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SPEAKERS

Jake Stenziano, Nichole Stohler, Gino Barbaro

N Nichole Stohler 00:01

What if you could be doing something smarter with your money that creates income right now? If you're an IT professional who is wanting to get ahead financially and enjoy greater freedom of choice. And if you wonder who else in tech is creating ways to make their money work for them? You want actionable ideas with honest pros and cons and no fluff. Welcome to The Richer Geek Podcast for helping IT professionals find creative ways to build wealth and financial freedom. I'm your host, Nicole Stohler and in this podcast, you'll hear from others who are already doing these things and learn how you can too. Welcome back to The Richer Geek Podcast. Today's episode is unique in that I'm actually posting the recording video on YouTube. Today I do post the audio files with a static picture of the podcast logo on YouTube. But this will be my first time posting the actual video recording and I appreciate that today's guests challenged me to do so. And I will try and do this more in the future. I will say though, that some people won't even have video on when I'm recording the audio files. So not every guest is comfortable but for those that are 100% Challenge accepted, and I will be posting to YouTube from now on. The second thing that is interesting about this particular episode is we have guests that are very focused and very successful in multifamily real estate investing. But what came out of today's episode are some great nuggets of information about scaling systems and processes so that you can grow your business. And what I think is if you listen to those pieces of the advice that applies no matter what you're doing, if you're talking about real estate investing, absolutely. But also owning a restaurant buying a franchise building online business, the systems and processes. This is that enabled both of these folks to scale and grow their business and then they teach other people do the same that applies to any kind of entrepreneurial endeavor. Today's guests are Jake stuns Otto and Gino Barbaro. And what I like about the two of them is that they massively scaled their business. They grew to 1400 units in six years. They built a training and education company to help other people understand how to invest in real estate but again, they also focus on systems and processes. So let's jump into today's show. I am so excited to welcome both Jake and Gino to the show. Hello.

G Gino Barbaro 02:45

Hello, Nicole. Thanks for having us on.

J Jake Stenziano 02:47

How's it going?

N Nichole Stohler 02:49

It is going well - I will tell the audience that Jake and Gino have already made fun of me for not really understanding how to put my videos on YouTube so I will be doing that normally my podcast is like a static with just the logo and then the the audio file goes to YouTube. But I have been challenged so especially being made fun of for being in tech now I'm in sales though so I think I have a little bit of an excuse.

G Gino Barbaro 03:18

No, no no no no no no, come on. Jake made fun of you. I was just sitting here quietly and I was just saying to Jake, Wow, okay, you go in there. So let's clarify that this is true.

N Nichole Stohler 03:30

This is true. All right. So tell us a little bit about your background, how the two of you came together and how you got into the multifamily space.

J Jake Stenziano 03:39

I'm gonna I'm gonna take this one because Gino said I was making fun of you. Now I'm going to make fun of Gino and take control here. So easy to do. It's such an easy thing to do. It's so easy because the way we got together was probably like a 2% chance that it was actually going to happen. Because I was friends with Gino's brother and this is what's leading into my property. Today so for all the folks that see this on YouTube and then if you're not on YouTube, listen to it and go back and see it. Prop number one. This was the business that was supposed to be you see this Geno's, homemade marinara sauce. This was a prototype that Marco and I'm Geno's brother. We're working on this at one point together. And then I had the specialty on the dish which is not in the menu in this one, which was Jake's chicken. So we had some side businesses going on that we're working on in the beginning because Gino was pissed off in the back of the restaurant with the cooks with the dishwashers every day with his arms crossed and if I tell this story, but you know with his arms crossed one more time, he's probably gonna hit me because I told this story so many times. But Gino was getting burnt out in the back of the restaurant. I was actually leaving New York to move to Tennessee for brighter pastures. It's just a much more affordable you know, much better cost of living than being in New York. So I was looking for a transfer. Marco Geno's brother kept telling me you got to talk to my brother about real estate. I know you're interested in it. I had doctors coaching me up at a time. Finally the last day I was in for my final Jake's chicken I can still smell the cherry peppers folks. Gino finally comes down and talks to me we're looking at deals This is coming right up the back of the great recession and his eyes just get really big because he's seen stuff for 30 40,000 adore and he said this this could make a lot of sense. So first conversation really with the G dead ever turned into a - Gino What are we on your eight now together with thousand 13 so we will be so that was that was going back to 11 when we first sat down so talking about this?

G

Gino Barbaro 05:32

Yep, yeah, it took us 18 months to get our first deal and if everybody can can imagine two pieces of grilled chicken on a plate. You have some nice salted vegetables. You got peppers, you got broccoli. Yes, cherry peppers nice and spicy. So you got a little bit sweet elements salty. If you want to cheat a little bit salty. Put a little bit of butter in there for that little bit of extra flavor. That's right, you know you gotta eat healthy, but you got you got to enjoy it a little bit. You got to put a little flavor into it. You put a little love into it and I loved what I did. But at any point like Jake said I got burned out. Also I didn't like it anymore. The recession changed everything and its continued to change everything. The internet has changed everything and it's going to continue changing everything mom and pops are what Jake and I invest in. And that's what i was i was a mom and pop I was motivated. I was burned out. I didn't like what I did was doing anymore. I had no systems. So we talked about three things people systems and culture, the culture the restaurant was fading because I wasn't enjoying myself anymore. Do you want to go to work with a boss was like this old time. Now I've got people knocking down the doors to want to work with us because we have a good to get a free meal. Maybe it was good food. The food is good, but the people in the systems and it all starts at the top and I take full responsibility now and I wish I had back then. But I didn't like it. I didn't see a way to scale the business. I didn't see a way to replicate myself, or at least like to work on parts of business that I like to work on. Like you saw the sauce there. I love I wrote a cookbook. I was doing Corning videos. I have six children. So I was doing garden videos with my kids. I was teaching other kids how to cook. We're doing lessons and we're doing all these kinds of events. I should have focused on that and growing that part of the business and said, I can scale that, because I can make money with with training videos, I can make money with events and scale it out. But I didn't know what he didn't know back then. And ironically, for 25 years, I had one restaurant. And it only took me five and a half years to acquire over 1600 multifamily units. It doesn't really make sense. But that's how life is. Once you figure something out. It's just easy to replicate it and move into another space because businesses all the same, like I said, its people, its systems and its culture. That's what it comes down to.

N

Nichole Stohler 07:29

I love something about what you just said, where you talked about you couldn't find a way to scale in the restaurant business. I have actually two thoughts on that. One is if you went back now, as you've learned, what you've learned, and you said you would do more of those events and that type of thing. Do you have any desire to go back and do that?

G

Gino Barbaro 07:49

This is important, everybody. Take a pen and paper write this down? Because everybody can do this. And I didn't know I could do this because I had an immigrant father and I was raised in that business. With that kind of mindset. It works. 30 years ago, what you need to do is extricate yourself out of the business for a day or two and think of every single thing that you do. So in the restaurant business, for example, how do you greet a customer when the customer walks in? How do you pick up that phone? when the phone rings? How do you onboard an employee? When you onboard employees, how do you even have a system to hire it's nothing that gut like we did or we had a referral that works one out of three times. You hire slow and you fire quick, but how do you do that? You need to have a system for that. We can dive into the whole thing going into the kitchen, how do you prepare every meal you have ingredients and measurements for every single meal? I should have had YouTube videos so my employees came in and they started training with me go to my YouTube library and watch those videos on how to prepare these dishes. have set expectations for every single employee, your dishwasher duties is this this and this your preparation guy does this this and this. Your salad prepare does this. I didn't have that because I was there a lot and if somebody didn't show up, I would do it. But I should have had systems on how to do that. Let me continue to think about it. As far as the bookkeeping, same kind of thing, have the systems to do that have a bookkeeper and let them do that, what you need to focus on is you need to focus on generating revenue. And I was doing the tasks that kept me busy. And I thought I was accomplishing a lot. But I was really doing 15 to $20. And our work one, in the meantime, actually been doing much higher level Work, work, creating the sauce, doing the videos, doing marketing campaigns, working on Facebook, where the kind of stuff that's going to generate revenue, and not just generate busy work. Does that make sense?

N

Nichole Stohler 09:32

It does. Gosh, I don't even know where to start. So first of all, on this podcast, we have folks that come on, and they talk about different businesses that they have started and real estate is a business. So that is absolutely one. And it's interesting, because you're talking about something applicable to everything. In fact, I have an episode coming out where the gentleman he's opening a second restaurant, But to your point, I asked him, How do you do that when you work full time and he said I'd go at like six in the morning. And I'd stay until nine, and then I go to work. And then I go afterwards and then I worked all weekend. And I, I think, for him, he saw the hard work would bring these results. But the reality is if he was scaling in some of the ways that you talked about, he could probably have maybe four restaurants now instead of he's opened in a second.

G

Gino Barbaro 10:20

So Nichole, important point. I want everyone to hear this, because it took me a long time to really think that this was powerful, but speaking to somebody who interviewed billionaires, and what they said was, a billionaire will not buy a business unless he has somebody to run the business for him. He has the ideas, he can be the leader. It's like bringing on a partner, I would not have been able to do this business without Jake. And I think if I said vice versa, I did teach shake everything right. But the thing is, if Jake wasn't down there, I wouldn't have been able to move myself in the beginning because I was working at the restaurant. That's a joke, obviously, you know, but I was working with the restaurant. I couldn't do it full time on myself. And the Partnership for me was even more important because when I was having a rough day at work, or when Jake was having problems with the tenants, we would talk to each other, we'd mastermind with each other, we'd hold each other accountable. We work really hard together, we had very similar goals. We wanted to get out of what we were doing. We actually liked real estate. So all of that work together in our favor. And I think if anybody wants to scale a business, so our partnership so we can get into the multifaceted aspect where we have a vertically integrated, we have a property management company, we have a syndication company, we have a capital company, we're doing our mortgages, we have an education company, I run education data, JJ does a property management day to day and then they work so beautifully together, that we share resources and the companies work together, our syndication, we bought another partner on I can't call 600 investors on a database, it's not feasible for me to do that. It's impossible. So for you to scale, you need to share that pie. And that pie gets really bigger. When you have two restaurants. You go to four restaurants, the scalability, you may make less profit per margin, each restaurant but you have more assets. And when you go and you sell your eight restaurants as opposed to having one or two that are really doing well and you're diversifying yourself. So we're diversifying ourselves by creating those multiple streams of revenue, whether we're doing media, whether we're writing another book, we're coming out with another book, we have our podcasts, we have our educational platform. And then on top of that, we have the property management, which runs these properties. And then we have syndication, which we raise capital to take these properties down in syndication. So as you can see, from a little 25 minute property that we started out with, if you're able to grow and to scale, if you have that open mindset, and if you're willing to share and if you're willing to create value, I think that's the bottom line.

J

Jake Stenziano 12:28

Yeah, I just want to chime in here for a minute too, because I think one of the keys whether you're acquiring a business, whether you're partnering or whether you're hiring employees, part of what Gina discussed earlier was the people systems, part of the business and then getting to the culture, that first step of it is important to get a plus players whether it's an employee that you're bringing on, whether it's a partner, whether it's some business you're acquiring and having someone running it, it all comes back to that people piece and you need to get rock stars on your team. In addition to this, if folks want to take a longer ride with us and go a little bit more through the journey, we have a coming out at the end of next month called the honey bee. And it's actually a parable that's written with this character that goes through this transition of being stuck in that w two grind, kind of hating his life. And then the parable takes him through that journey of finding ways to get unstuck. He gets hit a lot, he gets a lot of these things along the way. But it has lessons throughout that we've kind of gone through and mirrors our journey to get to financial freedom. So it's really cool. So I want folks to be on the lookout for that. Little bit, just long winded here. But we look at a few things and we look at the different reasons why we've been successful. And I think one of the most important things that you brought up is that we treat it as a business. The people that we buy from probably think it's a good idea to get in real estate. I want to be in real estate for you know, multiple reasons, but they don't treat it as a business and we look for these mom and pop operators because we treat our real estate as a business. This is a very serious business and we focus on it day in and day out. And the folks that don't do that Miss you know when the market rises that because you're, What you'll see a lot of the folks that are in a market as owners, they'll see things selling for higher and higher every couple years. And they get left behind because in their mentality where they were buying that, and when something was depressed, they can't get their head wrapped around the elevated price. And sometimes in the same point, maybe they don't keep up with market rents enough and their rents are suppressed, because they're focused on another business. Those folks they get left behind like that never can maximize the asset because they didn't treat it as a business. I think the other thing that you know, Gino and I've done extremely well as we've stayed committed to one lane we haven't had the shiny object syndrome, where you know, a few months ago Bitcoin was super hot, or next month we see this one deal we want to go do a fix and flip. The reason that we've really done so well is because we've stayed in our lane we focused on multifamily, all our businesses serve each other. It's all vertically integrated around multifamily. And I think that hyper focus has been tremendous for us.

G

Gino Barbaro 14:52

So Jake, we had a we had a money mixer this week. And I want to mention this to Nicole and her listeners also was really a revolutionary thought that I had as somebody broke it down for us. We were talking to properties and one of the owners said these are the four things that he focuses on a something's wrong with his business. The first one is people. We mentioned that right? Really important. If you're trying to rent an apartment and you haven't problem renting it one of these four things is getting in the way. If it's a people issue, look at your property management, how they greet the person, how they actually answer the phone. Are they doing a good job if your people doing the right job? The next one is the product. Are you offering a good product? We offer a clean, affordable, safe housing affordable housing product in the sea space. We're not going for a tenant's The next one is the promotion Are you advertising you getting out there 80% of business to me as my marketing sales, it's taken me the vast majority of my adult life to understand that and that's the reality and if you don't like it, and sales is icky, then don't be an entrepreneur because that's what you're doing. You're selling yourself and you're selling your business. You're selling your brand every single day and the fourth one is price, where you price if your if your apartment staying on the market for more than 30 days in this economy, where there's multiple people renting and there's a lot of bidding wars and rents are going up three to 4%. That's the thing. So One of the - for everybody, people product promotion and price that was really really great way for the gentleman this weekend to put it together and I just wanted to share that with everybody and the thing about our space is it's so I don't want to say it's easy but if you look at you know other spaces that you know people can be in selling a product or whatever they go pushing something on

Amazon, we have a limited supply we might have 100 units you might have 150 units, there's a few areas where we can go out and network or excuse me market we can get more creative obviously and go above and beyond but it's sort of like hey, here's where people go to find apartments. You can see what the rent per square foot is on these things so you can really go out there and find comps and know Okay, am I too high and my too low so then it's going to come back to your people as we keep coming back to time and time again. It's not going to be that hard to figure out after you've been in the business for a while to dissect and figure out why am I having you know vacancies so then if it's dizziness point in the last one go to the property is it dirty? Is there something wrong with is it not clean? Does it not show well is it you know the the unit itself may be overpriced because no washer dryer hookups. Definitely not rocket science. You know, when when analyzing this multifamily.

N

Nichole Stohler 17:05

So many good points out of what you just said. Okay, so I have a couple of follow on questions, I will make a comment that we see the same thing and maybe in all industries you would see you talked about you buy from mom and pop, we do the same. We have a hotel syndication right now in process. The owner is on site every single day with his family working in this hotel, and it's a branded hotel, which, you know, is obviously under the franchise, but it is an interesting way that they've approached it and we've seen a lot of opportunity to elevate because of that, you know, Mom and Pop mentality and not treating it like a business. So that's such a great point. My question is, you guys were really lucky to find each other and have a partnership that works, because that doesn't always happen. And I think there's probably people who are listening who say, you know, that could probably work if I had a partner. I'm working full time they're working full time, but we could maybe divide and conquer. How did you define your partnership and create these all come swim lanes and expectations so that you You didn't end up hating each other right? So that you ended up having a good relationship.

G

Gino Barbaro 18:16

So in the beginning, we just bootstrapped. We didn't have any rules or responsibilities, any delegations. Jake was at the properties I was doing the bookkeeping, I was calling the brokers Jake's was dealing with the tenants, Jake was gone, the bankers, the brokers, we everything ourselves in the beginning. And that's true. The bootstrap. were both very hard workers. I mean, the restaurant told me one thing to work really hard. And I knew Jake's level of I guess, of his responsibility. And his officer, his job. He was always prepared. When he came to the restaurant, I would do this catering, and he'd be really super prepared. So I already knew going into it. what he wanted. Our goals are very similar. We had a growth mindset. We wanted to continue to grow. I didn't want to stop at 100 units. I didn't care about the unit count. I just wanted to grow a really cool business. I didn't want to fix and flip and neither did he. I wanted to cash flowing assets, I wanted to have an asset that would give me cost segregation really great benefits on the tax side. So a lot of the things that we had very similar goals and this was really important. We also had very important value based decision making. We're both very, I guess, I don't wanna say ethically, but I mean, like, we had morals, I mean, I'm not going to steal from him, he's not going to steal from me, I'm feeding his family, he's feeding my family. So we're on the same page with that, the better he does, the better I do, I have no ego, I could care less how I look, I'm trying to make our business better. And he's doing the same thing every day it is and then as you start scaling, as you start growing, you're like, well, I'll go into this aspect of it. That's why when I retired, quote unquote, financially free in March 2016 I could have said, I'm done I'm just gonna pack it up. But I said how can I make the property management better and we created Jake and Gino from doing podcasts from creating more vendors learning so much about it because when you start teaching a subject you actually start learning the subject that much better. And from you know, podcasting Robert Kiyosaki, tr Becker, Cameron, Harold, the list goes on. A lot of these people who are amazing so far above us, it actually made us much better investors and made us much better property managers. And it just gave us those connections and the ability to start raising money. So I think that growth mindset was just one of the best things if your partner's not gonna be willing to do the work that you are, and he's not willing to go away on a weekend to a mastermind and take a red eye the next then that's not the right partner and I know Jacob did the same thing this weekend he came out on Friday and Saturday I fluids national for the day. So we do we have to do but we love what we doing. That's why it doesn't seem like work to us as much as you hate what you're doing. You have to do it. Just be wary because it can be a real drag we both more wise so that's how we figure out how to do and how it comes out.

J

Jake Stenziano 20:40

Yeah, we talked about it a lot. So folks just want a quick condensed version. I think it's it's having you know, similar work ethics and, and and when it comes to whether your partner is your employees, if people are being non responsive and it's not working out. The best thing that we've done is just we get rid of folks that are not a good culture fit because that is soul sucking. So you need to have that similar work ethic and that same responsiveness to what Geno said. So number one, have that work ethic number two, similar moral compass. And number three, that growth mindset in the similar goals because those things are not aligned, you're going to be going to your point different swim lanes and it's just not going to work out there's gonna be a lot of tension. So if you're interviewing somebody, as a partner, you know, get those things out in front early on, to make sure that it's gonna be a lasting partnership relationship because we found those are the three keys to our success when it comes to that.

G

Gino Barbaro 21:28

Dude, we're took me five minutes to say you narrowed it down to 30 seconds. That's good, huh? That was really good son.

J

Jake Stenziano 21:35

I got your back man.

G

Gino Barbaro 21:35

Man, I know you do.

N

Nichole Stohler 21:38

So something that you mentioned, you know, you talked about making these connections and then moving into syndication. So how many deals initially did you do with your own capital before you moved into more of the syndication side of things? So Jake, and I were very fortunate we started buying our deals ourselves. The first 25 unit was ourselves and my brother was a partner. The second deal

G

Gino Barbaro 22:00

We brought on another partner was a 25 unit deal after the first one, six months after the second one was our third deals 136 units. So the first 200 units took us 18 months to get a deal. Then within a year we had 200 units under our belt. And what's great about multifamily is we were able to hire property manager, we were able to hire maintenance techs, and Jake was able to actually to leave his job because we are starting tape. He started taking that cost certification. But what happened was we were fortunate that we're able to refinance, enroll a lot of the proceeds. So the first thousand units we bought with our own money, so we were able to refinance over $9 million in the first thousand units that we purchased. Our first syndication was done November of last year, it was a $6 million deal. We syndicated another deal in February, we closed those 243 units, and we just closed on a syndicated deal in June of this year. 143 units. So we have about 1000 units, just the three of us, me Jake and my partner and we have about 600 units syndicated and the reason why we moved into syndication is what was one of those uncomfortable things, we didn't want to use investor money, but it was just people were asking for it. And it's like feel asking for it and you can fill in need. And you can create another business. Now we have, you know, we have an asset management company from the syndication, we're investing our own money into it. So we're getting a preferred rate of return ourselves. We're on the GP side. So when we sell these assets or refinance these assets, were able to get back a lot of that money. And it just fit beautifully into the model. But we would not have been able to do that unless we hired and were able to bring on another partner because that's at the end of the day. You need to underwrite for these deals, you need to go look in the market. So you need to start putting these deals on the fly, you need to start doing the due diligence, there's a lot of work that goes into it. But if you can figure out how to bring other people on and help you with that. I mean, it's just it's so worth it.

N

Nichole Stohler 23:42

Yes, that's a great point. A couple of things that I was going to ask Did you those initial 25 couple 25 units, did you keep Do you still have those or did you turn 31 them into larger?

G

Gino Barbaro 23:54

We probably should have 1031 them but Jake and I fell in love with the deal. We still have the deal we cashed out 100. We had $83,000 in a deal initially, that's what we needed to come up with. It was 10%. Down 10% owner financing. We refinanced our property in December of 2015. We pulled out $164,000. So the thing about it is Jake, and I don't need to go on vacations, we don't need to drive flashy cars. We just roll that money back into the next deal. Roll that money. It's not tax free, but you're not paying taxes, we still have the property. So 1031 is a fantastic strategy. And I think that's one of the reasons why multifamily so happens there's so much 1031 money going in and looking at deals to get into so we never did it. We just refinance the deals and put that money back into our next year. Got it still still pays like $3,000 a month to we have zero into it. So it could be worse.

N

Nichole Stohler 24:43

And do you have you held on to all of the properties that you particularly we talked about those first 225 but everything else have you held on to that sold eight units out of everything. So you have absolutely continued and maintained. I like that because what I feel like I See deals come across my desk all the time. And there's sort of this formula, especially in the Phoenix market that's being applied. Our cap rates are really low. People are doing interest only loans coming in saying they're going to raise the rents, but it already is there. They're paying too much for it to begin with. Right? Then they're they're really doing flipping they're really just flipping apartment complexes on a on a vacation is though

Jake Stenziano 25:27
Yeah, what a syndication is large scale flipping it is.

Nichole Stohler 25:31
Yeah, so it I think I might have fatigue from the number of things that are coming at me from at least in the Phoenix metro market. It's, it's a little interesting, and some of them have already had their first round of value add. So now people are coming back after it. So it's, it's an interesting dynamic.

Gino Barbaro 25:47
So Nicole, and I think I'd love to share with the listeners right now one of our coaches teachers, so you can at least mitigate your risk in multifamily. And I think in any endeavor of real estate is the three pillars of real estate that our coach teaches which is Really important. The first one is market cycle. A lot of these folks are buying these assets or the wrong type of assets in the wrong part of the market cycle know what market cycle you in? Are you in a buyers market and buyers phase or a seller's phase really important. The next one is what is your exit strategy, Jake and I are exit strategy initially was to buy and to hold and to hold and to hold. And we didn't have to sell now with the syndication, or we have different types of exit strategies. We know what we want to do on this property. And that ties into the debt. So the debt portion is a third pillar, what do you what kind of debt Are you going to get? We'd like to get long term fixed rate financing, but if we're going to refinance a deal, we don't get a deal with the fees and we'd rather get a deal with the prepayment penalty, so we pay less and we can actually sell the property or do that. So really focus on all three of those. We had talking about the exit strategy, the market cycle and the debt on the property and if you're fixing and flipping or you're buying single family homes, are you doing mobile home parks, those three are really important when you're analyzing a deal because every deal is unique and like you said, right now, it's getting a little tough to buy a syndication and flip that syndication next three to five years, you may have to have an underwriting template that's going to go seven to 10 years out, because if you do get a correction, and if that happens, you better have long term fixed rate financing on that. So that thing does not fluctuate especially with rates for they are right now. We got 3.52% A month ago and he closed the deal. I

mean, having that for 10 years, with five years of interest only that if we want to sell out after two to three years, somebody can still assume that loan and have a couple years of interest only left so who leave yourself more options is always the best thing when you're when you're an investor.

N

Nichole Stohler 27:36

Yeah, it's a great point. And the other thing that you said earlier you were talking about that it was a little uncomfortable to get to that now you're you're reaching out, you're doing a syndication and prior to that it really been your own capital. But there's value in that for people that are working full time and in fact, I talk with people every day, that and it's not on the scale of you know, they're not going out and buying large, you know 50 Unit 100 unit apartment complexes, but they have five homes. And they say, you know what, this is a lot of work. Even if they have property management, a lot of times they don't think the property managers doing a good job and and then they say, you know, I still like real estate, but I don't want to do this myself every single day, where can I get the returns without the work? And that's the value there. Yeah. So tell us a little bit about what you're seeing now in your area of the country around multifamily. So you talked about market cycle and looking at exit strategy, what what are the markets where you're really looking to invest in your scene still, you know, good opportunities.

J

Jake Stenziano 28:41

Yeah, I'll take this one. I think we have not been seen a ton of good opportunities, but in the position that we are if we if we do, you know, handful of deals a year, I mean, that would be a lot. We've done two so far this year. If we close another one up before the end of the year, I'll be thrilled with it. The key is that we like buying something that is going to yield at least 7% cash on cash return from day one, and will force appreciation for tomorrow. And, you know, if there's something there where we think we can, you know, have a, some kind of play, whether it comes to additional fees, raising the rents, rubs, whatever it may be, we want to see that, you know, in the future, so, but it's kind of a minimum of a 7% cash on cash return from day one, the deal we just did, we're penciling a little bit over seven, but with that mortgage that we got those in the mid threes that boosted it's over nine. So we talked about by right? manage right and finance, right? Once you buy it that's fixed. So you have to have strong parameters in place. Once you finance it, if you're going to go agency debt like we do most of the time, that's going to be fixed for 10 years, 12 years, maybe 15 years. So once that's done, it all comes back to the management piece and that's where we you know, we'll we'll focus on growing things in the future. We haven't seen anything come across probably in the last three or four months that made enough sense for us to pursue besides the deal that we just bought.

We're underwriting maybe five deals a week. Folks that you know, in the brand partner shop, and it's just it's not there right now. But the key is to just keep looking at more and more deals. I think, especially when people are getting into multifamily, they see it as pie in the sky. There's no deals out there, talking about the very compressed cap rates, we really do believe that education times action equals results. That's what the bar is set to get into the multifamily space. A lot of times people gain momentum at that point, but you gotta keep analyzing, you got to keep looking at deals because it's a numbers game. And I truly believe that.

G

Gino Barbaro 30:30

And to piggyback off of that, we're looking as in the southeast, we love the southeast because there's job migration. There's affordability, people that are there, they're flocking here, the population growth is great. There's different plethora of different job employers in the markets. We are there's not just one major employer, whether you know, you're in Cleveland, the Cleveland Clinic, or, you know, certain markets have one employer, we'd like to have a plethora, so if somebody does leave, and I think when the recession hits, you want to be in an area that has those jobs that has a job worth coming on. So that's what we're focusing on. You don't matter - We'd like to see bigger metros, you know, 800,000 a million, the smaller tertiary markets, it's hard to find property management, those markets, the bigger markets are going to support the property management, especially if you're going to if you're not going to self manage, you're going to hire a property management company out there.

N

Nichole Stohler 31:14

That's a great point about the tertiary markets very interesting trying to find high quality property management. Now, can you actually walk us through? You talked about it in the beginning, do you know like all the different companies that work with each other in support of the overall organization, but can you give us more of that, because I thought you guys did property management. So I'd like to understand, you know, all of those layers that you've added into the different companies.

G

Gino Barbaro 31:40

Sure. So the first one is the investment itself, we bought the 25 unit property, that was the investment so if you think of a hub and you think of a wheel, I will share the ramp our wheel with you, we call it the rain power wheel. It's really the investment and from that investment as you start growing, and you can take this from a residential brokers risk perspective also on your door, you're doing single family homes. It's the same concept. Just with multifamily you can really, truly scale the business and get those economies of scale for multifamily. So you buy that 25 unit apartment complex, all of a sudden, you say to yourself, I want to start a podcast, I want to teach others how to do it. So you bring on the education company to it. And from that, if you monetize it wonderful, if you don't, you start talking to other people, you get them on your podcast, you start networking with them, you start putting out blogs, and people start reaching out to you. And that podcast can be a lead magnet for accredited investors for your future deals. So from that education, Jake, and I said, Let's not stop, we have the property management. We have the education, let's start syndication and we ripped off the band aid. So can you imagine guys, two guys who have been doing their own deals for five years, all of a sudden decide the syndicating pivot because that's what the markets doing? We're a little late to the show. But we still came, we still arrived. We're still here. And we did that. And we had I had over 600 investors on our platform we have we have over 1000 now. It was from the live events that we were doing all that stuff that we're doing. So from there, you have the syndicate. And then all of a sudden Jake said, You know what, why stop there, let's start a company or you can start doing mortgages for our students. And the best thing about doing the mortgage business is learning what's going on learning that Fannie and Freddie hit their limits last month. And now CBS is the flavor of the month. So really staying on top with what's going on the market has allowed us to really scale out this multifaceted and really make us better investors and make us better educators at the same time.

N

Nichole Stohler 33:23

Do you take the property management experience that you have the systems and the processes? And do you offer that to students that go out and buy their own properties?

G

Gino Barbaro 33:33

We teach them how to do that. Yes. And you know, we teach them we learn it, we're always learning new technologies to use for the property management, and the company's works so well, that the culture is the same. The onboarding of employees is the same, the mindsets the same, so they all use core values all it's all same across the board and an education students sometimes can't do their own deals. So they end up earning and investing with us. We say let's learn while you earn so they invest in our deals, and then they learn that syndication process through us and then they want syndicate their own deals. So it works really well together.

N

Nichole Stohler 34:05

Fantastic.

J

Jake Stenziano 34:05

Yes, we do it property management didn't mean to confuse you there. I think Gino's point was that if you're going off in a tertiary market, and you do not have in house property management, it could be challenging to find. So it's one of the things to that on the front end, before going into a city or town of 30,000 people deal may look good, but you may be stuck running it if you can't find, you know, some good boots on the ground. I think that's the key takeaway there.

N

Nichole Stohler 34:29

Now, tell us a little bit about the coaching that you provide the training that you provide to people that are new, and maybe looking to get into multifamily investing.

G

Gino Barbaro 34:41

I think the training is important for newbies, anyone wanting to start out and even for experienced operators. The most important thing I think in real estate and in multifamily is the networking is the ability to meet others to introduce yourself to others that partnering, that ability to raise capital. So you know, we were very heavy on These networking events that we had we just had something that we call the money mixer. We have three money mixers a year or RJ congenial terminal students get together we go to market. We were in Nashville on Saturday, we had a tour bus, we had over 50 students. We rented a bus, we went to tour two properties. And students actually got an idea of what this process looks like. Because everyone's always focus on the buyer. Right? But let's see the Manage right what appliances are they in there? Are they flat roofs? What are they doing to turn these units so the ability for students actually see what's going on a day to day operations and network and meet other students in the community is huge. We have our boot camps where we do underwriting with students so there's a lot of training going on and I think coaching is vital become successful. We're not just selling a product here but we have some of the the accountability coaching model we're we're on calls every two weeks with students holding them accountable. Anyone who want you to watch videos, having that accountability coach having that like minded network of individuals who are thinking exactly like you, being able to go on a private Facebook group and share your thoughts and get questions answered immediately is really Important, you don't want to spend your time, waste your time getting advice from somebody who doesn't do it. You can go on certain sites and ask questions. Do they do it? I mean, Jake, and I've been doing this for several years now. And we've learned and we've been able to package it, we've been able to package all this information on an online training platform where people can go and access it and work at their own pace. We do weekly lessons. Every Monday, we had a lesson today for an hour, we teach on what's going on. And we and we actually create content for students, when students have questions. That's the best way for for us to create the content that they need. So for me, I love it because I just get to see students who quit their jobs soon as we're buying deals. Soon as we're just you know, they change your lives and just the most important thing is changing your mindset. Because once you can change the students mindset, then they know that they can they can accomplish anything. And having the resources having the ability to ask Jake and I questions is really important to their success. Because they know when they've got that deal in the contract. They can call me up and say, Hey, I haven't due diligence issues. What should I do here? You know, where should I ask money, and we give them advice. They'll save more money with a few phone calls on that education than they would if they went on their own the learning curve as anyone out there was successful, your learning curve gets dropped dramatically. I mean, and you're you have more confidence and you know that people have done it. You want to be where they are success leaves clues. I mean, anyone who's really successful and was really crushing it in this economy, you know that they're constantly getting trained. That's what we do. We're we're we're an advocates of coaches. We're constantly getting coached.

J

Jake Stenziano 37:24

Challenge yourself, though, because I'm telling right now I was sitting 10 years ago in conferences, even with my old w two job. I wasn't humble, I didn't have an open mind. And I think you need to humble yourself and have an open mind because I was sitting there thinking that I already know everything, and that these people you know, that are up there teaching me that there's not going to be any value there. At this event alone. I went and I learned right here from the weekend, and a little a little scratch paper. I learned about six things from other people this weekend that I'm going to come back and implement into our business Geno and I in the last 16 to 18 months have invested over 300,000 into our own education into systems training into into some of these other areas that are going to grow our business. So I think that open mind that committed to being a lifelong learner, and humble your stuff you don't we don't know everything. And I'm constantly reading now constantly learning and I think that's probably the thing that changed my life the most from going and being dependent on a corporate job to living a much freer and fulfilled life is that I humbled myself, I opened my mind and I realized that I don't know everything. And then the markets constantly changing. We got to be constantly active and constantly learning, or we will get left behind. And I think that's the key to a lot of success I've experienced over the last 10 years.

N Nichole Stohler 38:41

I agree without a point 100% I always feel like if I can walk away with just one nugget, then that's worth whatever it is, and I'm open to same kind of thing in any like you said in your W two job or in any kind of business. The other thing I'll say is you talked about being able to get access and you, You know, work through deals, work through underwriting Li those kinds of things. You know, I wrote an article about the fact that when you are looking to invest in real estate, you know, as, as an operator, you're going to pay one of three ways. You're going to pay through mistakes, if no one's helping you, and my husband, I are perfect examples of that back in 1999, when we got started with no help, no coaching, none of those things you're going to pay because you're going to make mistakes, you're going to pay either by quitting a job to learn the business, which is another thing I know people have done, they said, I really want to do this, I'm going to walk away, and I'm going to go work in, you know, some aspect of real estate. And generally there's going to be a decrease in paid to learn kind of like anything where you start out new. And then the final thing is, you can pay to leverage someone else's knowledge and to avoid those mistakes.

G Gino Barbaro 39:56

And so that's where coaching so I think you're going to pay one of three ways. You just Pick your way and, you know, coaching is going to make it a lot faster for you for sure.

J Jake Stenziano 40:04

And it's an investment. I think that you know, so many people are going to school because in high school college because it's the thing to do. But are they really coming away with any value? You know, I don't know how many deals, how many deals have our students closed, you know, over 4000 units over. So the minimal investment that they made into that education to walk away with a tangible asset that has changed their life versus and I'm hating on college right now and I'm just going to be up front with it because I went to college and it did absolutely nothing for me. I spent some time there really enjoyed it, learn how to drink Busch light, you know, that was fine, but I could have saved a lot of money and actually accelerate myself if I went to a trade school if I ever learned accounting, or something tangible that would have actually helped grow a business. So we're, you know, out there doing this and then it's just frustrating. You see these haters online that are like, oh, they're selling real estate education. What is this? It's like we're in the business. You know, we're doing it to help others and It's not something that we need to do. We're real estate company first, we're property management company first. And we've basically gone back analyze what we've done, put frameworks in place, and we're willing to help others. So it's just it's sad the mentality that's out there in the was called the the social media realm. Because I think people are really, you know, that really close minded at times.

N Nichole Stohler 41:20

But I guess there's some people out there that probably have, you know, not offered value for value and that's probably where you know, these things come from. Yeah, that's it is too bad. I think maybe there's there's other people out there that aren't as couple things that you guys have mentioned, you guys are really down to earth. You start out with different backgrounds, your heart, you are people that are operating in this business, you're not you're not marketers, per se you actually are doing and I think that's important because I think there are other people that the haters are probably looking at least the other people that are like that, right? They never walked your property in their life, right. So there's definitely a little bit of that but you got - You know, you're talking about it and you had your own. Like you said, your property management your own. We have the scars. I'll tell you that. So yeah. And those are the people you want to learn from. Because that's, that's where you learn the gotchas. And it's not perfect. It's not easy. There is work, right. There's no magic wand. I'm sure you guys teach that.

J Jake Stenziano 42:21

Yeah, hundred percent.

N Nichole Stohler 42:22

Fantastic. Well, tell us a little bit about how people listeners can get in touch with you learn more about some of the different programs and things that we've talked about today.

G Gino Barbaro 42:33

Yeah, I think a great way to network especially if you want to learn more about it would be check out. We have an event it's multifamily mastery. Three, this is a third one that we've done. And it started out it was just teaching the framework the buyer right the Manage right and finance right now. This is October 19, and 20th at the Gaylord palms. in Orlando.

We've evolved to make it a more of a family and entrepreneurship event as well. So we have people teaching on family business. You know relations there and how to incorporate the family into the business and how to have that right balance. So I think that's very important again evolved into more of an entrepreneurship event. We're also teaching Systems and how they can relate back to multifamily. We have Eric Thomas i think is the number one rated motivational speaker in the world right now who's going to be speaking there so it's just a great mix of multifamily plus growth mindset entrepreneur type folks and it's going to be a fantastic two day event so obviously in his and all the normal ways you know, Jake and Gino calm hit us on the you know, the Facebook and Instagram handles are all the same. But I think the great thing would be to you know, come out to one of these events and get to know us a little bit it's not not super expensive, you know, will charge a ton to the tickets or anything. I think Gina What are they to 99 right now? Yes. And I think the other way is just to go on online and check out our podcast we do for weekly shows. I do multi families own podcast with my wife about working with spouses and family in the real estate space. I love to get couples on who are working together and That's a great dynamic for us. We have a podcast on syndication. We have a movers and shakers podcast where we highlight students who have closed deals. And then we have our will our profits podcasts that you can I do perfect.

N

Nichole Stohler 44:10

I think that multifamily mastery, I think you may need to change the name I love that you are, you know, focused on systems, because that applies to anything that people may be looking to do as some kind of, you know, business in all different kinds of areas. So while it is multifamily mastery, the things that you've mentioned, you're kind of open it up, and it would be worthwhile for anyone who's looking to build a business or buy a business.

J

Jake Stenziano 44:40

We have people in multiple different, you know, industries that actually were out there. They're not doing their own deals, they actually just invest with us, but they love the money mixers, these different events that they came out over the weekend and they're LPA investors because they just like learning more and they like being engaged in the processes. So it's there's a million different ways to be involved in mobile. Family and we see it day in and day out. You know, we're involved in a ton of different ways. But if you want to be an LP you can you can be a GP and just be out there raising money. be out there in the property management space. There's so many different ways to be involved in multifamily. And I think it's a great way to build wealth and potentially generational wealth for your family.

N Nichole Stohler 45:18

I agree. Well, thank you so much. It was great having you both on and now I'm challenged. So this will go on YouTube. There you go. You're growing this project with mindset. values, right. That's the nugget I took away know there's a lot of nuggets.

G Gino Barbaro 45:33

Thank you so much.

J Jake Stenziano 45:34

You're welcome, Nichole, people, systems and culture. We got it.

N Nichole Stohler 45:41

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