Episode 1600

[INTRODUCTION]

Kris Benson (KB): The data in our business is, generally if you can keep a tenant for about 16 months, they'll stay for about three years. Once they get in, and it's like a gym membership, and they're on auto-pay, and they just kind of like, it's 100 bucks a month. I don't really care. And eventually, something's like, they forget what's in there. They go see it one day, and they're like, why am I keeping all this stuff? But, you know, it's an interesting business plan, and that we get forgotten, because it's a small percentage of your overall income, or you know, the rent is a small percentage of your overall income.

[INTERVIEW]

Whitney Sewell (WS): This is your daily real estate syndication show. If you are watching this, you'll notice that I'm recording from a different studio today. Man, this is a great example of why we push hard as entrepreneurs in real estate and other businesses as well. You know, I'm able to travel and work and other places. I'm in a friend's studio right now in their office. And, you know, while my family is getting to enjoy the beach, so I am still working while they're at the beach. But I won't be here all the time. But it's just man, I just want to encourage you if you're still grinding it out and keep going, right? This business and being an entrepreneur is so worth it, being able to make your own schedule and work from anywhere. So, I want to jump into today's show guest that we have on today as he's a repeat guest. It's been a few years ago, though. Man, I've seen him grow, I've seen their business grow.

WS: And his name is Kris Benson. He's the chief investment officer for Reliant Real Estate Management – the 17th largest self-storage operator in the US in 2022. In the last 18 months, blind team has invested over $400 million in self-storage projects and raised over 200 million in equity, primarily from a substantial retail investor network-reliant is currently raising equity for $100 million dollar equity fund closing on value add and stabilize self-storage assets across the US. Kris dives into a number of things today. But we're gonna go over some overview of the self-storage industry, some market analysis and best practices, and really ways that you know, as a passive investor, you need to know if that operator that you're investing with not only are they a great operator, of course, and it may hopefully you have built a great relationship with them. But are they maximizing return on investment? Do they, what strategies are they using? What's their niche? What type of projects are they looking for, to make sure they're maximizing that return on investment, and you're going to hear that from Kris today.

WS: I know many of our listeners are loving self-storage, they've been focusing on self-storage in their businesses for a long time now, but our guest today is an expert in that space, working for a company that I've learned more about recently and come to respect in a great way.

WS: Kris, welcome to the show.

KB: Thanks, Whitney. Appreciate the opportunity.

WS: Yeah, honored to have you on again, Kris was a guest a few years ago, and their business Reliant has grown. And he has been heading that charge there in a massive way. And so Kris, give us an update, give us you know, maybe a brief version of your path to real estate. But, let's dive into what's happening at Reliant, and then we'll dive into even some of the industry itself and just what you will see happening.

KB: Sure. Which one do you want to start with? You want to start with my path to real estate or?

WS: Yeah, give us a little bit about your path. And then let's dive into self-storage specifically.

KB: Yeah, for sure. So my background, Whitney is from a career standpoint, I started my career in sales. My last real job, I guess, was with a company called Intuitive Surgical. I sold the DaVinci Robot kind of all over the East Coast, which was a fun adventure, incredible technology. And I got into real estate, probably not too dissimilar than a lot of people did when I was about 30. I said, I don't think I can do this for another 30 years. And I read Rich Dad, Poor Dad. And the idea of passive income and creating wealth through passive income was sort of a new idea for me. And so my wife and I started with some residential units and the town that we lived in, probably not too dissimilar than most people who are listening to this.

KB: So we did that for a while. I hated every minute of it, we had about 20 units, and it just wasn't scalable for what I wanted to do. It was the people that were the problem, not necessarily like maintenance, that kind of thing. It was just soul sucking and the tenants always seemed to have a problem. And I was mired in day-to-day stuff that I just didn't want to be. So we ended up going a little bit larger, got into some larger multifamily, cutting a long story short, but we ended up building a 64 unit apartment complex. And that was sort of a light bulb for me, where I said, oh, this is how you make money in real estate at a larger scale. There's a great quote Whitney, that is big deals and small deals with the same amount of work. You just make less money on small deals. And it's so true, right? You spend the same amount of time whether you're buying a duplex or a 300-unit apartment complex. You just make less money on the duplex. So I think that was kind of the guiding light for me.

KB: We did a bunch of multifamily stuff, both as an active investor and as a passive investor. I uncovered what a syndication was and did some investing of my own capital as a passive investor. And then, about six years ago, I was interested in self storage as an asset class. I was convinced that cap rates and apartments couldn't possibly compress any further than they were at that moment. I was a little bit off on that. I was a few years off on my predictions, I'm not very good at telling the future. And so I wanted to get another asset class. And for me, it was mobile homes or self-storage. And I'm leading to how I got to rely on. I was an investor here first as an LP and one of their deals. And the managing partner, Todd Allen, who started and co-founded Reliant with his partner, Luke Pollack, he and I had a great relationship. And he needed some help scaling. And I joined the company about five years ago. So yeah, that's how I got to hear and have a kind of take a break there before I continued to.

WS: Yeah, no, that's awesome. Just your path to commercial real estate is similar. However, I'm surprised you didn't take a similar step that I didn't become a professional horse trainer. Well, that wasn't in there anywhere.

KB: No, I have enough hobbies. None of them involve horses, although I do have my own expensive habits, too.

WS: Yeah, I'm just kidding about that, of course. But man, you know, you saw the light. You know, as far as the scaling component, it's interesting thing you talk about is, you know, single family, or duplex versus multifamily or large commercial. I completely agree, it seems like a myth that I myself and many others believed at one time, right, we have to start with this and it was single-family and grow slowly. I have not realized in that almost the same amount of work to do a much larger property and scale much faster. But you know, I want to dive into self-storage and in the industry, just an overview of the industry.

WS: And maybe you can give us some benefits. I would love to focus on the current annual economic climate when we're talking about benefits of investing or potential risks or factors that, you know, the investors listening right now should be considering when thinking about self-storage. So, let's do that. You know, why don't you give us just your overview of the industry as it stands today. And of course, that you know, and this is the end of February 2023, just so everybody knows that, as Kris was talking about, you know, the industry as a whole. And, you know, let's dive in. There may be some benefits and potential risks. Let's talk about, you know, as it stands today,

KB: I think it's just kind of a high-level overview on the industry. It's a super interesting asset class, right. You know, 10 years ago, we were kind of the redheaded stepchild of real estate, the core for multifamily industrial office retail have always been sort of the darlings of the real estate space. And I think, after 2007, 2008, 2009 the asset class sales stores performed really well. And so a lot of people started to take notice. And then I would say, kind of 2012, 2013, 2014, it became a real thing, institutional capital started deploying capital in space. And, you know, it's an interesting market. There's just from a scale standpoint, there's over 50,000 self-storage facilities in the US. One out of nine Americans have a storage facility, which is a mind-boggling statistic. And what's interesting Whitney is, the more storage there is, the more people use it. You know, five years ago, that was a 1 out of 12 Americans statistics, so more people are utilizing the asset class.

KB: And I think the question we all ask is, well, where does it end? Does that usage continue? Does it just become a part of the American lexicon, and that's the part I don't, I don't really know. So, you know, as an asset class, super interesting. And what got me interested in it is, it's still very fragmented. So, you know, for those listeners who are out there, maybe come from a private equity or venture capital space, the asset class still has a lot of mom-and-pop operators, there's six publicly traded companies that, you know, five publicly traded REITs groups like Public Storage, extra space, cube smart. If any of your listeners are in the car, just look off an exit ramp, and there's a pretty good bet, you'll see one of those sitting off any major highway. And then past those six publicly traded companies, it's very fragmented. Reliant is the 17th largest storage operator in the US, we have 85 properties.

KB: So we're not the biggest, but we're not the smallest. And about 50% of the square footage in the US is owned by operators who own less than five facilities. So there's still a lot of mom and pop operators in the space, which gives us a really nice consolidation play, right? I think if you think of us as an organization, the long-term goal is a roll up strategy, right? We're gonna continue to consolidate the mama pops into a larger portfolio and, you know, generally institutional capital is looking for that larger trade. For some of your listeners, they may have seen the last couple of weeks Public Storage just made a bid for life storage.

KB: The number one tried to buy the number four and it was a hostile bid takeover. And so what's happening is there's that consolidation in the market and I think, you know, over the next 10 years, there's going to be a lot more of that. The big are going to get bigger as the mom-and-pop start to trade out. And, you know, it rolls into institutional capital. Same thing happened to multifamily, Whitney. If you go back 10-20 years, all those multifamily operators, those mom-and-pops, it's much harder to find those guys and gals now because there's been so much institutional capital in space.

WS: Yeah, no doubt about it. It's interesting you think about one out of nine Americans have a self-storage unit. That's a neat statistic to think about what you said, I think you said five years ago, it was one out of 12. That's, I mean, we got a lot of stuff. And we need to keep it. And we want to keep it right. I think there's, you know, some sentimental stuff, probably there that ties them to those self-storage units, often, right? They want to keep those and no matter what's happening. What do you see as far as potential risks as far as the self-storage industry, as we see it right now? And I think about those one in nine families, what's going to cause a certain percentage of those to stop raining or stop paying? Or, you know, what, what do you see happening? You know, as far as the economy, this means specifically to those one out of nine, what's going to be the biggest thing that's going to tell them or make them stop paying?

KB: I don't know if I know the answer. Right? So what you're describing is sort of a consumer sentiment shift. Are people going to stop consuming the asset class? I don't think so. But again, you know, stranger things have happened. I mean, you know, a disruption of that type would require people to stop buying things. And in America, that's a hard thing for us to understand. We're just a culture built on consumerism. And generally, we don't get rid of stuff, right? The data in our business is, generally if you can keep a tenant for about 16 months, they'll stay for about three years. Once they get in, and it's like a gym membership, and they're on auto pay. And they just kind of like, oh, it's 100 bucks a month. I don't really care. And eventually, something's like, they forget what's in there. They go see it one day, and they're like, why am I keeping all this stuff? But, you know, it's an interesting business plan, and that we get forgotten, because it's a small percentage of your overall income, or, you know, the rent is a small percentage of your overall income.

KB: So, to your question of what changes the market? I don't know, there's some things happening. Where are you looking at, like, the Airbnb model of self storage, there's a few startups where people are trying to test that model. UPS was talking about like a home delivery self-storage, where you put your stuff in bins, UPS comes in, picks it up, they go put it in a warehouse somewhere, and then when you need it, they bring it back to your house. We talked to the guys that started that business, it's got some challenges, it's very expensive, it's hard to make money. But you know, look, technology and things are gonna continue to evolve. And we'll try to evolve with it. But I don't see anything on the horizon, at least Whitney, that suggests, hey, you know, people are going to stop consuming and stop renting the units.

WS: Yeah, like how many units are being built right now or in just the demand and some of the market analysis or saturation stuff that we can cover right now? Do you know some of that right off the top of your head where we could, the listener could just be more aware of the demand versus the growth and some of that?

KB: You just hit on its very market specific. So I don't know national statistics, I will say COVID put a big crimp in basically new supply being delivered like it did in all asset classes. Right, it was really challenging to get anything approved 2020-2021. And then they're working through a backlog. So I think we're back to normal delivery or expectation is normal delivery of new supply and 2023. The thing I would think about as an investor is, you know, when you think about our biggest risk as investing in storage, it's the market dynamics, not necessarily kind of the macro changes. But what we think about the most is the supply in the market, you know, currently, and what you have to think about with storage is different than multifamily. It is a very micro market game. So all we care about is it used to be the one three and five mile radius around the facility. Now we look at drive times, because remember, when the storage is a metal box on a cement pad, people aren't going to travel for it, right?

KB: There's no amenities. There's no school district, if it's not convenient to work or home, you're not going to that storage facility because there's another one five miles down the road, you can go to that one. So in our world, what we're really interested in is current supply in the market. And then understanding who our addressable tenant base is. And we're looking at the same thing everybody has, right the traditional demographics, population growth, draw, you know, for us traffic count really matters, income growth, those types of things. But what if you said, hey, Kris, what's the one statistic that you would look at and you had to make a decision on the market would be occupancy, right?

KB: So I would want to know, in the competitive set in my looks a 10 minute 15-minute drive time in some markets, what's the occupancy on those units? And if everybody's 95% full, the demand looks pretty good. You know, if everybody's at 2% full and there's three new facilities coming to the market, right, and they're all going to drop prices to get filled up. That's probably not a market we want to be a part of. So, you know, I think for us that market look, the critical component is truly understanding the story of that particular market and, you know, occupancy of the competitive set is one of the biggest.

WS: Yeah, how would you say you go about learning the occupancy of your competitors in a market like that?

KB: We call the competitors and ask how awful they are. Our acquisitions team, we've tried all kinds of software, there's groups like yardie, and costar Green Street that have put out data. But what we've found is the most accurate data is literally, you know, shoe leather, right, or market managers in the space will go and visit the sites. And our acquisitions team will say, hey, here, these 10 sites, we want you to go visit, you know, go see if you can find out the occupancy. Most of the time we can get it sometimes, like the publicly traded REITs aren't too keen and sharing their data, but depends on how good the person walking through the door is on schmoozing the lady or guy behind the desk.

WS: Sometimes it's simpler than we think, right? We make things too complicated; We can just go and ask. Yeah, well, you know, speak to some ways that, you know, I think about this as an investor. If I'm thinking about an operator, I'm thinking about investing with, I learned that they're maximizing return on investment. Right. And maybe you can speak to some ways or specific ways were given, even a deal example on how Reliant has done that, you know, maybe at a recent facility for your investors.

KB: I think we need, you know, this too. I'm sure many of your listeners have the first choice: do I want to be a direct or passive investor, right? I mean, if you want to go on by yourself, your own storage facility, there's a lot of education out there that you can take advantage of. If you're talking about coming in and as a passive investor understanding how groups like Reliant and there's other groups indicating Self Storage deals, how they bring value, our particular model is. Think of it this way, Whitney, our job is to grow net operating income, right, all other things being equal. If we can grow NOI, then we win, right? You know, today, if my NOI is 100 bucks today, and five years from now, it's 200 bucks, let's not factor in any cap rate differences. My properties are worth more money, and we're winning. So our job is to figure out how to grow net operating income, the biggest lever we have to pull that is expansion. So we're buying existing assets, and then doing something generally, you know, building out another, let's say, 10-20,000 square feet.

KB: And so we're adding new units, and then we're trying to get those new units leased up. And if we can get new units leased up, we're adding NOI to the model. So you know, a specific example, we're building a property in Kissimmee, Florida, just outside of Atlanta, you know, we bought the facility, it was built in 2019, the gentleman filled it up leased it up very quickly, did really well, leased up to like 85%, and just under two years, which in storage is really quickly set up. And our business plan is, we're building like a Lego piece that basically fits on the back of 30,000 square foot expansion. And so now we're adding all these new units to the unit mix. And if we can get those leased up successfully, we're growing at a why the property theoretically is going to be worth money.

KB: That's our biggest lever, in kind of the value add play, we have some ancillary income items, things like adding U haul truck rental, tenant insurance, you know, retail items, box locks, that kind of stuff. And then overall management. Many times when we take over a mom and pop owned facility, there's a lot of low hanging fruit in just raising rents, right? Charging late fees, admin fees, you know. I can't tell you how many times we've gone to a facility and the owners are proud that they haven't raised rents on current tenants. And I'm not saying it's a good or bad thing. It's just, it's not the market, right. They're happy with the occupancy and the current owners happy with the checks they're getting. And you know, when you plug in a professional management platform to it, there's some juice to squeeze. So I think all those things are generally what we look at as far as building a business plan for a specific asset.

WS: Yeah, I love that. And that you know that all these things matter as far as the U haul, or all the things you can sell with anilox, and the blankets and you know, all those things that they help your NOI, but the biggest bang for your investment is going to be a place to expand and add more units. And so that's interesting to think through. How many, how many of you talked about the mom and pops to owning many of these facilities? I just wonder, as far as you know, I would imagine you all are looking for larger facilities that right, then most mom and pops would have, but is that accurate? Are there many mom-and-pops that would own 100-200 unit facilities?

KB: Yeah, so in our world, the unit size is probably a little bit higher. Right. So our average facilities are just under 70,000 square feet, which generally is 50 to 70,000 net rentable square feet. The answer to your question is yes, there's still a lot of mom-and-pop owned facilities that kind of fit into our acquisition model generally rely on because our overhead is too high for anything smaller. You know, we're not buying anything. I would say less than 40,000 square feet unless there's a substantial expansion opportunity to be had with it. And many times, we need, I mean, just think of, you know, it's generational, right?

KB: They've been building these facilities for years; I'll give you a great example. We bought a property in Lutz, Florida, just outside of Tampa, where the guy and his brother bought it in 1994. They built the initial section, they leased it up, they refinanced. So they had cash. They built another section, they leased it up, had cash refinance, they did those three or four times they ended up with, I don't know, 75,000 square foot facility in a great market. So we see a lot of that from the mom and pop operators where they're just, you know, building as they go. And then they get to a point where someone's offered them a check that they're like, okay, if you're gonna pay me that I'll get out.

WS: Yeah, since '94. Wow, I would imagine they were willing, by that point, I would imagine that you all are able to come in and provide such better management alone, much less even an expansion, that would increase the value or, you know.

KB: So that particular property is one of those stories where we went to do our due diligence, just a quick aside. So we went to do our due diligence on that property. And let's take a specific unit type. So 10 by 10, we had just over 20 different prices for a 10 by 10. And we're like, what are you guys doing here? Like, what is this? And they said, oh, we don't charge more rent for people who have been with us. We just changed the rate each year for the next person. So when you rent in 1994, and still had your unit, you're still paying the same rate.

KB: And if I had rented in 2014, I'm paying a different rate. So you know, we looked at that and said, okay, so you know, we're gonna upset some people, right? That's we're underwriting part of that occupancy drop. Because we know when we go in and bring everybody up to market rates, it's going to upset some people, and they're probably going to leave. But in those kinds of scenarios, we just kind of salivate . That sounds great. We'd love to take over this facility, because to your point, there's just, it's just low-hanging fruit. And if anybody goes anywhere else in the market, they're gonna pay market rates. So yeah, it provides a good opportunity for us.

WS: Yeah, well, they've enjoyed that for 30 years. They can.

KB: It's fun.

WS: Wow. Yeah. So you know, speak to exit strategies a little bit and think through if I'm looking at the operator thinking about this deal I'm going to invest in what are some exit strategies the investor should be considering and thinking long term right, thinking four or five, seven years from now or maybe elaborate on your all's business plan a little bit, but then what the exit strategy normally is.

KB: So for us, historically, we've taken just over 60 deals full cycle. And almost all of them, Whitney have been to institutional capital, or the publicly traded REITs, right. So think of us as kind of like a real estate investment trusts middleman, they're not going to take the time to go out and build a 15,000-square-foot expansion. But they'll buy it from us once it's done. So we'll go into a market, we'll do the expansion, institutionalize the property. And then there's an appetite from the REITs to potentially buy that asset down the road. So we've done business, specifically with cube smart extra space where they're buying assets from us once we execute on the business plan. Institutional capital is another route, especially in the last five years, which is large pension funds, endowments, those types of groups are trying to deploy capital in this space because it's performed so well historically.

KB: And so you know, they're recapitalizing deals like ours. In November of '21, we had a group called Harrison Street Capital, their mid-market, private equity shops out of Chicago, kind of like a Blackstone, but smaller, they recapitalize 26 of our stabilized deals. So they bought out all the investors in those deals. And they put it into a core fund, right, they bought it unlevered, they just wanted assets that sit on a shelf inflation hedge for forever. So you know, as an investor, you're trusting the operator to find good opportunities for an exit. For us, it's mostly been institutional capital and the REITs that have provided those exits for us. You know, if you're trying to sell your own property, I think it depends on the size and the scale at which you're operating. Because, you know, certainly, generally, the larger investors need to write bigger checks to make it make sense for them. So if you have a smaller facility, you know, maybe you're selling to another investor like us, you know, who's coming in and buying and I'm gonna grow that property. So I think it depends on the situation you're in.

WS: Yeah, for sure. Well, you know, I want to shift gears just a little bit with the few minutes we have left because I know you are an expert in this portion of the business. As far as connecting with investors. I get this question all the time. You know, they want to know, like, what's the best source for meeting new investors right now for us? And I wondered that for you. Also, because I know that's a big part where you lead in the business and caring for your investors. But what is your best source for meeting new investors right now?

KB: Yeah, that's a fair question. We do a lot of digital, Whitney. We've been toying with the last year of building out you know, Facebook, Instagram ads, things that are driving leads to us. For us. That's probably the best volume that we have of new investors, people who are interested in deploying capital in the space, it's been a really interesting journey for us. I feel like we've spent enough money, enough time to be relatively educated on how to do it. And it's an interesting market and just allows for scale. And I realize that's not available for everybody. The thing I would say, from an investor's standpoint is, you know, depending on where you are in your timeline, right, if you're just getting started with your first syndicated deals, I mean, you're going to family and friends, right? The people who trust you, as an operator, they're going to be the people who write your check.

KB: When you have a little bit of an established track record, then you can start to expand a little bit, you know, what we try to do is we know what our avatar is for an investor, right? Generally, we know our investor kind of fits in this box. And generally, we're trying to put ourselves in places where those investors are. So you know, whether it be a conference piece, what I would say is, we try really hard not to go to places where everyone is asking for money. That usually helps, right?

KB: If there's 50, guys, they're asking for money. You're a very small fish in a big pond. You know, we try to go to places. I'll give you an example. We did a plastic surgery conference here in Buckhead, Georgia. You know, we're the only vendor there who's talking about passive real estate investment, and we sponsor lunch, those kinds of things. But, you know, we're surrounded by medical device vendors. So we stand out. And I think that's our goal, when whenever we try to get in front of investors we're trying to do something that we're the odd man out people like, oh, why you guys here?

WS: Yeah, makes you stand out, for sure. That makes so much sense. Also, we've tried to do that internally. Life Bridge, as well, but push others, hey, think about places where everybody else is not going right. As far as real estate guys that are looking for investors. I think that's such a great point.

KB: What's worked for you guys? What are some of the things that work?

WS: Yeah, you know, for us, we've been, I think, later to, really to get into doing ads and things like that on Facebook and Google, and we've not invested a lot there, we've started doing a little bit of that. But the biggest thing for me has also been conferences, and me personally speaking at conferences, that has probably been the biggest driver of the podcast has helped a ton. But you know, it's been probably the biggest thing, or the fastest thing has been me going to conferences and shaking hands and talking to people there, right, you know, and then it's the follow-up, right, then it's a follow up in the phone calls that I think helped us to, you know, bring investors on, and obviously, increase their investment and just building that relationship. And so it's obviously a lot more time involved. But I do think that, you know, me going to places has helped a lot. You know, we're increasing as far as other team members going as well now to some places.

WS: But still, you know, it says a lot when I personally call our investors, you know, which we are, which I'm trying to do more and more, you know, but even that has helped increase our investments, even asking for referrals. And sometimes they know that tons of people, they're in that network, just like you're talking about, but until you ask for it, sometimes they don't even think about bringing other people with them. But yes, for us, it's been me going to conferences, more than anything. I wanted to ask you, you know, as we are thinking about right now, the economy, a lot of people are worried about some potential downturn or the downturn that we're in or are headed into, however you want to think about it. As a passive investor thinking about somebody like Reliant, how does he know you are prepared for a downturn? What does that look like for you, Kris? Or maybe you can help the investor that's listening, think through, hey, I like self-storage. But how do I know they're ready for a potential downturn or the downturn, and they know that they believe we're in?

KB: You don't. You don't know, the challenging part with passive investing is there's so much that if you're dealing with an unscrupulous operator, there's so much that can be hidden, right? What I talked about winning, and this is how I've been, I've done a fair amount of passive investing in my career. And what I bet on is team and track record, right? I want to know the people first because generally, if you have great people, right, and I'm not saying great investors, I'm saying great humans, that's a good place to start, right? When things go downhill, you know, those people are going to act on your behalf. And so, you know, in real estate stuff goes up and down. And for me, I like to know that people are great. And if that happens, and I have a great track record, that's a pretty good indicator. And look, you can do as much due diligence on the underwriting as you like. But I can tell you, our pro forma is on version 14, we have like 14 tabs on it, right? So if we want to be sneaky, and how our performance is set up, we can like you're never going to find those things. Right.

KB: So I think, you know, team and track record is just where you can start. And then do normal due diligence items, right? Google people, right? Ask for referrals. Like those are the things that people are, I'm shocked, Whitney, some of our investors who write checks to us. I'm like, really, you're not going to ask anything else? And look, that's they'd benefit us. But I just kind of think on the back end, not all of the people that are out there are reliant. So I would be really cautious about basing investment decisions on projected returns. Projected returns are all made up. It is an Excel spreadsheet. And they are based on assumptions. And if you want the returns to up, you just change the assumption. And now my return is higher. So you really got to be careful on that piece. And Whitney from the downturn standpoint, I think you also got to look at the asset class, right? How is the asset class performed in previous economic downturns? And in self-storage, self-storage outperformed all other major asset classes in 2007, 2008, 2009.

KB: And in COVID, '21, and '22? Well, '20 and '21 for us, were a year and a half of the best in our asset classes' history, right, reliant is included. But we had an incredible 2021 occupants who were off the charts, rent growth was off the charts. Now, it's not going to be like that forever. It isn't. It's coming back to the median now, but historically, look at how the asset class has done in a downturn.

WS: Yeah.

KB: Now all that being said, and we have to write like, if you're a hotel operator, and COVID happens, what do you do? You know, it's hard to run a business when there's no revenue office, the same thing right now. You're an office operator, and what are you doing? Are you buying? Is this? Is it going to come back? I don't know those questions, right? So you know, there's always those black swan events that kind of kick in the teeth. And that's where the great people come in, like, hey, are they going to make good decisions on your behalf because stuff happens?

WS: Yeah. No, I think that's wise and real. You know, it's the relationship with the operator, are these people going to do what they say they're going to do? And do the best for me when stuff hits the fan? Because it's going to. More times than not over the lifecycle of a project there's unexpected things that happen, right? It's just part of the business. And so I love how you just went back to the relationship with the operators. I agree. I believe what you think is key.

KB: Think of like Bernie Madoff, right? The-

KB: Some of the largest institutional investors in the world. These are the smartest minds in the game, right? For 30 years, he was fooling them, right? So that's what I mean. Like, you're not going to find like a thing. I'm not saying don't do it. But in a pro forma, you're not gonna be like a ha, you know, like, guys who want to be dirtbags are going to be able to be dirtbags. And you just think of these massive Ponzi schemes that have fooled hundreds and 1000s of people for 10-20 years. He's just a bad person. Right? Like.

WS: Yeah.

KB: That's kind of the thing that you're always kind of have to lean into. So I don't mean, it's so boxy on that, but that's kind of what we talked with investors all the time. It's like, look, find great people. If they've done well, generally, it's probably going to be okay.

WS: Yeah, I get the question all the time. And it's why I like asking people like yourself that are very experienced in this space. And I will say this very similar thing, man, it's all about the relationship with an operator too long before you ever look at the deal or the underwriting. So I could not agree more. I wanted to get back to your question for me a minute ago, I thought of one of the things that we started doing. I wanted to share with you, and the listeners, and that's investor dinners. And so we've started doing, you know, at a very nice place that will host an event. But a key part of that is letting them invite their friends, right? Or asking them, hey, bring a friend with you and their spouse as well. So when you can get the spouse on board or investing in your deal, or the spouse comes to know you, it's a big deal, right? It's not just this one investor by themselves making this I mean, when you can have as a couple, you know, investing in your deal and loving your company and the partnership that goes a long way. Anyway, I just wanted to share that with you.

KB: Are you just going city to city kind of like a nationwide tour based on where your investors are?

WS: We are. Yeah, based on where they're at. And so if we have, you know, doesn't 15 or 20 in one place, you know, we'll host an event and let them bring their friends and spouses. And so we try to keep it you know, we're not, we don't want it to be a conference, you know, we want it to be pretty intimate and small. And so we try to have you know, roundtables and so everybody can see each other and talk and then you know, somebody from the team, myself, or my business partner, or investor relations specialist will do maybe a 12-minute, 10-12 minute presentation, just about Life Bridge and, and the economy or Outlook, things like that, and then let people ask questions.

WS: But then just enjoy a meal together. Right, it goes back to that relationship component, just like you were referring to earlier. Well, Kris, I mean, incredible update just on self-storage and Reliant and I just love the hammering at home for our passive investors as well, you know, as far as the relationship for the operators and some things they need to be considering and, or, you know, their return on investment, some things maybe in the expansion piece that, you know, as I look at operators, you know, I want to know those things right. And especially, you know, as I diversify as a passive investor as well, with different operators, I want to know those pieces that tie who's pushing where and you know, has that upper hand as far as finding the mom and pop like you're talking about that can do those things and operate well and take care of me as an operator. But one more question, Kris, tell us how you like to give back?

KB: For me personally, there's a couple things. So we have a sit on a board, we've had some struggles with our teenage son's kind of substance abuse, mental health type stuff. So there's a group here where I live in Roswell, Georgia, just north of Atlanta. And there's a group here that's been an incredible resource for us as a family. I sit on the board, they're on their non-for-profit arm. It's a group called Eternal Strength, which is incredible, they just do great work. So spend time there, there's also North Fulton charities here in the Roswell area that have a soup kitchen, or you know, a food pantry and a thrift store that both my wife and I volunteer at as much as we can. So we're grateful to have been blessed with a lot and in my opinion, you know, as you create more and more wealth, your job is to find ways to impact others. So as much as we can, we will.

WS: Yeah, I appreciate that. Kris does your outlook on giving back as well and no doubt we've been blessed a lot with a lot and want to help others to grow as well. Kris, thank you so much for your you've given back to us today and being willing to share about your path and Reliant and self-storage industry. You know, the current economic climate. Thank you so much. Tell the listeners how they can get in touch with you and learn more about you.

KB: Yeah, for sure. Best place to start with us is our website. It's reliant-mgmt.com. So like the abbreviation of management, LinkedIn, if you search me on LinkedIn, you'll find that the website's best bet is to find more information on us to track record, you know, strategy, those types of things. And if you want to touch base with our Investor Relations Team, there's all kinds of ways for you to get in touch with us there. So happy to do it.

[END OF INTERVIEW]

[OUTRO]

WS: 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.

[END]