

**EPISODE 1613****[INTRODUCTION]**

**Kyle McCorkel (KM):** I feel like a lot of people say you start with wholesaling and then you flip and you make some money and then you do buy and hold. I kind of did the opposite. I then started with buy and hold. Then I started flipping and then I started wholesaling. So I think the reason that that happened that way for me is because I was just always looking for deals. And I started finding good deals and my only strategy was to buy and hold.

**Whitney Sewell (WS):** Thank you for joining us again today on The Real Estate Syndication Show. Today, my friend Josh McCallen is guest hosting the show. He's a great friend and operator that I've personally invested with and trust. I know you will enjoy and learn a lot from this interview today.

**[INTERVIEW]**

**Josh McAllen (JM):** It's an absolute pleasure to be with you today. My name is Josh McCallen from Accountable Equity. Yes, Accountable Equity is where we get this work all day, serving hundreds of investors with great commercial projects in real estate. But today, we're here to meet another member of our community, the real estate syndication show community. And as always, Whitney, thank you for having me here as a guest host. It's always a pleasure to meet these great people, and to share great content with our listeners. So Kyle, we grilled him, you're gonna love this if you want to learn.

So if you're a learner, like me, a voracious learner, we're going to find out about Kyle's backstory, so that we can understand how an industrial engineer moves from consulting traveling the country to full time, highly operational real estate investing. This is a different type of story. He's not just building a large portfolio of 54, single-family homes and units, but he's actually built a machine, which I guess an industrial engineer would do, wouldn't it? So we're gonna learn how he built that machine, how he built a wholesale machine to find deals to add to his portfolio, how he finances those deals, how he partners for success, which is one of his passions, and how he and his family are charting a course for freedom in their life.

I like to call this the real-life rentals story of an engineer moving full time into real estate. So without further delay, let's get to know Kyle, and all the wonderful things that we can pick up and implement in our own lives today. Kyle, it is great to have you on the big show. Welcome to the big show.

**KM:** Thanks for having me.

**JM:** You know, Kyle I was doing in the intro. I'm always intrigued by guys like yourself that have left the industrial engineering world turned full-time investors. But no way. Can we do it justice

without asking you to share a little more about yourself. For the listeners who have not yet met you. Where do you live? Do you have a family? And what do you do day to day?

**KM:** So I'm doing a lot of stuff day to day right now. But I guess I'll kind of start from the beginning. Born and raised in Hershey, Pennsylvania, that is where they make the chocolate. So I was born here, my family's all from here, went to Penn State majors in industrial engineering and also got kind of involved in some entrepreneur, miners and groups and stuff up there just always kind of been part of my blood that my wife there. She's also an industrial engineer. And after school, I went into consulting. And so I was traveling Monday through Thursday and Monday through Friday, every single week of the year, there was honestly a time to do it. I was in my 20s. We didn't have a family yet. But about five or six years into it. We had gotten married. And we started talking about having kids.

And the travel was starting to wear on me and I just started saying I'd like to eventually not be traveling 100% of the time, I'd like to be around for my kids. And I've started to think about what the next step will look like. And consulting is very exciting. It's very rewarding. And I just couldn't think of anything that would be fulfilling that I could do after consulting that would involve like sitting in the office for the rest of my life.

Or you know, until I'm 65. So always remember I was traveling home and I got stuck in Chicago on a Friday night. And I had to stay at a hotel and fly back that next Saturday and I was going to have to fly back out Monday morning. And I opened up my laptop and I just started googling ways to make income without working. Passive income.

Passive income would be great. So eventually that got me started on real estate. I started buying some of my properties in 2015, still kept working in consulting. I have a very, very supportive wife who has a great w two. And so we were able to rearrange our finances live off of her income by the time it was around 2918 And by that time, you know we had already popped out a couple of kids so it was a good time for me to step away from the job and start building my real estate portfolio full time.

So kind of bring it to today. You know, I was able to spend a lot more time with your family, but then also build a wholesaling business, and then also flipping and buy and hold. And so today that's what I'm doing is building the wholesaling business, doing flipping and then buying as many buy and hold properties as possible. I am up to 54 rental units right now, the end goal right now, obviously, I've left my job. But the end goal right now is to get the portfolio to the point where my wife can leave her job.

**JM:** That's compelling. There's got to be a ton of people leaning into their podcast device, which is probably their car right now and listening in because this is not the typical journey. You know, a lot of people say, hey, let's try to live on passive income. Very few have taken as many action steps as you have. And, you know, knowing your story a little more, there's a lot I want you to teach this audience.

But before we do that, let's just go back a little bit. I recorded, I took my copious notes, that today you have 54 rentals. You also do wholesaling. And you have flipped homes. How many have you flipped? And what did you mean by that? Were these buying holds that you then sold? Or did you buy them to flip them? Let's start there.

**KM:** They were bought to flip how many? I don't do it as frequently as wholesaling, and buying homes around 15 in the last two or three years.

**JM:** And then as far as wholesaling. What is your model there? How often do you want to sell a wholesale contract?

**KM:** So I feel like a lot of people say you start with wholesaling, and then you flip and you make some money, and then you do buy and hold. I kind of did the opposite. I then started with buy and hold. Then I started flipping and then I started wholesaling. So I think the reason that that happened that way for me is because I was just always looking for deals. And I started finding good deals, and my only strategy was to buy and hold. Yep.

But then I was like, Well, this one's not wouldn't be making good rental, you know, it's the ARV is too high, it's not going to cash flow. So at the time, I was just passing on him, and I wasn't doing anything. And then and then I started to realize I need to make money off these leads. So then I started flipping. And then finally I started getting a lot of leads, or in areas that were too far away from me, or I just wasn't ready to buy that type of property at that time.

And then so then I started wholesaling those, those leads as well. So for me, you know, I have a large marketing budget. And I think it's important to make as much money off of those leads as possible.

**JM:** All right, you've definitely kind of opened up a whole myriad of questions. Because I knew you as the real life rentals guy, you know, you have RealLifeReynolds.com great website. It's a blog based project. Tell us more about how this fits into your ecosystem. Is this where it all began? Or did this come later? It's like an educational blog. Tell us what it is.

**KM:** Yeah, so I think I started it probably before I went full time. But basically, it was having a lot of people ask me questions on how are you doing it? How are you getting the money? Are you actually making money? And actually, even before the website, I had this awesome spreadsheet, and I built it for my wife, because at the time I had to convince her that real estate was a good idea, and that I was actually making money.

So you know, because I feel like some people will hear we had a bad month because we had a big repair, whatever. And then the question is, are we really making money? So I think that, from my previous background, as a consultant, I built a lot of spreadsheets, I was very metric focused and focused on keeping score and trying to improve things. So the website basically started out by just putting screenshots up from my spreadsheet. So I update it every month.

And I've been doing it for five or six years now, where I basically show my monthly cash flow by property, and then I roll it up to the portfolio level I use to report out on each individual property, but that's becoming too much of a bear right now. So right now I just do like an overall portfolio snapshot. And I'll say, you know, this is the amount we made in the portfolio this month. You know, I think last month was like 17,000. And here's what went well, here's what didn't go well. I think it helps to keep me accountable to my audience out there that you know, they know that I'm going to put those numbers up up there, whether it looks good or bad.

Luckily, most of the time it looks pretty good. And I call it real life because sometimes real life happens and it's not pretty. But I feel like you know a lot of times you'll see people just post what goes really well. They'll post only their runs and I want that To be a consistent monthly, this is real life. This is how it's gonna be.

**JM:** I want to compliment you, buddy. I can hear people checking your website out right now, of course, before they go to visit your website, they've probably already left Whitney and the Real Estate Syndication Show a five-star review. Hopefully they've done that. But while they're getting the review typed up right now, thank you for doing that. By the way, I'm gonna read to you guys some interesting things to confirm what Kyle just said.

So on his website, it's month by month. I'm looking at this month now February, we're recording this actually in March of 2023. But in February 2023, you said you had plus \$17,466? Sounds like a great month, right? So I thought, well, what's he talking about? He reports his negatives, and the monthly distribution or the monthly cash flow varies a lot, actually, more than I would have thought. So four months ago, five months ago, it was plus 2,851.

And then in September, back in 2020, it was negative 5008. Six, so and then August, it was plus 57. So I'm looking at this, and I'm saying you're walking the walk, Kyle. Yeah. And then you give a brief narrative of why it went up and down, correct?

**KM:** Yep. The second half of last year was rough. And for my personal portfolio is largely because of a few gigantic [inaudible] projects, you know, roofs and had one very, very, very terrible tenant, and it turned sour.

**JM:** And from that, you know, at the top, I'm sorry, we're going to do a deep dive in your website, because I do an interesting job. It talks about key performance metrics, you have cash invested cash flow, since purchase. I'm on your portfolio page. And it's showing a nice portfolio, almost a \$3-million, \$2.8-million asset value with a \$2 million debt. And then it's saying cash investment, but it's talking about cash flow since purchase 257. Now, does that mean your whole portfolio?

**KM:** The whole portfolio? Yes. Okay. Yeah, really interesting.

**JM:** Down payment since purchase appreciation anyway, just compliments to you for doing something I've never seen before and where you document it. Now. What's interesting about this, Kyle is talking about full radical transparency. You're just what about your brothers, your

sisters, your relatives? The bankers? How about everybody? What do they think of this? Do they all check out what you're doing?

**KM:** I think at first, it was a little bit awkward. But to be completely honest, you mentioned brothers or relatives. This was one of the ways that I was able to get people very, very confident to invest with me. And most of what we've done is private lending. But when people can see, okay, how I analyze a property and how my properties are actually doing and Kyle's doing really well. He seems to know what he's doing. And he's reporting out on it every single month without glossing over anything. A lot of those people that you mentioned, are like, I have even more confidence now. It's true. So it's been a fantastic tool. You're right. It was awkward at first, but now people – just this is what they do.

**JM:** Kyle is an industrial engineer.

**KM:** When I first started, this wasn't making 17,000 a month, you know, like it was 700. It was very modest. So people get to kind of watch me watch me grow.

**JM:** Well, then let's dig into it. So we're gonna now we're going to shift gears, we're going to talk about how to build a portfolio. I'm going to summarize what I heard you say about flipping and wholesaling, that you spend a lot of money each month on marketing, and that your long term goal is buying a hold. It sounds like correct, absolutely. Okay. So you liquidate your leads through wholesaling and flipping. Let's go back to your marketing projects. How much do you spend each month on marketing?

**KM:** Spend about 15,000 per month on marketing?

**JM:** So when you say you make 17,000 a month is the delta 2000? Or is it 17,000 after you pay 15,000?

**KM:** That's a good question. This 17,000 is just the cashflow on the buy and hold properties. So they're kind of like a separate entity. It's actually multiple entities. But there's another entity that's the wholesaling entity that actually feeds deals into the buy and hold.

**JM:** I got it so you look at that as different. Does that show up on your website or no?

**KM:** That actually does and I've talked about. I have a separate spreadsheet for tracking wholesaling, but I haven't created a real life wholesaling yet.

**JM:** I got an idea for a URL. It's called Real Life Wholesales. Anyway, so let's talk about that for a minute. That is a ton of money. \$15,000 So where does it go? How do you break up that \$15,000 marketing budget?

**KM:** So, as you can imagine, I'm very analytical on the wholesaling side as well. I also kind of intentionally pass a lot of the savings on to myself and my partner. We haven't talked about my

partner yet. But there is a partner involved in this, what you see on the real life rentals website is my cut. So we're actually making more more than less. But anyways, so the wholesaling business feeds the buying holds, then it feeds flips that we buy. And then I'll wholesale to buyers as well. So to answer your question, the 15,000 a month, it's largely made up of direct mail right now,

**JM:** while direct mail works. Were absolutely works. And your target should now you must have identified your sweet spot where you want to be buying. Right?

**KM:** Right. Yeah, in the past four years, since I've been marketing very heavily. I've gotten even more kind of fine tuned.

**JM:** So where is that? By the way? Where's your market? Your portfolio being built?

**KM:** Yep. So I live in Hershey, Pennsylvania. And so most people probably don't know exactly where that is. So it's close to Harrisburg, Pennsylvania, which is basically like Central Pennsylvania. So that's where you want to buy. Most of the properties are within about an hour up here.

**JM:** Okay. And so always Pennsylvania, or do you slip into Maryland or any other states? South?

**KM:** It's always Pennsylvania now.

**JM:** All right, and how do you manage these? Once you buy something? How do you manage it?

**KM:** Right? So this is going to open up more questions. I'm not sure how much time we have. But so the properties that I bought before 2019, were all bought, you know, either in my personal name, being my wife's personal name, or our personal LLC, and 2019. I partnered with my contractor, and now we buy anything that needs renovations, I'm going to be buying with him.

So which is you know, if you're looking for a deal that has to meet work, so everything that I bought since 2019, is with him. And so all those properties that I have with my partner are managed by my partner, and then all the personal properties are managed by a property manager.

**JM:** Great. Well, I'll tell you, we've learned a lot so far. I love that you have this marketing business, it's mostly direct mail. So when you do direct mail, I remember earlier talking about some of the other people on your team, and you do have a virtual team, how much do you have to invest in that virtual team? And how much like time do you get with them? How many people, how much time?

**KM:** I currently have three VAs that are in the Philippines, two of them are cold calling. And the other one is what we call a lead manager. So she's basically like following up on all the leads and kind of like, is the first filter to just kind of make sure that they're actually like good leads.

**JM:** You know, and okay, so how much time were how many hours a week do you think you have these days?

**KM:** I mean, they're all full-time.

**JM:** Oh, wow. So you've gotten to know them? And their last teammates last for a while? How long? Do they last?

**KM:** They've been awesome. They've been with me for about six months now. Good for you. So I have pretty much daily communication with them. Yeah, I think they've been awesome.

**JM:** Let's talk about the lifecycle of a lead then. So you've targeted my neighborhood, the neighborhood I happen to be living in, let's say, and I'm going to receive an email from you. And am I the homeowner, my cash buyer, that whole theory that I'm not in the building, but I own the building? What's your basic targeting strategy?

**KM:** That we have modified it. We used to do targeted lists, you know, we're looking for tax delinquent, probate and stuff like that. Then we moved to anyone who was an absentee owner in our target neighborhoods, then we said, You know what, like, there's a lot of people who are getting targeted frequently by all of our competitors. Exactly. And I said, alright, you know, what, I know there's deals out there that are not popping up on any of these less. I know these neighborhoods now that we've done multiple flips.

And, and so all I did is I just drew a circle on public records. And I just said, We're mailing everybody. So I don't care how long you've owned it. I don't care. If you're absent, I don't care. If you're like, on paper, the perfect owner, you're still going to get contacted by me. So we're going to be calling that person a few times. And then we're going to be bailing that person five, six, seven times.

**JM:** Okay, so it's multiple times per property per person. To long-term strategy, you really are hyper-focused on a market. Fantastic. Sounds like it's working for you. I will step back and say this is definitely a robust business you've built. This is different from some investors who say I'm building a portfolio, and their focus is primarily working on, you know, acquiring yours is building the machine to acquire them. Absolutely. Yeah. What made you choose such a robust business plan? I mean, not everybody does it the way you're doing it?

**KM:** It was grown very organically. I mean, honestly, I still feel like I do a lot of fiddling around in the dark, like, I don't really know what I'm doing. But it was trying something and seeing what worked. And I mean, 99% of the time, like, I feel like I try something, and I fail. But I think if you

succeed, if you try new things all the time, and you succeed 1% of the time, then you're gonna start to do some pretty cool stuff.

**JM:** Well, it's awesome. To get to know you, I want to just ask a few more questions. You know, the capital, let's talk about the capital that you use in your business. First of all, what is the building cost in your sweet spot? What do you want to cost at purchase? And how much do you want to invest in construction for your sweet spot?

**KM:** Anyway, let's talk about kind of like the bigger buildings that we've done, or trying to go bigger. But the biggest we've done so far are like a four or five unit. Okay, so for a unit that needs some updating, tell you I'll just talk about one of my favorite deals right here in Hershey.

So we're a unit that needs some updating, the seller wanted to do a 1031 Exchange. And he wanted to buy his replacement property for \$205,000. So we got his property for \$200,000, which was a really, really good deal. Really, really, especially in Hershey. But we got this deal in Hershey for 200,000. And I want to say, we put in 70,000. And then it appraised for 350,000.

**JM:** Congratulations. So you were already ahead. Yes. enforced equity there. And what year would that have been?

**KM:** That was acquired in 2021.

**JM:** Okay, and when was your last buy? And hold acquisition would be?

**KM:** Good question. Because this is like something that is bothering me right now. Our last acquisition was May of '22. Right?

**JM:** A while, it's been a while.

**KM:** I mean, we're probably gonna go 12 full months without US banks.

**JM:** Right? And what's wrong with the picture? Why is it taking so long?

**KM:** So we were going at a really good clip for a while, I didn't change anything, you know, I kept marketing the same way, you know, to the same owners. But it was like, all of a sudden, as soon as people started talking about rates going up, a seller leads for multifamily, just really dried up. Hmm. I think there's just a lot of people out there whose rents have come up and they're making really good cash flow, their tenants are still paying their rent on time, you know, there's not a lot of distress out there. And a lot of people, you know, like that seller that was going to do a 1031.

Maybe, if that was two years later, that wouldn't have worked for him, because his new mortgage is 6, 7, 8 percent. So yeah, it's just slowed down a lot of sellers. And then the few sellers that sell or lead that we do that we do get, we're having to underwrite using the new



rates. And a lot of these guys aren't willing to come down at all, like, they want to sell for a five cap or a fork, you know, whatever stuff was selling for two years ago.

Yeah. So it's just been really tough. But we're focusing on managing our current portfolio and focusing on our systems and stuff for a job and just not not trying to overreach. So

**JM:** Have you had some success in the wholesaling business in the last ten months?

**KM:** I've been wholesaling a lot more, the kind of the percentage of deals that I'm wholesaling has been more like 80% over the last 12 months. So I'm not crazy about that. But as we talked about, at least I'm making some money off of those leads, right? So I can sustain that marketing budget.

And kind of the hope is that we stay consistent with the marketing budget, and then eventually, something's going to change in the market. And because we have that, that pulse on that market all the time, then we'll be able to buy more flips for ourselves and buy more buying holds for ourselves.

**JM:** Well, it's been a pleasure to get to know you. What have we not asked that you want to share with the world on this great platform?

**KM:** I think the one thing we haven't really touched on much is my relationship with my partner. So I've met my partner in 2018. He worked on a couple rehab projects for me, we're the same age we both are straight shooters. We're both ambitious. But what I found out is that he also wanted to build a portfolio of properties.

So eventually, after he worked worked for me, as you know, I was his client. And he started asking me, how are you finding all these deals? And I said, Well, I do a bunch of direct mail. And I do a lot of follow up. And I spend a lot of time on the phone. And he's like, I sound terrible. I eventually said, Well, what if? What if I find the deals and you manage the renovations and you manage the tenants too? And he's like that, so you'll just get a deal. And buy it?

And then I'll work on it. And we'll, we'll own it together. I was like, yeah, he's like, that sounds awesome. You know, so we tried that out and 2019 and we've been going pretty strong ever since.

**JM:** That is awesome. What is your partner's name?

**KM:** His name is Jeff.

**JM:** Hey, Jeff. Hope you're doing great.

**KM:** He's busy working on our projects right now. So he's probably not going to be listening.

**JM:** Okay. Well, Jeff, we're sorry, buddy, you would have been able to love this. Kyle, it's a pleasure to get to know you. How can people reach back out to you if they liked your sharing today?

**KM:** Definitely check out the website RealLifeRentals.com. And then I'm also pretty active on Twitter @realliferentals.

**JM:** It's a pleasure buddy, look forward to checking that out. As I said I was on the site. It's very impressive that way you are transparent, and the way you make everything come to real life. So thank you, buddy. I look forward to seeing you again soon.

**KM:** Thank you so much.

**[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 the Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to [LifeBridgeCapital.com](http://LifeBridgeCapital.com) and start investing today.

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