Riley Oickle of Riley Oickle Investments

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 hope you enjoy this episode. Need help in finding investors for your Startup Fund or Angel Group 10 Capital provides funding as a service, helping you find investors contacting capital gain access to investors for angel and venture capital funds, family office rounds and syndication raises. To learn more, go to 10 Capital Group. Hello, this is Hall Martin with Investor Connect. Today, we're here with the owner and CEO of the Oracle Investments, investing in real estate can be a stressful endeavor without systems and processes in place, chaos can set in quickly and money can be lost. For those of you that are ready to do your first investment deal but are fearful of the unknown, joint venture is a fantastic option coming. A joint venture partner with Riley Oracle real estate investor is a great opportunity to get an understanding of real estate investing while also owning equity in a property. Riley, thank you for joining us.

Speaker2: [00:01:15] Yeah, thanks. I appreciate appreciate you having me on here. Right.

Speaker1: [00:01:19] So what was your background before investing in real estate?

Speaker2: [00:01:23] My background. My background, like workwise was actually coming from a franchising company. So I was a part of a like a student run organization, was called Student Works, and I actually ran a window cleaning business there. So it was a home maintenance company for a couple of years. And then I became a coach with them. So I was actually mentoring other students how to do that. So I go across campuses and Canada here and I'd be going in to find like the kind of brightest entrepreneurial students. And I enrolled them in being quote unquote kind of a franchise owner and I'd be their coach during that process.

Speaker1: [00:01:57] Well, that's great. So what excites you right now?

Speaker2: [00:02:01] What excites me right now, I'm pretty excited about the idea of doing environmental properties, so very, very green properties, we're looking to put some solar panels on properties or do geothermal heating, and that would be pretty exciting. We're doing a few pre-fabricated properties right now that are going to be Airbnb, Airbnb properties, and we're making them pretty green. So that'll be that'll be really cool.

Speaker1: [00:02:26] So what's your advice for people investing in real estate? What you tell them to do before they write that check?

Speaker2: [00:02:32] What do I tell them to do before they check? I usually tell them I think the biggest thing overall is going to be ensuring that during the analysis process, you're taking your emotions out of it. I was I always like to say 90 percent numbers, 10 percent intuition. And when you becoming emotionally attached to like an investment property usually can go pretty badly. I've had that happen time to time. And so now it's purely analytical. The calculation is very cold when you're buying a home. That's a completely different decision making process. That's an emotional decision making process. When you're buying an investment property, it's purely analytical. So make sure you stick to your numbers that you have really great metrics or key performance indicators that are usually percentages that need to be met before you accept a property in your portfolio and never stay away from that either. Like to stick to your guns, because as soon as your standards are lower than your entire investment probably won't go that long. So that would be my last piece of advice, right?

Speaker1: [00:03:35] Well, so how do you see the industry evolving from here? We're coming out of covid real estate is rocketing ever upwards. Where do you see it going?

Speaker2: [00:03:44] What do I see it going on? I believe that right now the interest rates are quite low, especially in Canada, where like one point five to like two percent and it's very, very low. I can't imagine it going any lower. It's essentially free money right now. And yeah. So I do believe interest rates are going to rise. And when they rise, the people that are in a variable rate mortgage are going to be kind of left high and dry. Potentially, if the cash flow is like barely break in neutral. So ensuring that you have a really great cash flow not there in your property is number one. And then that you're in a fixed mortgage would be number two. But I think a lot of people are going to be left high and dry when interest rates do increase. And I think the price of housing is going to kind of plateau for the next year or two, if not even decline to be a couple of percent, five, maybe even 10 percent. I think we we're seeing unrealistic appreciation numbers right now.

Speaker1: [00:04:43] Absolutely. So what do you think is the biggest change we'll see in, say, the next 12 months?

Speaker2: [00:04:48] Because change interest rates increasing? I don't know if the price of housing will decrease that quickly, but it will at least plateau. I do believe the kind of floodgates are opening again with the amount of listings available, whereas before, like during covid, like very few people were listing their home. So the supply and demand, it was like very, very high demand, but low supply and the supply is starting to open back up. So more and more properties are available. So prices will kind of plateau a bit and then interest rates will most likely increase.

Speaker1: [00:05:20] Let's talk about your investment thesis and what exactly you invest in and what your criteria is. What exactly do you look for to make an investment?

Speaker2: [00:05:29] And that's a good question. So we always use the joint venture strategy and the Berger strategy. So from from an ROIC perspective, there are two criteria that we look for would be the first being a 10 percent cash on cash ROIC. So our property needs to have at least 10 percent cash on cash for the IRA. Why there? That's essentially the annual constantly divided by the initial investment amount. And then the second kind of metric that we use would be a twenty five percent total ROIC. So twenty five percent total or are not. When you add the cash flow our way with the equity ROIC and depreciation our line and while we do twenty five percent is when we're joint venturing with people, you kind of have to think of where they're putting in all the money. And so that's twenty five percent total early for the business, for that property, but that's split in half. So they're getting twelve and a half percent and then I'm getting twelve and a half percent. All right. So that would be kind of the thesis there. Like what we look for, I guess using the strategy to requires us to find discounted properties that are distressed. So that's important.

Speaker1: [00:06:32] And so any other criteria that makes or breaks a deal for you?

Speaker2: [00:06:36] I always like to invest in cities that are over 50 thousand people that are considered to be value markets, not vanity. Market's like a vanity market would be like Paris or

New York, even Toronto, where I live here. So I don't invest in vanity markets because you're usually you're paying a premium for a brand value. Markets are like areas that the 13 year old girl doesn't dream of living in when she's older. You know, it's it's somewhere that is just like low key. But those are usually where the value is. Those are the areas that I'd like to invest in. Great.

Speaker1: [00:07:10] Well, so what are the challenges in investing in real estate that you see investors struggle with out there?

Speaker2: [00:07:16] Yeah, I think at the very beginning, like, I hope people to buy their first property, and so I do tend to find that the people that are at the beginning stages tend to be in a shiny object syndrome mode, like they're all over the place. And they're they're they're not focused and they're in paralysis analysis. They're feeling stuck. And I believe that the number one reason why they're doing that is because they don't understand, like, how to kind of learn. They're just learning everything. And the industry goes so deep with knowledge that it's so difficult to get anything done when you're just focused on ten different cities and three different strategies and four different property types. So you need to get very focused on one city, get really good at that city, use one strategy, get super good and familiar with that one strategy and pick a type of property. So usually my my students work with they're doing joint venturing the borough strategy two to four unit buildings in a any kind of like a value market. So get crystal clear, get focused and that's where you're going to get traction. Also ensure that you're actually listening to content that is relevant to you or taking in content that's relevant. So don't you don't have to learn about RRSP investing or like investing through different methods if you don't need it. So pick one, stick to it, do it a few times, get good on it, and then you can kind of iterate off of that. But, you know, I think a lot of people are are really expanding the call like the runway that it will take for them to buy their first property because they're just all over the place. But you can really condense that timeline when you get focused on one specific kind of one specific investment type and and city.

Speaker1: [00:08:55] Well, there are many types of real estate in different types of applications out there. If you had to pick one or two that you think are good, neat opportunities for investors, what would you put at the top of the list?

Speaker2: [00:09:05] I would put multifamily residential properties being a two to four unit building, and I would also use the strategy and joint venturing. So the exact same method I'm using today. So that that's like the long term, the 10, 20, 30 year play. And then the secondary one would be Airbnb properties of single family properties that are four to six bedrooms. And that really gives me the cash flow there to play with so that the banks will give me additional mortgages based off the cash flow of the portfolio. So the Airbnb is are cash cows. It's not an equity or appreciation play. It's purely to cash flow to the portfolio and in the long term, be a residential two to four unit buildings. And I like to partner with people that can do five or even 10 percent down for an owner occupied situation. And then we're investing a little bit of money into the portfolio versus like doing 20 or even 40 percent when you're going into commercial.

Speaker1: [00:09:56] Right. And what other properties might be a good target these days out there, given the post pandemic? People are moving away from the big cities, moving everywhere. How do you see that impacting the real estate market?

Speaker2: [00:10:08] Yeah, it's a really good question, too. I do believe that right now now more than ever, people are going to want to live in a more rural place like they're moving, gravitating away from urban centres. And they've realised that if people can work remotely like more and more individuals are working remotely, so that's going to be something to focus on is more rural areas. Does that answer your question?

Speaker1: [00:10:31] Yes, it's seems like there's a shift in work patterns. Some people can work remote and it appears that they may want a larger space because your home is not only your the place you live, it's also your office, your gym, your classroom for your children. And so you need more space for it. And, of course, you can be anywhere. At that point, he didn't have to be downtown Manhattan or the Bay Area could be just about any other place where there's different climates and different amenities as well. How do you see that impacting the real estate market in the coming few months?

Speaker2: [00:11:05] I do I do suspect that people that are owning long term rental properties in in markets where like like you mentioned Manhattan, like you're somewhere downtown, you're centralized even in Toronto here where I live and the rents are at an all time premium like these, these are one bedroom places for two, even three thousand dollars a month when the if the economy were to come down a bit or if the demand were to decrease in these urban centers where prices for the one bedroom are really, really high at the premium level, those are the units or those are the properties that are going to take a hit first and foremost. So that's how I do believe that when the supply or when the demand decreases, when people are moving away from the urban centers, that's what's that's what's going to affect these more premium units being decreased. So unfortunately for me, I've never wanted to go after these premium units. Yes, you can make a ton in cash flow when you're charging like two or three grand for a one bedroom in downtown Manhattan, let's say. But when when you're when you're at the kind of the middle of the tier to the bottom of the tier and you're charging a thousand dollars for a one bedroom when minimum wage is fourteen dollars an hour, something like in Canada, if it's like whatever it is, they're in Austin, Texas right now, like you always want to stay in the units that even the minimum wage rate, like people can still afford to pay their rent. It's when you're in the two or three thousand dollars a month that people can afford to pay that rent alongside of their their food and their their travel costs and everything else that comes with it. You want to make sure that people can always pay the rent. And I don't believe that that's going to pan out too well here. If you were to come down a bit after covid and people are moving away from urban centers. So that would be that's all I think it's going to be impacted.

Speaker1: [00:13:02] Oh, well, in the last year that we have here, what else do we cover that we haven't?

Speaker2: [00:13:07] Um, yeah, I think at the end of the day, if anyone's interested in getting started and sure. Like you kind of take some of this advice that we're talking about today and and put on your blinders, I'm sure that you're just focused on exactly what you need to know in kind of chronological order and that you're not indulging in info overload and saturation of knowledge. So just focus on exactly what you need to know, reach out to people that have done it before. That's what I did when I started at the very beginning. Grobin, 15, 20 minute phone call here and there and and just connecting with people that are already doing it. If someone's interested in kind of doing a program that's formalized, like I've put together a program to help people get the results of their first income property and we work with them and so we get them there. So that interest anyone feel free to reach out. But yeah, that would be it just for now.

Speaker1: [00:13:56] Great. So how best for listeners to get back in touch with you?

Speaker2: [00:14:00] Yeah, they can reach out on my website there so you can go to Ryley dot com. So I'm sure that might be in the show notes there and you can reach out there and my website just hit the contact button and schedule a call and I'd love to connect and help you if I can.

Speaker1: [00:14:17] Yeah, right. We'll include those in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker2: [00:14:23] All right. Thanks so much, Patricia.

Speaker1: [00:14:30] 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 Connect, which is a 5.1 C3 nonprofit dedicated to the education of investors for early stage funding, all opinions expressed by Hall and podcast guests or solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.