

Troy Schlicker of Reserve Realty & Host of Austin Spotlight

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and 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. Interested in learning more about investing in startups, launching a new startup need to raise funding, the startup Funding Espresso is a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding to subscribe, go to Invest, Connect Dog and put your email into the pop up box. Hello, this is Hall Martin with investor Connect Daim here Troy Schlicker, owner of Broker, Real Estate Advisor, Reserve Realty and host of Austin Spotlight podcast at Reserve Realty. Their goal is to link individuals and families with their real estate aspirations to help build wealth, dreams and memories. Troy, thank you for joining us.

Speaker2: [00:00:57] I really appreciate getting a chance to talk to you.

Speaker1: [00:01:00] All right. So tell me more about your background. What did you do before joining Reserve Realty?

Speaker2: [00:01:05] Yeah. So before Reserve Realty, I was actually working at Bank of America as a mortgage loan officer and did that for about six years and enjoyed it. I'm really kind of a finance numbers guy at heart. And so that was very beneficial, a very productive thing to do, to be running numbers and trying to figure out quotes for people, but kind of had gotten a little disillusioned with the corporate world, especially the big corporate world. And so I was trying to find a way to transition from that into something that gave me a little bit more freedom, but still had that real estate connection. And so going into the real estate advisor side of things seemed like kind of a natural next step for me at that point in my life. And then for me, I also kind of was like, well, if my goal eventually is to kind of have my own company with it, well, why don't we just start that off from scratch and just deal with all the all the scraping on my knees and stuff my toes I'm going to deal with in a few years. Why not just get it out of the way? All initially? But yeah, I've been doing that now for a little over six years. And so that's been the majority of my career while I've been in Austin. So I've been in Austin for a little over fifteen years. Prior to the bank, America was in some outside sales stuff as well to.

Speaker1: [00:02:33] So what made you start work in the real estate space, why that one?

Speaker2: [00:02:37] They say it was kind of an issue with Bank of America, it was more on the banking side of things and then just had a chance to get promoted and go into on the mortgage side. And so it's been again, it's been something that has, especially on the mortgage side of things, has fit really well. And then they say it was just kind of a natural progression of being like, hey, I'm very familiar with the real estate space here in Austin, having done that as a loan officer. So it was kind of relatively smooth, as much as one can say that when they kind of change careers into the real estate side, being an adviser there. And I found that my experience on the lending side and enjoying the numbers side of things has been extremely beneficial both for myself but also for the clients that I get to advise as well, because I can be really helpful for them when they're working on the finance stuff as well as now. I have all these past connections and current connections in that space to make sure that they are aligned with the right people to help them qualify financially for the homes and investments that they're looking for.

Speaker1: [00:03:46] Right. And so what's your advice for people investing in this space? What do you tell them to do before they write that check?

Speaker2: [00:03:53] Well, I mean, the first thing is to kind of really set some goals as far as what they're looking for and potentially where they're at. Look at getting financially approved. Right. So that's whether you're buying it for yourself or as an investment. Make sure you understand what you can afford. But then on the investment side of things, it's important to really understand what those numbers are. Right. So any time unfortunately, most of us don't have unlimited amounts of capital, just spend money on everything that we that we want. And so it's about allocating that capital wisely. And so a lot of people like real estate because there's some relative safety with that kind of investment. There's a long track record as far as home prices increasing the ability to invest in properties that have you can get invest or you can get tenants in so that when you have that kind of monthly dividend or recurring income that way, but really kind of understanding what what those kind of returns are going to be, because unfortunately for a lot of people, their experience with real estate investing, if they've never been in it, is just watching TV. And as nice as HDTV is, it's not necessarily always the most realistic for what someone can expect. One of the big things that's a surprise for both investors

and just people relocating to Texas is how much of a hit those property taxes take from what you think you're going to get his income. You're thinking, oh, I've got half a million dollars to spend on a property and I can get X from a rental standpoint. But you don't realize that a good portion of that is going to property taxes and homeowner's insurance, even if you buy the home one hundred percent with cash. And so understanding some of those things is important. So that way you're you're going into the investment with eyes wide open.

Speaker1: [00:05:44] Great. So how do you see the industry evolving from here, we're coming out of covid, the world is opening up. Where do you see it going forward?

Speaker2: [00:05:53] Yeah, it's been I mean, even pre covid, there's been some interesting things as a lot of large companies, so like Zillow, Redfin, a couple of new companies opened or have been doing what's called eye buyers, which is basically for for a lot of investors in real estate. They are people who may buy a second home, a third home to rent out to people. Well, now we're starting to see where these large companies are going in and trying to talk to these potential people that are selling their home to flip the home themselves, which are then competing against other investors who might want to do the same thing. And so the scale that they have, the advertising to get their information out to potential sellers is a big hurdle. If you're an investor that was maybe doing some doorknocking or just kind of looking on the MLS. So it's there's a lot of additional competition in the market. One of the interesting things that we don't really know how it will impact stuff going forward was when it happened and the lockdown's started. One of the things that the federal government did was put in some forbearance measures for people with home mortgages. And so it allowed people who maybe got furloughed or lost jobs to not necessarily have to pay their mortgages for the time being, knowing that eventually they would have to have those payments potentially tacked on the end or calculated in a different way into their mortgage.

Speaker2: [00:07:28] In the somewhat near future, we don't have an exact dates, those types of things are going to start coming to an end. And so there's the potential for us to finally get some much needed inventory in the market by people who are like, hey, we went through this forbearance and now we're going to need to sell because we still don't have the same type of job we had pre pre covered. And we can't afford the home payments or we've gotten so kind of backed up with these payments that it doesn't make sense for us to try to catch up, which is sell

the home because we have a lot of equity in the home. The nice thing for those people is home prices have gone up substantially in the last year, year and a half. But that's kind of the biggest unknown right now, is how those forbearances will kind of impact the inventory and market that way. Again, they probably will just maybe bring a little bit of balance left because we're in such a low inventory market that any additional inventory will get eaten up pretty quickly, but it should hopefully bring some additional opportunities for people.

Speaker1: [00:08:28] Right. And so where is the growth rate of the sector now postponed in.

Speaker2: [00:08:33] So, I mean, the the growth rate is so mean, a couple of different ways to kind of calculate that as far as we're seeing appreciation again in properties anywhere from eight to 20 percent in the last year, depending on where in Austin you're looking for a home, rental appreciation is definitely always a lagging indicator. But we are seeing the rent side of things. Appreciate as well as more people come to Austin as there's fewer rentals available. But it really does kind of depend on which of those factors you're looking at. People, if you're buying the home, thinking about rental income, a lot of times places that are a little bit further on the outskirts will be better because you're not having to put as much money down to purchase a home, but you're still getting pretty solid rental income, whereas homes that are in higher desirable areas are going to be more expensive. And you're not going to get a greater return on the rental side of things. But your price appreciation in a lot of cases will be better because those high, desirable areas in phenomenal school districts are always going to be in high demand right here.

Speaker1: [00:09:44] There's a shortage of rental and housing space. How is that improving or increasing from your point of view?

Speaker2: [00:09:51] So honestly, for the rest of the year, I think inventory levels are going to be pretty, pretty low. Like, say, hopefully, as I think we the Austin in general is kind of caught off guard. We do have a little bit of a stricter process with the city as far as getting construction built, say, compared to Houston or Dallas. And so that does impact inventories as well. Plus, homebuilders, most of them would love to kind of just get stuff, stuff, build, but they're limited on resources, on materials, on workers. So really, for the rest of the year, inventory is likely to remain pretty low. But again, knowing that there's the demand there, just like any good free

market economy, that that demand will eventually lead to some more supply. Unfortunately, when it comes to home, it's not a quick process to get one of those built.

Speaker1: [00:10:47] Right. Well, aside from the inventory challenge, what are the other challenges in this space if you're buying a home or investing in one?

Speaker2: [00:10:55] Yes. I mean, the other kind of challenges there are we are seeing on the investor side of things, if you're looking to get a mortgage, rates are going up somewhat substantially compared to if it's your primary home. All the the third party mortgage lenders are that go through Fannie Mae and Freddie Mac. They're trying because of the inventory. They're definitely making a concerted effort to be as helpful for people looking for a primary home. So if you're needing to finance, you can expect your interest rates to be probably a good point or two higher than it would be on a primary residence where in the past that was maybe only going to be about a half a percent difference. So that can be a factor. But in reality, with how tight inventory levels are, it's we're seeing most deals go to cash buyers. So having that liquidity to be able to buy with cash and then potentially refinance and put get your money back at today's low interest rates is a tactic that I've had clients use to help when that deal up front, when you're battling 20 other people for the property, but then still be able to recoup some of your cash reserves for other things that are going on in your life or other investments.

Speaker1: [00:12:08] Right, well, tell me more about reserve reality, how does it fit into the landscape and what do you guys do there?

Speaker2: [00:12:14] Yeah, so again, Reserve Realty, I started when I first got my license just under seven years ago. And we're just a local Austin real estate office, really just trying to be very white glove hands on, helpful for our clients. So there's a wide range of people that are buying homes in Austin from investors and developers who are doing all the work on their own, which is great to those who are busy in other aspects of their life or maybe don't have the knowledge of the market to kind of do it all on their own. And those are kind of the people that we focus on are busy professionals that want to, you know, use some of their resources to invest in the space, but don't have the time to knock on doors, sift through all the material and kind of want that white glove experience, along with the security of getting the knowledge of the experts that we have here.

Speaker1: [00:13:11] Really. Well, tell me about your podcast, Austin Spotlight. Tell us about what it is and who is it for.

Speaker2: [00:13:18] Yeah, so started the podcast probably technically, I guess it's about 18 months ago, although really, like in the last six to eight months, has been really kind of focused on it. I started it initially as a way to kind of just provide information about Austin and was thinking initially about Austin real estate. But I realized that just listening to myself talk the whole time didn't seem that exciting. And so I and at the time, I was also doing a lot of networking is all especially small business owners, but all people tend to do. And I found the stories that I would come across from small business owners or clients of mine to be really interesting and kind of wanted to focus on that. Again, as a real estate advisor broker with the company here in Austin. Austin is my focus. And so where a lot of investors and startups kind of do things wherever they need to. And one of the things that covid has shown us is that you can kind of work from anywhere as a real estate agent. You can't really just work from anywhere. It definitely is Austin focused. And so so I decided to kind of take those interviews and those stories that I was hearing about local Austin ites and local Austin small businesses and turn that into a podcast. And so I've been able to most of the time on a weekly basis, kind of interview someone, do it as a Facebook likes. And a lot of people live on Facebook and like to see the video side of things. It's always nice to put a name with a face to face with the name, strike that, reverse it, and but also then do it as a podcast, too, because with our busy lives being able to throw a podcast on while we're in the car working out is sometimes the way that we can actually gather information.

Speaker1: [00:15:03] Well, after doing several podcasts over that period of time, how did it change your perspective of Austin? What did you find different about Austin after the podcast?

Speaker2: [00:15:15] I don't know if it has necessarily changed my mind so much as kind of reconfirmed reaffirmed kind of the the creative and startup nature that is Austin, again, as a loan officer and then as a real estate agent, I always dealt with a lot of tech people because those are the people coming to Austin looking to buy homes, looking to invest in properties. But it's been really interesting to get to know some of those people better and the and the community community that it is because in the past, a lot of it's been maybe dealing with

someone that works at Dell or with Oracle. And so it's been more big people that are a cog in the big tech firms. And this has allowed me the opportunity to kind of get to know and be connected with people that are still part of that tech and startup world, but maybe on a smaller basis, on a book basis, kind of like yourself.

Speaker1: [00:16:07] That's great. Well, in the last few minutes that we have here, what else should we cover that we haven't,

Speaker2: [00:16:14] You know, just some real say it's a passion of mine. And so I always love connecting honestly with with anybody. I say it's about small businesses, but I've had conversations with people that just have fascinating interests, got the chance to interview someone that started their own dog, obedience training place and stuff. And so just all the stories about people are interesting. So the things that that I kind of want to let people know is I love to connect with you. You don't have to buy a house. I'm happy to help you with that stuff as well, too. But just having the opportunity to connect with people is is one of the main reasons that I got into real estate to begin with.

Speaker1: [00:16:53] Right. So how best for listeners to get back in touch with you?

Speaker2: [00:16:57] Probably the easiest way is through my website, which is Troy Schlieker dot com. The reason that's easiest is because it actually has all the different contact stuff. So whether you enjoy wanting to try to listen to the podcast or you're someone that does Facebook or Instagram or if you do email or phone calling, all that information is on there and should be pretty easy to find. So it's kind of the one stop shop for getting in touch with me.

Speaker1: [00:17:20] Well, great. Well, thank you for joining us today and hope back for a follow up soon.

Speaker2: [00:17:25] Really appreciate all things.

Speaker1: [00:17:32] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect, Doug. Alti Martin is the director of investor Canek, which is a 5.1 C3 nonprofit

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