

IP Real Estate Show 3

Participation in the Real Estate Segment and What Investors Look For

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 participation in the real estate segment and what investors look for.

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](#) 01:19
2. [Brent Bowers, CEO, The Land Sharks](#) 03:49
3. [Lauren Hardy, Founder, TMF Real Estate](#) 05:44
4. [Wade Micoley, Founder and CEO, RealtyHive](#) 09:54

We hope you enjoy the show.

Our first guest is Chi Hathiramani, Chief Investment Officer, Casoro Group 01:19

Hall Martin: And so, what's your participation in the space so far, what are you guys investing in?

Chi Hathiramani: Yeah, so our company specifically focuses, and we're a family of companies, actually, that's a conglomerate, but our family of companies specialize in value add multifamily. So we do a product that's generally, historically we've evolved from smaller syndicator that was doing 70s and 80s, 1970s and 80s built rehab projects, to now we focus primarily on larger 1990s, 2000s vintage product that's institutional, that's at sort of main and main type real estate. So that's what we do today.

Hall Martin: And what do you look forward to make an investment, what's your specific criteria in picking one deal over another?

Chi Hathiramani: Because I'd say fundamentals is really, there's two things, we're looking for the fundamentals of the asset, and we're looking for the fundamentals of the renter base. So from an asset perspective, we're looking at average household incomes in the area, we're looking for home values, school districts, sort of the aspects that tell you well located real estate and good real estate. That's one aspect of it. The second side of it is really the customer base is the right – is the customer base we're looking for over there. Now, as a company, we have a philosophy or a strategy built around a specific segment of the US population, what we call the knowledge worker, and these are the top earning segment, it's generally 50,000 and above incomes, right out of college. And you see there, they have this upward mobility trend for the rest of their careers. They line up in six-figure incomes, and are usually in the sciences and finance and mathematics and just the STEM fields and technology fields, the biosciences fields, those areas. Those folks tend to have very upwardly mobile incomes over the long run. So that is our target customer base as a _____ so we really look for them and we cater to them. It bodes well for real estate. And the last is obviously the business and the opportunity of the specific asset, in any given location, in any, or for most locations really. But in any given location, there's generally a place you can play where there is a business plan that makes sense for a given asset. So we're looking for those opportunities as well.

Our next guest is Brent Bowers, CEO, The Land Sharks 03:49

Hall Martin: And then, so what is your participation in this space so far?

Brent Bowers: So with the land, I mean, my specialty is land. I started it in late 2015, when I was trying to get out of the military, I had a brand new family newborn, I wanted to be home more often. So I was the guy out there, beating the streets, banging, the _____ finding the land deals, and I built a team, and it allowed me to ultimately exit the military to where I can live a life that I was on my terms, that no one told me I had to be up at 5:00 a.m. every morning

anymore; and it worked out so well, the team flourished, we're doing well, and I started coaching people how to do the same thing I'm doing. So it's been quite fascinating to see all this.

Hall Martin: So what exactly do you invest in, and what's your criteria for making a go/no-go decision on it?

Brent Bowers: My criteria is, one, profit, for that piece of land, so we obviously have to get it with a margin of safety, as Warren Buffett would say, we buy at a discount, we're not paying retail, obviously. So we get it for as little as possible, and we do two things, we either flip it really fast for a profit or wholesale it, like, by assigning our contract, getting it under contract and selling our contract, and make a quick profit that way, or, we buy it for super cheap 20, 30, 40 cents on the dollar, and then we try and 3x our money by seller financing it to a buyer that's going to pay us monthly payments. That's kind of our two criteria for doing a land deal, either buy and quick flip or buy and seller finance.

Our next guest is Lauren Hardy, Founder, TMF Real Estate 05:44

Hall Martin: And so, what is your participation in the space so far?

Lauren Hardy: I have an investment company, our primary business is wholesaling. I mean, we do that at volume. We are in four different territories. At minimum, we're doing 50 wholesale transactions per year; and then, on the flip side, and I like to use my investment company, kind of as a test kitchen, for my coaching program, I'm a content creator, I've got a YouTube channel where I talk about all things virtual, wholesaling; and I use my investment company as that test kitchen, so they're very much linked in the ecosystem of each other, and it's definitely a fun business. It's definitely changed a lot in the last five years, but you definitely have to be tough to be in this business and keep following up with the trends and yeah, it takes a lot of that.

Hall Martin: What do you look forward to invest in real estate, what are the key criteria for a successful real estate investment?

Lauren Hardy: I'm actually looking for more seller distress, so I'm looking for areas that still have some seller distress, so I can get some deals. If it was for a buy and hold, let's say, I'm looking for an apartment building to invest in, I actually want to look more into that market and see that I'm investing in a healthy market that's emerging and growing. So I would look at population trends, I would look at the unemployment rate trends for the last, I would say, gosh, I would say five years, except the last two years really, or last year kind of confused things with COVID and unemployment. I would also look at job diversity, I like territories where there's a lot of job diversity. There's not just one employer that's employing 50% of the town. So yeah, those are things that I definitely look for.

Hall Martin: And how far out would you invest – you talk about investing outside your backyard, but would it be anywhere in the US or would it be outside the US too?

Lauren Hardy: I've not looked outside the US, I haven't, and I haven't really considered it either, I maybe one day, but not something I've looked into at all. But anywhere in the US, honestly, I mean, for me some investors that focus on the out of state stuff, they say, oh, it needs to be at least two-hour flight or three, it can't be more than a three-hour flight, like, they have these little rules; but, you know, for me, I'm a busy mom, and flying three hours, just as much, that wipes out my whole day, it doesn't matter, if I'm flying three hours or five hours. So I would look at anywhere in the US.

Hall Martin: That's great. And where do you think the hotspots are today in the US for doing these investments?

Lauren Hardy: Gosh, I mean, there's a lot of really hot markets. If you are looking to say – say, you want to do more buy and hold, let's talk about more emerging markets or markets that are buy and hold, one that I found really interesting was Birmingham, Alabama. Birmingham has had – their unemployment rate has fallen, now _____ unemployment rate has fallen almost 50% in the last five years; and I believe it's because they had gotten some aerospace companies and tech companies move there. So Birmingham, it's quite interesting, and their population, which is really interesting, the population hasn't grown very much. It has, but not much, not relative, like, it's not that the new companies brought people, it's not like Nashville, or Nashville was new companies and population, incredible population growth. Birmingham was not like that, it almost looks more on a chart that those companies are employing the Birmingham residents, so it just improved – the quality of life just overall improved there. So that's an area actually I've been quite interested in.

Our final guest is Wade Micoley, Founder and CEO, RealtyHive 09:54

Hall Martin: So what is your participation here so far?

Wade Micoley: In 27 months, we created 3.6 million in revenue. So that is proving out to be a very desirable product for consumers and agents. The other interesting thing that we feel strongly about is that when we are connected through the agent or through the consumer directly for our product of getting enhancement on that property, and more buyers looking at it, we have an over 85% adoption rate, so there's definitely an attraction to what we're doing. And we recently added, as of the first quarter of this year, a new app that just launched called Cashifyd, and what that is doing is connecting consumers. It's an open architecture format, and what I mean by that is anyone can participate, whether they're an agent or a consumer trying to buy real estate or interested in buying real estate. What the platform does, and what the app does is it connects those two, based on the agent willing to give a cash-back offering to that consumer to work with them. So it's another piece that is just gaining massive traction for us right now. The consumers really like the aspect of the cash-back and the privacy and the agents love the aspect of, they're only paying for something via cash-back, when they sell something, as opposed to paying up front a bunch of fees to get leads through a marketing campaign. So it's

a real win-win, and we see not only our marketing side of it with the sellers, we see this from the buyers' perspective of getting more people engaged in our platforms.

Hall Martin: Great. So in the real estate space here today, what is one of the best investment _____ as you see out there?

Wade Micoley: From an investment standpoint – and I've done a lot of investments, whether it's strip malls and apartment buildings to developments in every – I think to answer that, really the best way to look at it is from a consumer's point of them getting into a real estate investment, I think the very first thing you really have to do is you have to determine how long you're going to be at this, and how big do you want it to be. Right? Because you can go from a simple buy, fix up and flip to building apartments or doing developments. Those are much longer hauls, they're bigger dollars. So to me, they all have good points, and they all have bad points. I personally am pretty heavily invested in development and assisted living facilities. I've done a lot of the other stuff, but these are the two that really fit as an investor personally, that fit what I'm trying to achieve plus everything else that we do. So it fits in nicely with our timeframe, our allotted time that we have to work on it, and our ability to do a little bit larger projects. So if you are just going to get in today, I think you'd want to step back and analyze what all those opportunities are, and then what's your time commitment, what's your level of engagement going to be. Because each one of them have different levels of time consumption and engagement needed.

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