really been kind of the guiding principle of what we invest in. We operate everything that we own. So if we can't operate it, we're going to run into some challenges. So we don't buy that stuff.
WS: Maybe you can help me and the listeners as well with that thought right there. It's like staying focused on what you know versus being willing to say, go dabble in some development, or go dabble in some self-storage or mobile home parks, or moving across different asset classes? I mean, some operators I know, are in a half a dozen different asset classes. Right? And I would say often, they're probably not the operator, you know, of all those right, but how do you look at that? How do you keep your team so focused and not get the shiny object syndrome that we often talk about?
DC: I think as a leader, I mean, I definitely have, I'm not perfect at that. I don't think anyone is, but you've got this kind of like, hey, I want to go do all these other things because they sound great. And they're fun. And your team is looking at you like, what is this guy doing? Like, I thought we did this? Why are we going to ship to do this now? So I think that's kind of a discussion you've got to have with yourself of keeping yourself and your firm focused on what you're good at and what your team is good at. And there are always opportunities, just invest in that in the other asset types passively.
As you're out, kind of in the game meeting everyone in real estate, find a good self-storage operator or a good hotel operator, it's probably easier to just invest with them than it is for you to say, "Hey, I'm now going to stand up my own hotel division. And I'm going to become an expert in operating hotels, you know, instantaneously." Like, probably not going to happen. This is completely different than the apartments even though it's still real estate, it's still the same.

At Greenleaf, we're sticking to just what we know. And that's that stopped us from doing a lot of deals. Your development over the past probably seven, or eight years has been phenomenal in the multifamily space, but we don't build stuff. We don't. It's not a skill set that we have. It's not when we've developed. So we buy and we operate efficiently. I've never built anything.

WS: Yeah, I think there's a lot to be said for being laser-focused, right? And being really good at this thing that you do. Whatever it is, like I said, if you're the hotel operator, great. If your are a multifamily, great. If your development, whatever it may be, there's just a lot to be said for being your especially your whole team, right being focused on this thing. And just all the reps right and getting better and better and better at that thing. I can relate to that completely.

I know, we've debated about some other asset classes, but I think it will be a slow go. And even then we're going to keep focusing on what we're focused on as well, which has been multifamily. So, speak to finding those promising deals. And I know, we don't have a ton of time right now to go into your whole deal criteria or finding process. But maybe you can lay out your deal criteria now, since it's probably changed, you know, over the last many years since you got started. But what's your deal criteria now, you know, for your team and walk through a little bit of that process of finding those deals now because I know you're spread out across a number of states in the southeast.

DC: So now we're based out of Atlanta, but we are buying deals that are in multiple states. But we really look at that. Now, if you know about Atlanta. 85 is the highway that goes all the way up to Raleigh Durham, up in North Carolina. So we're really sticking to that corridor. And we really liked that quarter because of the population growth that's there.

You look at states in the southeast, they've had tremendous population growth over the past 5, 10 years. So we're really just trying to invest where growth is happening. You know, again, we're not building, we're not developers. So we'll buy stuff that's right next to very large developments where people are worrying, you know, 50 or $100 million into projects. That's exciting for us, because we get to be part of that growth.

But we're taking on way less risk when we make our investments in that stuff. And then also, you know, just basic criteria. We're not trying to do the biggest and fanciest deal. So our typical deal is between five and $20 million. We really haven't done any deals I've done probably 130, 140 deals and nothing over only a few deals that have over an over $20 million, you know, kind of this spot of, it's expensive, if you're gonna do it on your own five to $20 million, not many

people can write a check for that, that range. But if you're a big institution, you don't really want to buy a $10 million deal. So we're kind of in a middle-ground spot there.

And there's, there's a good amount of operators that stick to that sweet spot. So that's, that's where we are. And then the other investment side is really making sure we can operate it, it's got to be an asset, that is where our team is, it's got to be in our path of growth as a business. And we have to get to it easily and get home from it easily. So we've got to be able to do those three things.

And, quite frankly, that cuts out a lot of opportunities where you can go somewhere else, or you kind of stretch your team too thin. And you're probably not going to see great returns when you do that. So we stick to that part. And it's been working. We don't plan to change it for right now.

WS: Yeah, no, it's incredible. Again, I was looking over your website earlier and noticed the number of assets that you'll have that are very interesting. I want to jump to that. And maybe in the next topic, as we dive into some different strategies that you all have used.

And so I'll let the listeners know hey, we're gonna have Dave for a couple more segments and I'm looking forward to more conversation and diving into power. He has been so successful in this business and his team, and I know you are gonna learn a lot. I'm gonna learn a lot I expect to anyway and Dave, thank you so much for your time today. Appreciate you just being willing to share, and being so transparent about your path to multifamily success and just real estate success. I know you're doing a number of things in the real estate business world. Tell the listeners, though, how they can get in touch with you and learn more about you.

DC: Yeah, thanks. Our website is greenleafmanagement.com, just kind of as it sounds. You can find me on LinkedIn, Dave Codrea. Also Greenleaf Management.

[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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