

IP Real Estate Show 2

What is the primary trend and what makes for a successful company in this space?

This is Investor Perspectives. I'm the host of Investor Connect, Hall T Martin, where we connect startups and investors for funding.

In our new Investor Perspectives series entitled "How to Solve the Real Estate Problem", you'll hear about the primary trends and what makes for a successful company in this space.

As the COVID pandemic passes, we emerge into a new world. The real estate space is now undergoing tremendous change as we shift to a new normal way of life. Work from home and the shift to work from anywhere is changing the real estate market. We have investors and startup founders describe the changes coming up.

Our guests are:

1. [Chi Hathiramani, Chief Investment Officer, Casoro Group](#) 01:25
2. [Brent Bowers, CEO, The Land Sharks](#) 02:52
3. [Lauren Hardy, Founder, TMF Real Estate](#) 05:09
4. [Wade Micoley, Founder and CEO, RealtyHive](#) 08:33

We hope you enjoy the show.

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Our first guest is Chi Hathiramani, Chief Investment Officer, Casoro Group 01:25

Hall Martin: And so, what makes for a successful company in this space working in real estate?

Chi Hathiramani: Man, that's a great question. I'd say it comes down to fundamentals, you know, do you have the right team in place, do you have operational excellence, the track record, is the company capable of executing and delivering on its business plan. That's sort of some of the fundamentals for that. But there's more qualitative part, which we all intuitively understand. It's the head and the heart idea – does your company have a vision? Does it really have a purpose? And does that get your employees excited about the vision and the purpose of the company, and what they are coming to work for every single day? So there's that, and then there's the culture, there's the values that you have in the company; and I think there's also social norms that are changing, like, as we've seen with sort of Black Lives Matter, there's a much heavier focus now on DEI and ESG, environmental, social governance, and sort of equality, all of those concepts are coming in and coming really front and center in at least in the real estate space.

Our next guest is Brent Bowers, CEO, The Land Sharks 02:52

Hall Martin: And so, what do you see as the primary trend in the space today?

Brent Bowers: You know what, I feel like the trend is still going up. It's still at the, I mean, if you ask me, if I could draw a line for you here, and I can see on the video, but it's just still ticking up, and it's almost like everyone's thinking, oh well, it's _____ leveled off. Not in my mind. I see that we build around, and don't quote me on this, about 26 million homes over a 10-year period. Well, the last 10 years, we've only built about 6 million, so that tells me we're 20 million houses short, people are living longer, medication has gotten better, so people are needing more places to live. So at the end of the day, you can't just take a timeout for 10 years and hardly build any houses, so we're seeing that shortage now. And, I mean, I'm 35 years old, and the world has doubled since I've been alive.

Hall Martin: Absolutely. So basically, we just had a gap in building stock, and now we're trying to play catch up here post-COVID.

Brent Bowers: Yes, sir. And probably the worst time because now all these shortages, lumber shortages, I'm doing air quotes, I mean, we're waiting on flat paint for houses and yada, yada. So it's driving prices up on everything. So the old supply and demand game type thing.

Hall Martin: Great. So what makes for a successful company in the real estate space today?

Brent Bowers: Oh man, I will say, the first thing I can think of is consistent mailing, consistent – let me back up, consistent marketing – whatever your market channel be, whether it be mail,

cold calling, texting, signs, radio, TV, but consistent, like, too many people, I was just talking to one of my students, they get a couple of deals in their hands, in their pockets, and they get overwhelmed and freaking out and they stop – they stop their marketing channel, and then they stop their business, they pause their business until they get that pump primed again, and the deals start coming again. So I believe that's with any business, you always have to be marketing and selling.

Our next guest is Lauren Hardy, Founder, TMF Real Estate 05:09

Hall Martin: And so, what do you see as the primary trend in the next 12 months in the real estate space?

Lauren Hardy: I will say that more and more investors, at least in the single family space, are trending outside of the major metros, and they're looking at the smaller suburbs that are outside of the major, maybe 20 miles outside or less to invest because there's still some opportunity there.

Hall Martin: Is that driven by the new move to work from home as opposed to work in a corporate office, or, are there other factors?

Lauren Hardy: I think it's mainly the lack of inventory, you know, there's just a lack of inventory on the market. And so, the major metros have the highest demand, and, when you're an investor, you're looking for a deal, you want something that you can get at a discount, and, when you are – it's a basic question of supply and demand, and when you go in an area, you're trying to find a discounted property to invest in, and then all the supply holders are telling you, well, we don't need to sell at a discount, because there's so much demand, you're really mismatch there. So I'm seeing more and more investors that wouldn't consider some of these cities a year ago, are now considering these cities that they used to say, no way, I would never invest there, you know, now they are.

Hall Martin: Is that because we have more people wanting to move into a house or is it because we fell behind in building the houses along the way, or is it both?

Lauren Hardy: You know, that is – I don't know if I have that answer for you, I really don't. I mean, I think there's just more people. We must have fallen behind at some point. We must have, because obviously, we have a shortage of supply. So, yeah, I think so.

Hall Martin: Great. And so, what makes for a successful company in this ?

Hall Martin: In the real estate space, what do you have to do to be successful in today's market, which is very different than what it was pre-COVID?

Lauren Hardy: Well, you definitely have to get used to being virtual, and doing a lot from home, virtually. I think, during COVID, a lot of people did not know how to adjust. I mean, even just as far as like getting a property under contract, I mean, people were used to going to the seller's house and meeting them face to face, and just lock up a real estate transaction, and that was something that COVID really took away from a lot of people. So a lot of people actually got out for a minute while they were thinking, maybe this wouldn't be so long of a commitment with COVID, and then eventually, they had to figure out, okay, how do we put properties under contract, how do we do virtual tours, how do we get a seller to sign a document without being in front of them. So yeah, going virtual is crucial, and I do wonder if now that people kind of learn that skill, if they're going to continue to do that, even when it's safer to meet in person. It's a good question.

Our final guest is Wade Micoley, Founder and CEO, RealtyHive 08:33

Hall Martin: So what is the primary trend in the real estate space going forward, what are we going to see?

Wade Micoley: I do think there is going to be – it's a matter of when it all hits. We do a lot of work with banks across the United States, yet also helping them move their inventory, and there is definitely foreclosures that are coming, that have been, in a sense, stalled because of the COVID crisis. And eventually, something's going to have to happen with those. We look at backlogs in commercial real estate, and in residential real estate, and there's quite a number of backlog properties that will probably hit the market eventually, although that's been very much slowed down because of COVID, and hopefully, they don't all have to go into foreclosure. But there will be a pretty big swath that is going to come through in both commercial and residential. I do think the market is going to easily be able to absorb all that because of the demand. So I don't think you're going to see a downward trend at all on pricing, I do think it's going to even off and not keep at that accelerated appreciation rate that we've seen over the last couple of years. We're starting to see that already. So I think and, in a sense, I almost hope that we're going to probably move into a little bit more normal market over the next 12 to 18 months.

Hall Martin: So what makes for a successful company in the real estate space today?

Wade Micoley: There are certainly great real estate traditional companies that are growing through acquisitions and growing through – grow through recruiting of agents. But the one thing that I think is going to happen in the industry as a whole is that it's going to get a little more segmented from the aspect of you as a seller, if you were to put your property on the market and go with an agent, it's kind of a packaged process. Right? You list with that person, and you kind of walk away and expect that they're going to handle every aspect of that transaction, meaning, marketing and the local laws and the customs and selling it and

negotiating, and where we come in, and where we see our niche within this industry is that we are really, really good at marketing properties. And typically, agents are very good at the local and the negotiations and getting the word out locally, but if a property needs more than that, they have to turn to an outside source. And we see ourselves as the partners to those agents, and creating more activity on those properties. But as a whole in the industry, I see it being segmented from the sense that certain people are good at certain parts of a transaction, right? If you go and you hire an attorney, that's an estate attorney, you necessarily wouldn't hire that same estate attorney to do a real estate transaction or a large corporate transaction. So we see ourselves fitting in really nicely, and I think that the model has proven itself in this sense, in the last 27 months, we created 3.6 million in revenue by being specialists in that transaction alongside the agents.

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