

IP Real Estate Show 4

Changes Expected in the Coming 12 Months

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 changes expected in the coming 12 months and our guests' final thoughts.

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](#) 06:48
3. [Lauren Hardy, Founder, TMF Real Estate](#) 07:53
4. [Wade Micoley, Founder and CEO, RealtyHive](#) 10:52

We hope you enjoy the show.

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Our first guest is Chi Hathiramani, Chief Investment Officer at Casoro Group. Casoro Group is an award-winning multifamily-focused real estate investment firm that specializes in providing better homes for better lives throughout the United States sunbelt region. They look for multifamily, student housing, and senior housing investments for their family office, high-net worth, and institutional clients. Chi thank you for joining us.

01:19 Hall Martin: So what changes do you expect to see in the coming 12 months?

Chi Hathiramani: There's a lot of significant drivers right now. Again, it's all related to our customer base. So there's the migration to the sun 0 belt states, there's migrations within sun belt cities like Austin, all the way into the suburbs and Dallas, San Antonio, Houston, we're seeing it all over the place. There's a great shift from apartments to people wanting to be not quite homeowners, but home renters, so there's a lot of built for rent product opportunity out there today, where it's you as a renter, instead of buying a house, you get to go rent a house or rent a duplex, you know, half of a house and do that. So, we're seeing a strong shift to that type of product type right now.

Hall Martin: Why do people want to rent instead of buy – it seemed like they would want to build equity or is there some downside to that?

Chi Hathiramani: Yeah, I think skyrocketing house prices are creating quite a dent in people's bank accounts. So if you're asset rich today, you're seeing the growth in your assets, so the asset rich are getting richer, but those that don't have huge stock portfolios or real estate holdings or who do didn't get in on their home purchase, just that year before COVID are seeing themselves struggle to afford something that's 20-25% more expensive today.

Hall Martin: I see some groups go into fractional ownership, you see that coming into play here somewhere?

Chi Hathiramani: In what sense?

Hall Martin: Instead of owning a full house, I own a third of the house, and then, so I can build equity, but I don't have to buy the whole house and take on that whole debt.

Chi Hathiramani: That would be interesting, yeah, that would be – I have heard of a company who is trying that, and is also trying sort of that lease to own model, but that's yet to be seen.

Hall Martin: You see a lot of that with the blockchain companies, they use tokens to represent that. Sometimes that obfuscates what they're doing, but at the same time, it starts to put everything online, and it starts to break it down into smaller chunks, so it lets more people participate and get access to things they didn't get access to before. It seems like it's more in the concept stage than it is in the actual practical stage at this point, but most technologies do take some time to become adopted and installed and working well.

Chi Hathiramani: Right. We have heard of some heavyweights actually working with the SEC right now to figure out how they're going to do that, because tokenization, I think has still been a little bit complicated. Tokenization of real estate securities has been complicated or has been a slower moving train from what we've understood.

Hall Martin: Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Chi Hathiramani: I think we've covered it all I'd say, just from a broader base perspective, we are seeing a rapid change in need from just traditional investing towards including impact investing sort of in the picture, and this is again going back to that ESG, the environmental, social, and governance perspective, and I think social is becoming a really big important aspect of our investment philosophy across the industry, and also, as a company. Personally, as a company, we are looking for those opportunities to really create impact while we invest, and I think you'll see a lot of that coming to fruition in the next few years all across the industry.

Hall Martin: Great. I noticed in the residential market there's a new model where, instead of my selling my house to you directly, I sell it to an intermediary, who then sells it to you, and then they're going to take care of all the legal work and the updates and all that, what do you call that trend and how do you see that playing out in the future?

Chi Hathiramani: That is an interesting trend. Actually, I've seen is the iBuyers, the Redfins and the Zillows sort of acting as intermediary, but for quite a huge margin, that 10 to 15% margin. I'm not familiar with this little segment here where they actually act as your intermediary.

Hall Martin: You sell your company to – your house to a business instead of to another homeowner, and they're going to be basically making the market for it, and, of course, taking a piece in between _____ door and those type of things. And so, I'm just curious if that was simply a short term arbitrage, or if that was a longer term trend where the industry is going in that direction. Usually, the software, the internet platforms have been disintermediating, getting buyers and sellers together more directly without the middlemen, but here it looked like they were actually inserting middlemen into it, because of the cost and time that goes to actually create the transaction or complete the transaction.

Chi Hathiramani: Yeah, that makes a lot of sense. I mean, we operate in the commercial space. So usually 200 units and up is where we start investing as a company. So single family's a little different, but what is interesting is that the frictional costs in single family are so high, like, just the real estate agent fees alone are 6%. In commercial real estate, it's 1%. And the larger portfolios that we deal with are less than half a percent for a fully marketed deal. So when you see that, I see like, very ripe for disruption.

Hall Martin: Wow, that's amazing. Well, great. Well, I appreciate your taking time to join us today. How best for listeners get back in touch with you?

Chi Hathiramani: They can check us out on our website, www.casorogroup.com, or you can shoot me an email, at chathiramani@casorogroup.com.

Hall Martin: Great. 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.

Chi Hathiramani: Definitely, Hall, pleasure. Thank you.

Our next guest is Brent Bowers, CEO of The Land Sharks. The Land Sharks program is advanced online training that shows you how to build an income generating “machine” that generates passive income on autopilot, attract an avalanche of sellers, dominate this “hidden” real estate niche which has virtually no competition, stop dealing with desperate sellers, create a “lifestyle” business that practically runs without you, generate true “legacy wealth” without being a landlord and dealing with tenants, toilets or termites. Brent thank you for joining us.

06:48 Hall Martin: And then, what do you think are the changes we will see coming up, in say, the first 12 months from now?

Brent Bowers: 12 months from now, I don't think there's going to be too many changes. I feel like the demand for land is getting more and more because people are trying to get out of the city with COVID, and all that. I've actually in the last two years have seen my land business explode with demand for the land that I have. I haven't been able to buy it fast enough. We could sell it faster than what we can buy it lately for, or, what we can buy it for lately.

Hall Martin: Great. And then, in the last few minutes that we have here, what else should we cover that we haven't?

Brent Bowers: I think you did a great job, you're doing a great job at this Hall. I don't think I have anything else.

Hall Martin: Well, I appreciate your sharing that with us today, and hope to have you back for a follow-up soon.

Brent Bowers: Thanks Hall.

Our next guest is Lauren Hardy. Lauren is a real estate investor with a “people first” approach to business. Investing in hundreds of properties in her career, including developing spec houses in Nashville, Tennessee, Lauren has the unique reputation of being a successful “virtual investor” having not lived in many of the states she’s invested in. Lauren thank you for joining us.

07:53 Hall Martin: So what changes do you think we're going to see in the coming 12 months in the real estate market, do you think it's going to continue growing as is, or, do you think we're going to see it topping out at some point?

Lauren Hardy: Oh I don't make predictions anymore, because I'm always wrong. It could go up, it could go down, it could stay the same. At this point, who knows – I was thinking we were in a bubble situation two years ago, and I was wrong. And I mean, now I'm going – I have no idea, no idea.

Hall Martin: Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Lauren Hardy: Gosh! I don't – I feel like we covered quite a bit, and I'm happy to share, as much as I possibly can, I'm very much passionate about the concept of investing out of your backyard. And I do post a lot of content on that just being virtual and the things that you face when you're virtual. So if anybody wants to check me out on Instagram, or check out my YouTube channel, I'm sure you'll learn a lot.

Hall Martin: When you go virtual, you don't have to work in just your local geographical territory, you can actually go anywhere in the US and most people do, you want the best deal, not just the best local deal, but then there's also tradeoffs when you go online, and what have you found to be a tradeoff?

Lauren Hardy: Not being able to touch and feel the thing you're buying, it is hard, because you can't fully see the property's condition, because you're not in there, you're going to have to rely on someone else who is there, to do that inspection for you, so that's very difficult. And I think there is an element of feeling isolated, and kind of not in it in the process as much, because you're not there. There's a bit of a disconnect when you're working with people, sometimes I think when people see you, they're more engaged to making some transaction happen.

Hall Martin: Great. Well, those are all very good points. In the last few minutes that we have here, just want to thank you for taking time to share that with us, and how best for listeners to get back in touch with you?

Lauren Hardy: You guys can follow me on Instagram, my handle's thismomflips, and I got a YouTube channel, I post videos every day, if you want to look up Lauren Hardy. So yeah, those are probably the area's I'm most active on.

Hall Martin: Great. Well, 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.

Lauren Hardy: Of course, thank you, have a good one.

Our final guest is Wade Micoley, Founder and CEO at RealtyHive. RealtyHive is a proven, global real estate platform that pairs intelligent digital marketing with strategic time-limited events to connect buyers and sellers from around the world faster than ever before. After working with financial institutions and even the federal government, RealtyHive revamped a retail version of the product to bring solutions to consumers and agents. Wade thank you for joining us.

10:52 Hall Martin:-what changes do you expect to see in, say, the coming 12 months here?

Wade Micoley: I really think in the next 12 months, boy, I'd tell you if you would have asked me that 12 months ago, I would have said I have no idea. The current ask, the current real estate industry to me seems like it's settling down a little bit. Lumber prices were off the chart, it's driving new construction prices almost to unheard of prices, almost really beyond affordable in some cases. And that's starting to simmer down a little bit, we're seeing lumber prices come back down. So that's very encouraging to making properties a little bit more affordable and realistic in pricing. So I do think we're going to see a little bit of a settling down aspect, and, like I said, I think going back a little bit to a more normal environment, kind of a more even sellout rate. But for that to happen, there has to be a lot more inventory put on the market. And I think there's a lot of people sitting on the sidelines right now, both commercial and residential, waiting to see do we feel comfortable moving forward. So on one side pent-up demand, but on the other side, we need that inventory to hit the market to have it even out and be a little bit more normal.

Hall Martin: Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Wade Micoley: I think the best thing that I can add to it is that from the respect of what we're trying to do with our particular company, and the growth that we're achieving right now is that there does seem to be a very high interest in the traditional old school format of how real estate has been done is changing. And I get to talk to agents all over the globe, and there's certainly a number of them that would rather not have that happen; but when you look at the money that's being invested, just from an outsider, if you look at the money just being invested in real estate tech, it is unbelievable. And what that really says there's some really smart people with a lot of money, believe that there is a – a lot of people use the word disruption, I just think it's more of an opportunity, that there's an opportunity for some pretty powerful changes in the real estate industry. I don't think the real estate agents are going away by any way shape or form. Real estate is still very local, but I do think that there is a lot of room for the way things are done in real estate, whether that we went through eSignatures, and everyone thought that was a big change. The changes that I see people working on, as we get to be in conversations with people working on some of these ideas, it's powerful, and there's a lot of money behind it. So I do think we are going to see some pretty seismic changes in the way real estate is closed, in the way it's transacted, in the way showings happen, in the way marketing around real estate

happens. So if I was to say, what do I think is happening that is important, I think that's something everybody should be keeping an eye on.

Hall Martin: Great. Well, I want to thank you for taking time to join us today, and hope to have you back for a follow-up soon.

Wade Micoley: All right, I appreciate your time. Thank you.

Thank you for joining us today.

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