

## 149 TRG Transcript

Mike Stohler

What if you could be doing something smarter with your money that creates income. Now, if you're wanting to get ahead financially, and enjoy greater freedom of choice, if you want a comfortable retirement, and you know you'll have more choices, if you can do more with your money. Now, if you've wondered who else is creating ways to make their money work for them, and you want actionable ideas, with honest pros and cons, and no fluff.

Welcome to the Richard geek podcast, where you here helping people find creative ways to build wealth and financial freedom. I'm Mike Stohler. And in this podcast, you'll hear from others who are already doing these things, and learn how you can too.

Everybody, welcome back to another episode of the richer geek Podcast. Today we have Joseph Woodbury. Joseph is the founder, CEO of neighbor.com. It's a marketplace to disrupt in the \$500 billion self storage industry. Now, before he click this off, it's not another regular Self Storage podcast you guys need to listen in. He's raised more than 65 million funding participation from the world's top investors including Andreessen Horowitz, and the creator of Airbnb, Uber stock X. And DoorDash. Joseph and his team have grown neighbors user base to cover all 50 states with more storage options than any other storage company. How're you doing, Joseph?

Joseph Woodbury

Doing? Well, thanks for having me on.

Mike Stohler

Absolutely. So this is just absolutely fantastic. You know, and I'm excited about it. Before we dive into neighbor.com. Tell us a little bit about your background. And what made you think about this concept?

Joseph Woodbury

Yeah, so we had this idea really just from having the pain ourselves. My background, we started this company out of out of college. So I went to BYU, was set to head off, had a career starting at Bain and Company had worked in kind of private a private equity investment banking and ended up in management consulting. And I'm so glad that I ended up here instead, my good friend Preston, who is my co founder, he had the idea for

neighbor when he and his wife who had just gotten married the week prior, they were headed down to South America to work for humanitarian work there. And they looked into getting a storage unit. And then they kind of had the same experience that I think everyone has tried to get a storage unit. And that is that all the ones close by were totally full. And they were going to have to drive a half hour to the next town over. And it was for this kind of dirty, dingy storage place. So he found being a little stubborn, found a friend that let him store his items in his garage instead. Fast forward four months later, they get back from South America, my friend Preston goes to pick his items up from his friend's garage. And as he's loading stuff into the truck, he's just thinking, this was such a better experience. I felt so much more peace of mind knowing my items were in a nice clean garage in a neighborhood. I trusted that in one of those dirty storage units. Plus, I saved a ton of money. Why doesn't everyone do this? There's got to be empty space in every neighborhood in the country. He told me about it. My first reaction was, how has someone not built this before? How does this not exist already? We started working on it. And like you said, now it's we have active users in almost every city in every state in the country. So it's really taken off.

Mike Stohler

Yeah, so we're gonna fast forward and ever buddy, it is neighbor.com That neighbors neighbor.com. Tell us a little bit about I mean, it's house hacking. It's garage hacking, hacking, RV storage, space gate hacking. What are the different concepts that people can do?

Joseph Woodbury

We've been so impressed. You know, there's so many entrepreneurial people out there. We started out really in the residential space. This is individuals renting out their RV pad, their shed their garage that they're not using, and we'll put someone's boat on the side of your house, we'll put their boxes in your garage, and then you're earning passive income each month for doing basically nothing. And then what we saw is from there, we had commercial landowners reach out to us people that own small businesses. You know, they have on an office building or a retail space, and they said, Hey, can we list some space on your platform? We have a bunch of parking in the city made us build can we list it for vehicle storage on your platform? And that took off. And then you know, we had investors reach out to us and say, I own rental properties all over the place. I've got to and 15 rental properties, could I increase my yield on those properties by renting out the space my tenants don't use on neighbor. And now at the scale we're at now we work with some of the largest REITs in the country, you know, 510 \$15 billion REITs, that own large multifamily properties across the country, some of the largest retail REITs in the country, a lot of big

office buildings, where we will take a full floor of the office building, we'll turn it into storage and rent it out. And it's so much more convenient than the storage units that are on the, their zoned industrial, they're on the outskirts of town. Our mission is to bring storage to you to your neighborhood, right to your workplace, so that it's convenient, so that you can access it where you are.

Mike Stohler

Yeah, my brains kind of churning here, you know, I own hotels, and I'm thinking, Okay, I've got some empty parking lots, you know, parking spaces. Now, one thing that did pop in, to my mind is, what type of or do you need additional insurance, liability insurance? Who covers that? If I have a couple of boats sitting on my, you know, hotel property? Who's covering that?

Joseph Woodbury

Yeah, so native, this is a place where neighbor adds a lot of value. For our renters, I'll say we offer the best property protection of any storage company in the country. Most people don't know this when they get a storage unit. But most storage units in the United States offer no protection. So if the whole place burns down, you're actually on the hook for your items. Some more enterprising storage facilities, and I'm talking traditional storage units, they'll offer like an add on where you can get an additional \$3,000 in coverage. If you pay for it extra neighbors, the only platform in the country that offers up to \$50,000 in coverage for your items, you can select from different plans as you're checking out. And then in any event, you know, we're covering those items for you. And then you're a hook, you know, you're what we'd call host, you're the land owner. And we offer a million dollar liability guarantee to the owner. So you know, this would cover like there's a slip and fall on the property or something like that. We help you out there.

Mike Stohler

Yeah, that's it. That was my main question was, Okay, what if something gets stolen? What if something is broken into? So that's fantastic. So your neighbor.com is a lot like, just kind of like a third party place. Turo comes to mind is like, hey, you know, you can list your cars, you can do this and kind of if you have an extra car now, so I have RV storage, a gate on the side of my house, and then I would partner with a neighbor. How do you just go up and sign in as a host.

Joseph Woodbury

So we've tried to make it as easy as possible, because again, our mantra is passive income for you. We want this to be the easiest income you've ever earned. And so what you'd go on, and you do, you list your address, we'd pull up your house, you tell us, you'd upload some photos of the space, we would check that you are who you say you are. So we'll do a host verification on you. And, and you may have to upload a driver's license. But really, that's the only work on your part, it's very similar to creating an Airbnb listing, you create a little description for it. Many people don't know what to set the price at, they have absolutely no idea. And that's okay, as well, we have a database. It's the best pricing storage pricing data in the country, because we not only pull in all the storage facilities prices from off the Internet into our database, but our users, they're free to set their own price. And we're able to watch those prices and see what gets rented when users set at different prices. So we're now large enough where the price we recommend you were confidently able to say you're 90% more likely to be reserved. If you use our price. You can also sign up for smart pricing, in which case we'll take care of all the pricing for you. And then we publish your space we do review every single listing so it'll go through a review process. And if you've got a good space, we'll approve you onto the platform and we'll get you rented.

Mike Stohler

Yeah, you know, I'm looking at my hometown of Scottsdale. And I didn't there's a driveway that's listed so I'm like okay, you even if you don't have an RV gate, you can rent this guy's driveway. space which is fantastic. And there's also warehouse. So Are most of these, like month to month? Do you sign a 12 month? What how does that work?

Joseph Woodbury

It's all month to month, which is great for both the renter and the host either party can end it with a month's notice. And it's kind of no commitment. The beautiful thing about storage for any of, you know, if you've ever been involved in storage, or any of your listeners, anyone who's ever been involved in storage knows that when people start storing they, they never anticipate storing as long as they do. And so it's great, the length of the recurring income, if I rent out my house, personally, I've got an RV pad, on the side of my house, just a concrete pad, I've had a guy's story in his camper trailer there, he maybe comes and gets it, you know, four times a year, on Labor Day and a couple of times throughout the summer. But other than that, it just sits on my RV pad. And and, and it's very easy and, and safe and neighbor helped me set the price and I got it listed. And I basically have to do nothing for it.

Mike Stohler

And you just probably put on the combo lock or something like that on your gate, and they have free access, or do they have to get a hold of you or they just come and go.

Joseph Woodbury

So the way we've done it, my RV pads just adjacent to my driveway. I live here in Utah super safe community, he can just come and get it whenever he wants. So I've given him 24/7 access income, get it whenever you want, we have other hosts as a host, you can set the access. So it's totally up to you as a host, we have some hosts that say business hours only we have other hosts that say after hours only, we have some hosts that say by appointment only. So you can only come see it if you message the house beforehand, and set up an appointment to come get your items. But again, storage is one of those things where you don't store items you need frequent access to you keep those in your house. And so the average access period is, you know, for interior items is going to be once every six months for exterior items like a boat or an RV is going to be you know, once every three months or so it's not very frequent.

Mike Stohler

Sure that yeah, that makes sense. Because I was thinking if you rent out a garage space, it's like, okay, do they have access to your house? Or they have access to, you know, some of the things and you may want to limit if they're actually getting into a personal space that you

Joseph Woodbury

have? Sure. Yep, that's all customizable.

Mike Stohler

Fantastic. Now, if you're someone looking for a space, there's a login, there's a process. How does that work? If I'm thinking like, well, you know, I just bought another car, I only have a two car garage, I need a space locally.

Joseph Woodbury

So if you've ever used Airbnb to book a place to stay, it'll feel very similar from the renter experience. We'll collect some details from you like what you're trying to store where you want to store it. And then we'll show you a map and a bunch of search results. And you'll be able to browse between different options just like you would different Airbnb houses you could stay, you'll be able to see them on a map, see how close they are. That's one of the advantages of using neighbor is the single most important factor for most storage. renter's is how close is this to me. And many times you'll be able to find storage that's literally right in your neighborhood, a few doors down. It's almost like it never left your house, it's so close by. And then you can message the host in advance, you can book the host, and the host will have a chance to approve you. And we'll offer you you know, property protection plans if you'd like to add one of those. And then all the payment happens through the platform, which really protects you as a user, all the messaging app runs through the platform. So you don't have to do anything off. This isn't like a Craigslist style experience. This is a fully you know Id verified kind of concierge experience where neighbour takes care of all the payments each month, we'll just charge your credit card each month remit it to the host. Take care of all that for you. So it's it's a very simple system.

Mike Stohler

Yeah, it sounds like it and neighbor DICOM takes like a percentage, because that's what works. Yeah.

Joseph Woodbury

works almost exactly like Airbnb. Yeah, where you know, we're going to our storage is on average, 30 to 50% cheaper than traditional self storage. So the renter is going to be saving a ton already, we take a service fee that the renter pays. And that's how we make our money just similar to how you'd see on an Airbnb checkout.

Mike Stohler

Yeah, it's fascinating. So what are some of the things that you see most is it RV gates? Is it parking space self storage? What? What are you seeing that most of the people gravitating towards?

Joseph Woodbury

Yeah, so it absolutely depends on the market. And we're in, you know, pretty much every market at this point. If you go, we can map this on a map. We have these really cool heat maps that we're always looking at internally, and you'll get these areas of the country that'll show up is just both hotspots and if you zoom in There's always a lake nearby. And you get these other areas, you know, downtown areas where people are storing a lot of vehicle goods, and they just need a place to store a vehicle because they don't use it that often, you'll get other areas where you know, it's heavy self storage, some of the Western markets skew a lot more heavily, like campers and RVs, you're not going to see that in the Northeast as much we have space for it, but you're just not going to see the same sort of renter volume. So it really depends on where you're at in the country. The beauty of neighbor is, unlike a traditional self storage unit, we always have, you know, we have a full variety of spaces. So you may look in your neighborhood, and there may be a guy renting out his RV pad, that would be a great space for a camper trailer or a boat. And there's a separate guy renting out his garage, which would be a great place to store boxes or a shed, which would be a great place to store boxes. And then of course, as I mentioned, we have a pretty heavy amount of business space on our platform. We work with some of the largest retailers in the country, where they may have a strip mall, and we'll take the two units in their strip mall that they just haven't been able to find a tenant for in five years, and will rent out those suites that could be just business suites will rent them out for storage. And people will be able to put a large amount of items in there, if they need a large amount of interior storage will also take the back part of their parking lots where, you know, the city required them to build so many parking spots. And they'll rent those out for long term vehicle storage. So we'll fill those up with with vehicles where people need a centralized place to park. So we can find your storage, whether it's in your neighborhood or in a downtown district because we work with all sorts of different types of space to just make the whole world more efficient.

Mike Stohler

Yeah, you know, I'm looking at at Phoenix, which is the large city here and it's everything. There's carports, unpaved lots, there's paved lots. Some of them have security cameras, which is probably very good. Yeah, that you see, where do you see that neighbor dot coms going to? I'm sure you want to get into more markets, where do you see yourself? In a couple years?

Joseph Woodbury

Yeah, so as I mentioned, we're in we're the only storage company in the country that's in all 50 states. So no other storage company has been able to do that yet. We're in almost every city in all 50 states, you'll find us in cities that have 2000 people where it doesn't

make sense for a company to build a self storage facility, we can go there because there's homeowners willing to lose space, our biggest markets are going to be the top 20 CBSs. So markets like New York, LA Miami, Phoenix, markets like that. That's that's where a lot of our volume comes from. You asked about two years out, we want to take this internationally. So that's the goal. Right now, we're only in the United States. We'd like to take this to other markets. If you look, Europe is the second largest storage market. Asia Pacific, though, is the fastest growing storage market in the world right now. So both attractive options for us.

Mike Stohler 1

It makes sense in that area, because they're so everyone's so compact in their houses, I mean, they're on top of each other and they can't afford to do anything. And plus, I can see where the the larger storage companies, there's a lot of capital that they have to expend. In order to build these 100 200 unit self storage facilities where you're using what's already there.

Joseph Woodbury

The industry spends almost \$5 billion a year just on new construction, just on new units built. And the average occupancy right now in the industry is 95%. So 95% of all storage units in the United States are completely full. And we spend \$5 billion a year on new construction and by the end of the year 95% of them are full. It is a is just an absolutely wild industry. It's been the fastest growing sector within all of commercial real estate for four decades straight. Now. It's it's outperformed, you know, storage publicly traded storage companies have outperformed traditional REITs real estate REITs by almost 50% Over the last 30 years and outperform the s&p 500 over the last 30 years. It's it's an incredible industry that that's been built up. One thing one stat will share sometimes because people don't know, you know, you can talk about how it's a half a trillion dollar industry and like what does that even mean? Maybe maybe a stat that's a little easier to relate with is We've now built more storage facilities in the United States than we have. Starbucks, McDonald's, Dunkin Donuts, Burger Kings, Wendy's, Walmart's Home Depot's and Costcos. combined. And that's storage facilities, not storage units, each facility has, you know, hundreds of units, I'm just talking facilities, there's more facilities than there are all of those chains combined.

Mike Stohler

Wow, that's amazing. What that tells me is people are just buying too much stuff.



Joseph Woodbury

Stop buying so much stuff and become a host on our platform. And so you can earn money off your space instead of paying for space.

Mike Stohler

So given the average, let's say, here in Phoenix, and someone said, you know, I could give my, I've got some extra space. They're not gonna get rich on these things. But it's just passive income, that they're just using his pads, it is a space that's

Joseph Woodbury

on the market. So you know, in in, I rent out my RV pad for about 100 bucks a month. And that's great pays my utilities, I don't have to do anything for it. The guys camper trailer sits there, I wasn't going to use it anyway, because I'm a camper trailer. That's great passive income. We have guys, you know, we've got a gym owner in Los Angeles, he has a bunch of space around his jam, he never uses hearings an extra \$50,000 a year, just through neighbor, we've got a middle school teacher, that I heard their story the other day, middle school teacher that just happens to have a lot next to their home. Actually, here in Utah, she earns an extra \$10,000 a year just renting that out for RVs. And boats. I don't know what she makes as a middle school teacher, but you got to imagine that \$10,000 is life changing. You can kind of earn as much or as little as you'd like to it's all passive, just depends on the amount of space that you have.

Mike Stohler

Yeah, and Casey was telling me before you came on, and there's a good story about a guy in Seattle, that just started in March or so. And he's making, you know, a bunch of money. And it's just extra space that he had.

Joseph Woodbury

Yeah, that's, I mean, that's the beauty of this is so so for so long, a lot of the passive income and not even that passive, but a lot of the income was only accessible if you had money to begin with. You know, you think of Airbnb, phenomenal platform, change the world. But at the end of the day, you gotta have enough capital to own a second home, and be able to rent that out. And it's got to be in a good destination location to have high

occupancy. And it takes a lot of time you end up hiring a management company, because they stay for a day or two. And then they're gone. And you got to go find a new customer and move them in and clean up after him and the maid service and all of that. And we already talked about, you know, DoorDash and Uber and Instacart. Those are just jobs, right, because you get you're on the clock. Neighbor, I really feel like is the first platform, the first marketplace sharing economy platform, where it's kind of accessible to everyone. And most people if they want to can have some extra space, whether it's a basement or a shed or a garage, or a small business that has space in the back, or some parking garages out or some parking spots out front. Most people confined space. And once they spend the outward onboard, you know their first renter, it's going to go month after month after month after month, we estimate that our average user earns something like \$950 an hour for time spent on the platform.

Mike Stohler

Unbelievable, so ever, buddy neighbor.com. And you have an extra garage, RV gate, I'm thinking about you know, I might even build a shed out back and yeah, go to Home Depot, plop one down and make passive income. You know, it's, it's unlimited.

Joseph Woodbury

We actually have a cool page where you if you want to buy a shed, you can punch in all the things and we'll tell you you know, when you'll make a payback on the shed, we have a cool little landing page that will walk you through all the return on adding a shed to your yard. So we've had lots of people do that.

Mike Stohler

Do you ever hear about any hosts running into any type of HOA issues? Or you know, what are some of the downfalls you've found that we didn't think about this? You can't probably be a host on naver.com because of this.

Joseph Woodbury

Yeah to do things that I mentioned. Honestly the HOAs has not been a big issue on the platform HOAs really care about like Airbnb ease and stuff. like that, because people come in they park on the street, there's, there's noise variance stuff. And, and generally like new occupants HOAs don't tend to mine this because, you know, it could be your trailer on the side of your house, it could be their trailer, it could be your boxes in your own garage, it

could be someone else's boxes, they Hoa, as long as you're not bothering anyone, they don't care, they just hate the frequent access stuff like Airbnb guests kind of cycling through. So HOAs really aren't a problem. Couple of things to think about. One, one of the advantages of using the platform is we protect you for your payments. So you know, a renter pays through us, we have a program where if if the renter for whatever reason, stops paying for the space, and you've got items still in there, and you can't just toss those items away because of self storage code. We continue to pay you so will will keep footing the bill will keep paying you even though they're not paying us. And we handle the full process to remove those items from your place. So we make it super easy there. That's one advantage of using a hammer. But one thing to watch out for. And then you mentioned this too, but most days, you know, it's very easy to operate in. There are some select cities across the US where they have, you know, some sort of vehicle ratio where you can only have x number of vehicles on your property per occupant. And so you just check local zoning ordinances and just make sure you're complying with that. Most cities, they have no rules around that, but some cities do. Yeah.

Mike Stohler

And I'd say it's better ask for forgiveness. And you know, just go ahead and do it until someone sticks it sticks and notice in your your mailbox.

Joseph Woodbury

And that's I mean, that's honestly stuff you run into if you're running an Airbnb as well or really anything. I'd say neighbor, neighbor, there's much less to run into, because cities don't really care about individual storing items with someone else. They care about individuals sleeping in someone else's house because you run into human issues and health issues. But there's really no, there's a lot fewer regulatory items like room and board tax doesn't exist with storage, where it's just putting items in someone else's house.

Mike Stohler

Oh, and one last thing before we go, is there anything that people have been imaginative that you're like, Oh, wow. Here's a story that someone put on, you know, neighbor.com that I didn't think was going to be? You know,

Joseph Woodbury

Oh, absolutely. I love the creativity of people across the country. And also the the creativity, the items we've seen stored before as well. But on the supply side, since you asked about it, we'll have individuals, you know, we'll have large companies, they'll they'll list, you know, 200 multifamily properties across the United States. And they'll rent out the storage lockers that they built inside the multifamily property that were for the tenants, but the tenants never use them. So they should go through us to rent them out to the broader community. And they'll also rent out their excess parking. So we'll have that and those people can earn millions of dollars on our platform because they have a big real estate portfolio. And it's huge amount of ancillary income that makes their IRR look way better than their competitor, and makes them able to go get more capital for the next fund. All the way down to you know, we've seen barns on our platform, where someone's got a barn adjacent to their house, and they decide to rent it out. And we'll put, you know, five vehicles in their barn or some boats and some vehicles and the boat owners like I loved this, it's covered. It's it's inside. This is amazing. It's way cheaper than the the Marina that charges me to x every month and that adds up on a subscription payment. So I'm saving 1000s of dollars a year by by doing this bar and so the fact that you see everything from you know 20 \$30 million commercial buildings all the way down to someone's old barn I just think is so cool and represents the power of the sharing economy.

Mike Stohler

Absolutely. Well Joseph you have created a platform that is like you said earlier I can't believe someone hasn't done this already because it seems like such a an easy thing to create and think of but you guys have just masterminded this again, everyone neighbor.com Joseph Woodbury, thank you so much for coming on the Richer geek It was a pleasure and I think everyone will start going on naver.com and see how much they can get for their their extra space. Appreciate it. Hey thanks for tuning in to the richer geek podcast, where we're helping others find creative ways to build wealth and financial freedom. For today's show notes, including all the links and resources from our show, and more information about our guests, visit us at [www.therichergeek.com/podcast](http://www.therichergeek.com/podcast). And don't forget to jump over to Apple podcasts, Google Play Stitcher, or wherever you get your podcasts and hit the subscribe button. Share with others who can benefit from listening and leave a rating and review to get the podcast in front of more eyes. I appreciate you and thanks for listening