

Episode 6 - Carissa Swanick

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SPEAKERS

Nichole Stohler, Carissa Swanick

N Nichole Stohler 00:39

Welcome back to the Richer Geek Podcast. Today I am thrilled to have one of my peers. One because she's working full time in technology as well but too, we are both hosting the local real estate investHER meetups. She's doing hers out of Kansas City and I'm doing mine here in Scottsdale, so I'm excited to be able to chat with her live and have her share her story. Welcome Carissa Swanick.

C Carissa Swanick 01:09

Thanks, Nichole. It's great to be on.

N Nichole Stohler 01:12

So Clarissa, as I mentioned, is working full time. And I thought she is a real estate investor. She's been really successful. I really appreciate her approach. It's very purposeful, strategic and planned out. And I think this will be great information for our listeners to really understand kind of the process and everything that you went through. So let's start first with tell us a little bit more about your background and how you got involved in real estate investing.



Carissa Swanwick 01:40

Sure, architecture and construction has been something that I've had a lifelong passion around. I actually started my undergraduate degree in architecture ended up changing and graduating with a degree in construction management. And that was right at the time that the tech boom was really starting to build. So as I was wrapping up my studies and construction management, I actually became even more interested in how companies were applying technology to their projects. Now at that time, there weren't a lot of construction management or construction firms general contractors using technology in an exciting way. So I actually just left the construction industry and started my professional career and IT so did that for a number of years, but I still had this real desire and interest in construction in real estate. And as the same book that's motivated so many of us Rich Dad, Poor Dad, you know, read that and it was a huge eye opener because I'd always thought when I retire from this W2 job, that's when I can start getting back into construction start getting back into that passion. But after reading that book, I realized I didn't have to wait for someone else. I didn't have to wait to retire and I didn't have to wait for somebody else to hire me. I could create my own future by investing in real estate with my own money and with the money of partners and lenders. And so after reading that book, I just dove head in to learn everything that I could about investing in real estate, and how to make that another future path additionally to my W2.



Nichole Stohler 03:23

Got it! And I love something that you said you jumped in read Rich Dad, Poor Dad, I did as well, and then jumped in to learn everything that you could. How did you kind of research and go through the process?



Carissa Swanwick 03:35

Great question. You know, I think there's a little bit of engineering that goes into my approach. I never take things by just a leap of faith. It's always a very methodical way that I approach things so even when I was going back to grad school, I only wanted to go to grad schools that required you to take the GMAT. So with that in mind, I actually did a 16 week course through Rich Dad Education. And it was a really fantastic experience where we were virtually all together, students from all around the world together every week for 16 weeks, really literally eating soup to nuts about investing in real estate. And that was a great foundation because you know, as a working professional, raising a family then trying to start this business on the side, there's only so much time you have. So I was looking for the best way to get to the exact information I needed, and not have to read all the books, but really just get those cliff notes about what's my foundation, and then where

do I need to dig into more later. So after finishing that course, that's where I followed up with market research, practicing deal analysis, reading additional books, podcasts. But you know, some people like to jump in with both feet and learned along the way and I'm definitely one who takes my time to prepare and invest in that preparation up front.

N Nichole Stohler 04:59

That's the Tech, the engineering side of you.

C Carissa Swanwick 05:03

That's right, gathering my requirements, testing incrementally. Exactly.

N Nichole Stohler 05:09

So you went through that, which was basically a semester, and what kinds of properties Did you invest in? Or do you still invest in today?

C Carissa Swanwick 05:18

Yeah, so I started with a single family house was really looking for almost that learner house, that first experience where I could kind of work out the rest of my kinks, but not take on a huge financial risk. So I knew that what's the worst that could happen is that I could hold this property without a tenant, you know, as a buy and hold investor, you want to have those tenants in there, you want to have that cash flow. So I thought the worst that could happen is that I have to own this property with no tenant and what would that mean financially to us personally, and as long as I felt like we were comfortable being able to carry that mortgage without an income, that I knew that that was going to be a good learning experience, fortunately was able to get someone in quickly. But still, there's a lot of things that you learn along the way, whether it's through property management, or how to, you know, fix certain maintenance items. So from there have continued to buy a single family, I have a duplex as well. And then my next venture is with new construction.

N Nichole Stohler 06:22

Oh, wow. new house like a single family. New construction.

C Carissa Swanwick 06:26
Yeah, three empty lots. And we'll do single family builds on them.

N Nichole Stohler 06:30
Oh, wow. We've always bought existing. So that's very interesting. Well, we'll have to have you come back and tell us about your experience there. Now, you mentioned property management. How are you handling the management of these properties?

C Carissa Swanwick 06:43
Yeah, you know, a lot of people is their new, they will often ask the question, should I have a property manager and I tell them, it really depends on how you want to spend your time. If you like screening tenants and helping with move ins, and you know, collecting the rent and doing the maintenance calls there is, you know, no problem with you being your own property manager. But like you mentioned being a working professional, there are certain things that I need to hire out. So for me from the very beginning, not having a property manager was non negotiable. I have that property management fee in all of my deal analysis. And if the property cash flow does not support paying for that property manager, I just move on. Because I know that that is really the key to my success. And being able to have a rental portfolio while working and traveling for work is that I needed that separate entity that is on call. And for me, it's lights out, right. They are almost like a concierge service where they just tell me at the end of the month, what all the things that they took care of. If there's bigger items, we talk about those before we move forward, but that's the biggest piece that I really needed to have in place and has been my ability to scale.

N Nichole Stohler 08:04
I can see that. And I agree working full time. So I'm fortunate that my husband manages our portfolio and self manages, but it would not be possible. And it sounds like you are having a very good experience with your property manager, then.

C Carissa Swanwick 08:19
yeah, you know, I actually have changed property managers over the years. And I think it's just a matter of, you know, not being afraid that as you start to put your team together, that doesn't have to be your team forever. You're going to learn what you like about one property manager over another. And I made the switch last year and move my properties

over to do property manager. And I think it's just being willing to recognize when my relationship in your team is not quite working out and being willing to seek out new partners.

N

Nichole Stohler 08:50

Agreed. Now you mentioned team, who else would you count as kind of part of your team and helping you support and grow your business?

C

Carissa Swanwick 08:59

You know, I think my most important team member aside from the property manager is my realtor. That's the person that understands my strategy the most. And, you know, we can sit down and talk about where to go next with my business, as he works with others of his clients or sees us on the market or what's, you know, off market. That's really where my eyes and ears are, you know, again, there are investors who do this full time are going to be with their ear to the ground a little bit more themselves, but again, because my time and attention are spent with my full time job, I have to rely on others. So my realtor is a huge part of my team. The CPA is another big area and you know, we talk a lot about cash flow and deals but what we kind of overlook are the tax advantages that real estate can provide. So having a CPA who really understands how for you to maximize your tax advantages through real estate. And that's another area that we actually just this year changed CPAs, I had done my due diligence I interviewed a number of them I had gone with one of them with that person for about three years was not really happy with the outcomes. So again, it's just a matter of knowing when you need to make that shift, and finding team members who are going to take your business to that next level.

N

Nichole Stohler 10:23

Got it. Yeah, and I have some of those same members of my team as well. And the same thing kind of shifting and making changes as appropriate. One of the things that you are really strong at and you can even just hear it as you talk about how you approach your business and purchasing properties and building in property management and not even looking at property of those things won't work is a very strategic, purposeful, planned approach to what you're doing. And I know that this is a key to one of your successes. So can you kind of talk us through that strategic planning that you bring to your real estate business.

C

Carissa Swanwick 11:02

Sure, it can be really intimidating first starting out on knowing what direction you want your business to go. And there's almost too many options on how to build a real estate portfolio or how to be involved in real estate investing. And so really having that clear purpose of what your strategy is going to be really lets all of the other noise just fall away. And so how that really then relates on how I can work full time and do this is that I'm not chasing every potential listing as something I might invest in. Because the time and effort it would take to analyze all those deals really is not time that I am going to get a lot of return out of. However, if I have a really clear vision on the type of neighborhood, the type of client, the type of property, that way I can avoid looking at 80% of the stuff that crosses my desk and really just focus on that 20 actually about 5% of the things that I see, then I can get really vested and really understand the potential of that property and how it fits into my strategy. Another thing that I talked about I actually have a bigger pockets blog post on like five strategies to get off the sidelines and start investing is really focusing on what Avenue you want to take in real estate. You know, is it wholesaling? Is it flipping? Is it investing in notes? Is it buy and hold? And even within those, you know, what types of properties Do you want to build? What kind of portfolio do you want to build and getting really good at one of those, and then from there, you can expand out so you know, mentioned my next big step is new construction. I don't have any experience with new construction, however, I felt comfortable with where I was building on the existing portfolio, and felt like this was a natural next step for my portfolio to go. But someone else, their next step is going to look completely different. But it's about how do you get good and feel solid about one strategy before you expand too broadly too quickly.

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Nichole Stohler 13:18

Got it. What is kind of your overall? What do I want to say reason for investing? I mean, I know you had an affinity for it. And I love how you mentioned that the industry the construction was not using tech in an interesting way. Back in those days, they probably are now they probably are now. Yeah. But I'd love to hear you know, what's kind of your why behind real estate?

C

Carissa Swanwick 13:41

Yeah. Well, you know, I think I had already subscribed to the same notion that many of us have and many of our parents taught us is go to work and get a good job and contribute to your 401k and maybe you'll get an employer match and if you're fortunate, you'll have a pension and then you wait in the earliest possible at 59 and a half years old you can retire with some penalties and with some reduced benefit, and I just thought there's got to

be a better way, there's got to be a different way to build that passive income and not be beholden to the government's early retirement age restrictions. You know, my eyes were open to the idea of a real estate investing and how it can create passive income, I thought, well, this is a great way to build what I call that pre retirement income. So that gives me the ability if I so choose, and the flexibility to retire early, but not have all of that money locked into retirement accounts where I have those regulations that apply, but instead have passive income, that supplements in the meantime and then adds to my retirement accounts once I can start drawing on those, because there's a lot to be said about how you can live your life ahead of those retirement age guidelines. And that's what I'm hoping that real estate can provide to my family.

N Nichole Stohler 15:00

Got it. I couldn't agree more.

C Carissa Swanwick 15:04

I think we see eye to eye on that one.

N Nichole Stohler 15:05

Exactly. Exactly. If you were to kind of summarize some of the I don't know if you've had any, because you just took such a very purposeful approach. But have you had any tough situations or difficult challenges in your real estate business?

C Carissa Swanwick 15:23

Yeah. Oh, you know, fortunately, I haven't had any large financial issues. And some people really learn through some of those almost financial disasters. I haven't had anything that big, but I did have to go through my first eviction last fall. And it was something that I didn't know much about on how to manage that process. That property was still under my old property manager. I hadn't switched that one over yet. And the part that I should have done differently as I should have asked more questions. You know, I was really leaving things up to the property manager on what the steps in the process were. And they follow the legal steps of the process. But you know, I just felt like I didn't have much control over the outcomes of that situation. I also felt like I didn't even know what questions to ask. So I think if I were to approach that again, and unfortunately, I probably in my lifetime will have to force another or face another eviction. Again, I think I would try to have a more open dialogue with a tenant and try to find a creative solution that works for both of us.

Because I think there are solutions around a non paying tenant other than going straight to legal eviction process, where you can actually find a solution that leaves both parties with a greater benefit in the end. So that would be my biggest challenge that I've experienced is really not vesting my energy into being more proactive and finding a better outcome.

N

Nichole Stohler 17:01

You know, and it's interesting you bring that up. Because when I think about property management, I will often say it's kind of like outsourcing in IT, right? If you're outsourcing your help desk or some certain area, you do have to still be engaged, right? And kind of what you're saying you have to ask questions and you have to kind of maybe challenge and even though maybe that outsourcer runs help desks all over the world, you know, there may be some specific nuances specific for your situation. So I like that you kind of talked about asking more questions, and that was your first eviction. So you know, they probably said this is the way we do it. And you said okay, but then kind of afterwards are thinking and that's the great thing now you will know that when you work if you have another one in the future, yeah.

C

Carissa Swanwick 17:54

Yeah, let's hope not, but knowing the statistics, I probably will.

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Nichole Stohler 18:01

So some of the things that you've already talked about, you talked about taking a course, you talked about your approach to your overall you know, strategic planning. What other kinds of resources classes groups, would you recommend for people looking to get engaged in real estate investing?

C

Carissa Swanwick 18:20

Yeah, I think the most or the least intimidating is probably a podcast. There's several to choose from. So finding podcasts like this and others, where you can hear case studies and hear the stories of others. So that's always a great way to hear about how others are approaching real estate investing. Obviously, meetups in your local market, you know, is another great way and if your town is like mine, I mean, Kansas City has a plethora of meetups and there's all shapes and sizes, some meetups that you'll pay for, and they'll be very formal and that is a great way to meet a large group of people that you're probably

going to have other types of meetups in your area that are going to be specific to your niche or to your demographic, or to your stage and investing. And so I think it's just a matter of finding one that works for you. But I really have found that finding that in person network is really very beneficial because then you're going to be dealing with investors in your market. We can share contacts, you can share information about local laws and what's happening in your local market as far as, you know, development in different parts of town or city codes and things like that. I think there's a mix that is out there. Obviously books are great. I have a hard time getting through books with any speed. So I'd like to, you know, get the information a little bit more quickly through podcasts and through meetups.

N Nichole Stohler 19:50

Perfect thank you for sharing some of those resources. And I think it's so interesting because when my husband and I started investing, you know, back in 1999 originally, there were none of these kinds of resources. So it's so much easier now. But at the same time, there's probably so much information now that it can be kind of overwhelming.

C Carissa Swanwick 20:11

Yeah, you're absolutely right. And I think that's why you have to try a mix and see what fits with your tastes with your preferences with your strategy, and see what a group that you click with, or see a podcast that you really get a lot out of, because there is a lot of choice and you're not limited to where you can get your information.

N Nichole Stohler 20:32

Exactly. Tell us where listeners can learn more and stay in touch with you.

C Carissa Swanwick 20:38

Great, yeah, so aside from investing in real estate, or I guess, bolted onto my real estate investing I also run cultivateRE, which is a website and blog also has resources and my focus with cultivateRE is to help women gain confidence to invest in real estate and so I share my experiences, the things I messed up on, tips, resources and said You can find me at cultivate-re.com . You can also find me on Instagram at cultivate_re and of course email me at Clarissa at cultivate dash re. com.



Nichole Stohler 21:13

That is perfect. Did you have anything that you wanted to share with our listeners as well?



Carissa Swanwick 21:19

Yeah, thank you. So on my website under the shop tab, I have a neighborhood profile tool. So as you're starting to research your market, because I think it's really important to understand the product that you're delivering and the market that you're going to go over to. I have a neighborhood profile tool that your listeners can download for free, they'll just use the code podcast at checkout, and they'll be able to download that resource for free.



Nichole Stohler 21:44

Oh, that is fantastic. Again, if you can analyze and approach your real estate business like Clarissa has done and use her templates, this is going to really help you and it's going to save you a lot of time and research that you would have to do on your own. Just to be able to kind of get a good framework, it's more of that strategic planning.



Carissa Swanwick 22:04

That's right. Yeah, its to have everything out there. And I also say that I haven't I don't have all of the answers. But I think it's important to provide another voice as you're doing with this podcast another voice for people to have available as they're looking to build their portfolio.



Nichole Stohler 22:21

That is fantastic. And we really, really thank you for coming on, and for sharing your story and how you're able to balance and fit everything in and really appreciate you.



Carissa Swanwick 22:33

You're welcome. Thanks for having me on.