

Willie James Mandrell of The Mandrell Company

[00:00:04.75] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Well, this is Hall Martin with Investor Connect. They were here with Willie James Mandrell, owner and broker at the Mandrell Company. Mandrell Company is a residential and commercial real estate brokerage firm that prides itself on its knowledgeable agents, friendly personal service up to the minute knowledge of the latest market data. They specialize in multifamily homes ranging from two to one hundred plus units, as well as single unit investment real estate. The Mandrel family has been investing and managing real estate in the Boston area since the 1950s as a proven track record of success. Willie, thank you for joining us.

[00:00:54.41] I appreciate your having me on.

[00:00:56.72] So what was your background before you started investing in real estate? What did you do before this?

[00:01:01.28] Before real estate? I was in corporate America. I was in the securities industry. So I had my my series seven by series. Twenty four. For those of people who are not probably familiar with those licenses, they allow you to trade stocks, they allow you to be a stock broker and advise clients on financial services. I also had my life insurance license, my health insurance license, and I was venturing into auto and home as well. But I didn't do sales. When I was in corporate, I was in compliance. So it was my job to oversee the the brokers that we had with our our agency. Right. So they would go out and they would make investment advice to the people. And it was my job to make sure that the investment advice that they were giving was suitable to the client's needs. So I was the guy that walked into the office and and didn't get it. Too many warm welcomes as I was going into that, because I knew I was picking through their books as I was traveling around the country.

[00:01:58.36] All right. Well, so what excites you right now?

[00:02:00.93] The real estate. I love the development side. I'm in real estate full time right now. Basically, what I do my day to day is basically just ripping properties apart and putting them back together. It's the most fun I've ever had and then also making money at the same time. It's just it's it's an incredible business. So I go and I go around Boston. I look for dilapidated properties that are just the windows are broken, the roof is leaking, the heating systems don't work. Electrical is outdated. There's lead paint everywhere. I put all these properties apart and spend some time putting them back together and then renting them out and holding on it for the long term.

[00:02:38.18] So what's your advice for people who want to start investing in real estate? What do you tell them to do before they jump into it?

[00:02:44.33] Just as no one? I mean, real estate is actually a very simple business. People think it's more complex than it is. If you have income coming in and the rental income, you have expenses going out, your mortgage, your taxes, your insurance. And as long as your income exceeds your expenses, you're doing pretty well. People don't want to get into the business, I would say. I think the main hurdle for most people today is it's my belief that we live in an instant gratification society. We live in a society where everybody wants everything tomorrow or next week or they're just not willing to wait for it. And that's just not the way real estate works. You have to be patient. You have to have a long term vision. And that's really what it is. I have I think and I don't think I'm special anyway, but I think I'm unique in the sense that I'm a relatively young guy with that that can that can see out five years. I can see out ten years that wants to go into neighborhoods where ten years ago neighborhoods I was going into what people told me they were war zones. Those same investors are now trying to ask me about opportunities within those neighborhoods I just saw around the curve just a little bit and saw where things are going in real estate. It's all the same. It's like once you Starbucks comes into your neighborhood, once Whole Foods, Whole Foods hits your neighborhood, it's already gone. Right? There's no investors, no real investment opportunity there, in my opinion. Right. You want to get there before those specialized companies, those upscale companies start to come into the neighborhoods. And that's what I was looking for. I was looking at neighborhoods in Boston where you can see development start to take place on the outskirts. It's dropping a pebble in the pond. I was trying to get out to that second or third ripple before it took place. And that's that's all I've done for the last ten years. And that's what I'll do for the next time.

[00:04:20.39] Ok, great. So we're coming out of the covid pandemic and it's a different world. How do you see the real estate industry evolving from here?

[00:04:27.77] I think if you're looking to get in, there's going to be a lot of opportunities over the next couple of years. I mentioned that of a couple of videos on my on my YouTube channel. But yeah, I think over the next twenty twenty to it twenty, twenty one, twenty, twenty two, there's going to be a lot of opportunity in real estate. And I'll give you a tell you why. I mean if you study economics or if you know anything about economics and you know that the economy is being artificially propped up right now, we have money inserted. You have massive unemployment throughout state level. You have stimulus checks at the federal level. You have Sallie Mae student loans being deferred. You have mortgages being in and forbearance right now. You have eviction moratoriums going on. All of those things are pulling away from the natural flow of the economy. And right now, the federal government is trying to in the state local governments are trying to prop up and trying to keep us from going into a market crash or trying to keep. From twenty two thousand nine. And I don't know whether you disagree or you agree that that's all political, that's not. But the point is those things are there, the money is there, the forbearances are there, the unemployment. Friends of mine that have been extended on their unemployment several times now went out ten weeks and then it was another ten weeks. It was another ten or eventually those things have to go away. Right. Unemployment is eventually going to have to go away. Stimulus checks are going away. They can't even get the last one through. Forbearances are going away. There's only so long people going to have to start paying those student loans again.

[00:05:54.09] And when all that stuff, all those bills come due, we're going to really see where we are. And I think that in my opinion, whether you try to tell the truth, I don't want to sugarcoat anything. There's going to be a lot of people hurting. There's going to be a lot of business started. And with that becomes opportunity for people who keep their eyes open. Some people are going to run and and get scared and hunker down and think they just need to to shelter in. But there are other people who are a little bit more savvy who want to keep their eyes open and say, well, there may be some people hurting, but there's also what's called a wealth transfer. There's going to be also opportunity to go out there and buy real estate at a discount. They're going to be some people that say, I've been under forbearance right now for

the last 13 months. That forbearance is now coming due. And now what they didn't tell me or what I didn't notice in my paperwork is that all the interest was in forbearance, but I still had an escrow payment. I not a principle at all. Those other things to do. And now they're asking me for ten thousand bucks. I don't have that ten thousand bucks. The easiest thing for me to do is to get out of this home really quickly and there's going to be opportunity for people. If you're a residential person, you're just looking for a new home. There's going to be inventory that hits the market. In my opinion, if you're an investor and you're looking for other multifamily opportunities, there's going to be inventory that hits the market pretty soon as well

[00:07:04.20] Over the next five years where you think is the biggest change we're going to see in real estate

[00:07:08.28] Office and office and small retail. I think office is going to go away. I mean, unless you have a. I don't know, it's hard to say, I mean, even the massive call centers, I just don't know that you you really need to I think covid has taught us one thing is that we just really don't need a lot of space that we we thought that we needed. I don't know if this is true. I just I deleted it really quickly because I had already taken it. But I thought that I got an email the other day in my email. It was for my eye doctor and it was a link that I was going to click on that would actually take me to their website, where I can take an eye exam right online through my webcam. And if that's the case, if that was true and again, I'm on it, but I think I saw that. And that's what it that's the way I read the email, but I just didn't need to do it at the time. If that's the case, every business is starting to reevaluate their need for space. And I think that if you're in commercial, if you're heavy in the small retail shop, the mom and pop, I sell sneakers.

[00:08:05.00] I do. Or I sell clothing out of this small retail shop. All that stuff has been reevaluated over the last 13 months. And people are starting to realize, I didn't need that stop. I had a small office. I was paying twenty five hundred dollars a month for my office here in Boston. I fortunately did it before covid because I started to realize it just wasn't necessary, then called it in. And I kind of look like I had some type of foresight, but I was just more or less just the re-evaluation of office space. If you're in that business and then if you're in small retail, I think you're going to be hurting for a while. And I think there may be some opportunity to repurpose those office buildings or those office spaces into other uses. They may become apartments, they may become something else. So I think that's going to be the biggest sector or

biggest part of real estate. It's going to be hit the hardest and affected long term over the next five years.

[00:08:51.62] Let's talk more about your investment thesis for real estate. You talked about finding the buildings with broken windows, but what's the number side of that? What are you looking for as far as prices, square foot rates, et cetera, that says this is a good deal versus it's not a good deal?

[00:09:06.20] Yeah, I mean, it's just it just comes down to knowing your market. I'm a big proponent of there are a lot of investors that bounce from neighborhood to neighborhood here within Boston. I say I'm a Boston investor, but even within Boston, I think we have I can't remember the number exactly, but I think it's probably 20 different neighborhoods within Boston. Right. Boston, the metro Boston is divided in about 20 different neighborhoods. I only operate about three of those neighborhoods. I know my inventory really well. I really don't buy single families or to buy or duplexes. I only buy threes and fours. So, I mean, I within those three tight neighborhoods, I also have a very tight criteria. And if you do that again, everybody's numbers are going to be different. But I can tell you here, I just know my market really well. What I'm looking for personally is a three family ideal situation, three family. I'm buying at six hundred and fifty thousand. It needs everything I'm probably putting in. Let's call it two hundred thousand dollars into it. That's no electrical. That's new roof. That's new windows. That's new flooring, kitchens, bathrooms, tile, new paint job.

[00:10:02.84] So I'm into it for about eight hundred and fifty thousand. I probably have another fifty thousand dollars in holding costs and financing costs and water taxes, insurance financing costs and everything into it. So I'm probably into it for, let's say six. Six fifty. Two hundred is eight fifty. Nine hundred is probably worth at the end of the day. One two one one one point one at the end of the day. So I'm probably creating one hundred and fifty to two hundred thousand dollars in equity right off a start and it'll probably cash flow rents here in Boston. I'm not sure where the rest of the country. I know New York is another in Los Angeles. We're pretty high on a three bedroom apartment. Even on Section eight is going to run you close to three thousand bucks. So that's three family split off about nine thousand dollars and income. And we'll probably have mortgage taxes, insurance, water bills and everything are about six grand. And I'll

probably put about three thousand dollars in my pocket. So nine income, six going on, about three thousand dollars in your pocket every month.

[00:11:01.46] Sounds great. So what are the challenges in investing in real estate? What do you tell people is what to look out for the challenges?

[00:11:09.19] It depends on where you are. I mean, the challenges in real estate in Boston is almost what I just described is the high barrier to entry. Not everybody the numbers that I just described were probably super intimidating for some people. If especially if you're just getting into real estate, do I really want to be into a property for nine hundred thousand, nearly a million, especially if you don't know the neighborhood. I've been here for fifteen years. I've been here all my life, but I've been investing for fifteen years since twenty six. So those numbers are a little bit more comfortable for me. And I know where the market is trending. I think the biggest challenges for most people is, is niching up is choosing a neighborhood, choosing an environment and deciding this is where I want to be. It's like I think that's the challenge for most business owners, is I'm a true believer in becoming a specialist and most business owners. That's scary. Most entrepreneur is that is scary. I want to I don't want to miss any business. Most entrepreneurs go into a business and they try to be a generalist. They try to service every one and everything and try to be all things to all people.

[00:12:09.26] And I think at the end of the day, you kill your business by doing that. I think what you have to do if you really want to survive is really net. Choose what? You want to do whether it be real estate or entrepreneur, really decide to narrow your focus and really understand that niche. Well, and I just had ACL replacement surgery on ACL surgeons replacing my ACL. I have a general M.D. or my primary care doctor. And then I have a specialist, a lower extremity specialist, because there's also a hand doctor and the same the same orthopedic shop. Right. I didn't get my surgery done by my general M.D. I got it done by the specialist and I don't know each of their salaries. I can bank that. That specialist probably makes a lot more money than the general update or the my primary care doctor. I think that's what you need to do as an entrepreneur. That's what you need to do as a real estate agent or a real estate investor. Excuse me, or should I say is really niche, specialized, really understand your focus. And when you do that, you're going to be successful.

[00:13:01.69] Great. If you had to take one or two sectors today to pursue in the real estate world, what would you put at the top of the list to advise investors to pursue?

[00:13:10.00] I'm always going to say residential real estate. At the end of the day, there's no tech solution for us that I see coming on the pipeline for us having a roof over our head. We can't have you say office. You can get rid of office. You can you can work from home. I can probably make a six figure salary right from the seat that I'm sitting in right now having this conversation with you. Redtails is issues with it, larger commercial, industrial. There are issues with it. But at the end of the day, I personally do not see Elon Musk coming up with a solution, a tech solution for us needing a roof over our head. We're still need still need both. I'm just in a place to sleep. You still need to place to shower and a place to feed your family. So I'm always going to. And the other thing, supply and demand populations are getting bigger, not smaller. There's only so much land left. If you own some of it, you have a significant amount of power and control. So real estate, definitely residential real estate.

[00:13:58.06] Right on the last few minutes that we have here, what else should we cover that we have in?

[00:14:01.96] I think real estate is something that everyone should have, as in their portfolio. I don't really care what you do if you're an entrepreneur, great. If you're in startups, great. If you're in if you're doing really well in the stock market, that's great. I think you at the end of the day, need to diversify what you're doing. I'm also a big, big real estate guy and I still invest in the stock market. I still try to do peer-to-peer lending because at the end of the day, I think that you diversification is key. If you want to be successful, you should definitely match up and have your specialty. But I think you should also try to stick your toe in other industries, other neighborhoods. And I don't think that you should try it. You don't necessarily need to be a landlord, but only a couple of multifamily that are managed by somebody else. Putting your money into a syndication or projects that are are run by other developers are good opportunities for you to diversify away from what you're doing and and and just kind of shore up your financial foundation.

[00:14:52.96] Right. Well, how best for listeners to get back in touch with you?

[00:14:56.29] You can. I'm on YouTube. I'm on LinkedIn. I am on Instagram. I'm on Facebook. My website is Mandrill Code dot com. I offer free coaching call if you go there for coaching as a free coaching call. But I would say the primary my primary focus right now is building up that that YouTube channel. One of my goals is really to come out and have a lot of content about real estate, about investing, about personal finance. And it's YouTube dotcom for Mandrel, WMI and DRL. You can reach me there and a ton of stuff coming out on a ton of stuff already on that channel as well to benefit anybody looking to explore the real estate investing business.

[00:15:35.32] Right. Well, thank you for joining us today and hope to have you back for a follow up soon.

[00:15:39.16] Absolutely.

[00:15:39.69] Every investor connect helps investors interested in startup funding in this podcast series, Experienced Investor share their experience and advice. You can learn more at Investor Connect, Doug. Alti Martin is the director of Envestra Connect, which is a viable one C3 nonprofit dedicated to the education of investors for early stage funding of opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinions of investors. Connect. This podcast is for informational purposes only and should not be relied upon for the basis of investment decisions.