

## Gary Acosta of L'ATTITUDE Ventures and

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. The Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider **NAHREP** donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website.

**Speaker2:** [00:00:38] Hello. This is Hall Martin with Investor Connect. They were here with Gary Acosta, managing partner and president Latitude Ventures and co founder and CEO of the LAT. Vc is a purpose led venture fund that invests in early stage. Us Latino led and owned businesses NAHREP is a purpose driven organization that is propelled by a passionate combination of entrepreneurial spirit, cultural heritage and the advocacy of its members. Its mission is to advance sustainable home ownership. Gary, thank you for joining us.

**Speaker3:** [00:01:08] Hey, it's great to be here. Thanks for having me.

**Speaker2:** [00:01:10] Great. Well, let's always kick off with your background before investing in early stage companies. Can you tell us more about that?

**Speaker3:** [00:01:16] Yeah. So, you know, I run probably the largest Latino business organization in the country right now. Rep made up largely of real estate agents, brokers, mortgage professionals, people in the housing ecosystem. But I really consider myself more of an entrepreneur myself. Know I started off as a mortgage banker. I actually started a tech company about 20 years ago. So I've done a number of different things, mostly related to the housing industry over a number of years.

**Speaker2:** [00:01:48] Great. So what excites you right now?

**Speaker3:** [00:01:50] Well, I think right now it's kind of an interesting time both in the market, but just in general, you know, obviously running a large Latino business organization, you spend

a lot of time seeing how that market is performing. Our organization is largely focused on home ownership issues, but our members are made up of small business owners, startup owners, tech companies, people that are in the housing space in some way, shape or form. And I've seen more movement take place from an entrepreneurship standpoint within that sector, probably more so than I've seen in my entire career, which is also very exciting. The real estate industry is probably one of the most inefficient markets out there. And to see it start to become a little bit more up to speed, up to the 21st century in terms of technology and so forth, I think is a really exciting thing.

**Speaker2:** [00:02:46] Great. Well, you see a lot of investors out there and a lot of startups out there. What's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker3:** [00:02:55] Well, you know, I'll tell you so. So the thing you have to understand about the real estate market in particular is that it is still primarily a local market. It is a local market in terms of you're dealing with local economies, but you're also dealing with a pretty highly regulated industry that is still relatively inefficient. And there's a lot of municipalities that have their own fiefdoms, and people have been trying for years to sort of standardize things, and it's just going to be very difficult to do so. So I think you have to look at companies that both improve the process, create a really, really terrific customer experience, but at the same time aren't completely aloof to the fact that the industry is very fragmented and there's there's complications that need to be considered.

**Speaker2:** [00:03:50] Great. So let's talk about the state of investing in real estate. How do you see the industry evolving from here?

**Speaker3:** [00:03:56] Well, you know, I work primarily in residential real estate, and that's basically my expertise. And as we I think all know, the market has been overheated for a few years and that was exacerbated by the pandemic. I don't think any of us saw that coming necessarily. But now, looking back in retrospect, we kind of understand what were the factors that kind of led to that. I think a lot of people are asking whether or not we're in a bubble, in a housing bubble, and I think that that is possible in some local markets. But overall, I think that the fundamentals in the market, the people who have gotten and qualified for mortgages, it's

just a very different scenario than what took place in 2008. So I think we are probably in for a bit of a plateau, but we're probably not on a bubble in a more kind of traditional sense.

**Speaker2:** [00:04:49] So what do you think is the biggest change you'll see in, say, the next 3 to 5 years?

**Speaker3:** [00:04:53] So I do think that Proptech FinTech is going to probably have a bigger impact than it has over the last 20 years. And I do think the pandemic accelerated a lot of that. So we're doing things right now that we frankly never thought that we would do. For example, online notaries, for example, digitizing that whole process was something that five, ten years ago just really seemed like a pipe dream. So we're going to see the markets start to evolve from a technology standpoint in a way that we've been trying to see happen for the last 20 years. But I think there are certain things that took place over the last couple of years that are going to make those changes more permanent and accelerate the whole process of, I think, technology and just improving the customer experience by utilizing technology in the next 5 to 10 years, which I think is really exciting.

**Speaker2:** [00:05:47] In real estate in general. How fast do you think they will adopt new technologies like blockchain tokenization and the like?

**Speaker3:** [00:05:54] Well, I mean, I think that those things are obviously they're a force to be reckoned with. And I don't think they're they're something that can be managed easily. They have a life of their own. They don't have boundaries. And I think that there's a younger generation within the real estate community. Most of them are in the technology space to some degree that are going to really make, I think, the way for those technologies to emerge probably more quickly than than we thought possible a few years ago.

**Speaker2:** [00:06:28] Great. So what is your investment thesis for the real estate sector? What do you think is going to be successful going forward?

**Speaker3:** [00:06:34] Yeah, so so talking a little bit about VC, let me kind of give you a little bit of a background about that first, if you don't mind. Sure. So so I started this organization called Nara 20 years ago. It really evolved into something really interesting. But I always thought that

there was an opportunity to take some of the fundamentals that we were able to succeed around some of the pillars that we were able to establish with NARA and apply it to the broader economy. I crossed paths with a gentleman by the name of Sol Trujillo, who is this force of nature himself. Sol is a former Fortune 200 CEO when he ran us West Telecom and he went in and led two other major corporations in Australia and in Europe. But when he came back to the States, he really wanted to focus the latter part of his career on what he describes as rebranding the Latino community in the United States. And he and I started an event called Latitude, which is I describe it as a South by Southwest, meets the Aspen Ideas Festival type of event, but very focused on the Latino sector or what we call the new mainstream economy. And one of the centerpieces of that event was the whole idea of bringing capital to the Latino market, which has been lacking for for forever, quite frankly. And we organized an event within latitude called Match Up, where we specifically wanted to bring Latino led startups together with venture capitalists and other investors to try to stimulate that process.

Well, Sol, like me, is an impatient guy, and that wasn't moving as quickly as we wanted it to. So we decided to create our own fund, which was Latitude Venture capital or Latitude Ventures or what we call now lat PC. And we are well on our way to closing out our our fund raising and establishing a \$100 Billion fund, which would make us the largest Latino led venture capital fund in the United States. All of the money that we invest goes to Latino led startups here in the US, and there's just incredible opportunity out there because you see these burgeoning entrepreneurs that have incredible ideas, some of them have amazing backgrounds, and to have the opportunity to catalyze them both with capital and with the relationships that Saul I and Oscar Munoz and the rest of our team have is really an extraordinary opportunity for us. So Latinos represent about 80% of all the net growth in terms of new business formations in this country. They represent about 50% of all the growth in the housing sector as well. They're getting about 1% of the venture capital being directed to Latino led startups. It's one of the greatest mysteries in the history of capitalism. You have the fastest growing sector in our economy. That's just also the most undercapitalized sector. So it's an amazing opportunity for us from a business standpoint. \$100 million is not necessarily going to change the world, but we're hoping that it'll be a tipping point and other investors will follow because there's so much opportunity in this sector.

**Speaker2:** [00:09:55] Well, tell us more about the startups that you're looking to fund, the sector, the stage, the traction. What are you what is your criteria?

**Speaker3:** [00:10:02] Yeah, so so we're investing where we think it's needed the most, which is early stage startups up to Series A. So these are companies that are just getting going. It's a pretty broad, diverse group of companies. So we have some fintech companies, we have some hardware companies. We've invested in a couple of in a soft drink company, in a coffee company. So it's pretty diverse group of companies. But if you're going to focus just on Latino LED startups, then we had to cast a pretty wide net in terms of the types of companies that that we wanted to invest in. Now, let me just tell you, that sounds a little bit kind of broad or inefficient. We have Sol Trujillo and we now have Oscar Munoz as partners. These are two of the most prolific Latino executives that this country has ever produced. Oscar was just is a recently retired. United Airlines. So the relationships that these gentlemen have, the relationships that I have in the housing sector are unprecedented out there. So we look at companies that we think have great growth opportunities that come and are led by Latino entrepreneurs, but are also companies that we believe through our relationships we can help catalyze in addition to bring capital.

**Speaker2:** [00:11:28] That's great. So let's talk about the Hispanic start up in today's world and the challenges that come with it. What do you think is the main challenge Hispanic startups face aside from capital?

**Speaker3:** [00:11:39] I believe that the two biggest factors in terms of seeing companies really grow and emerge are obviously you have to have a great product. You have to know what you're doing. But it also it's still the old adage, it's who you know as well. And I think that Latinos just don't have the relationships that other entrepreneurs are more likely to have. And those relationships are what's necessary to attract capital, but also to grow their companies and scale their companies and to be able to get access to the right people who can help them build a scaled company over time. This is a problem that we want to help solve as Latitude Ventures, but I think more than anything else is the reason why Latinos have had a harder time than others in terms of attracting capital and catalyzing their businesses.

**Speaker2:** [00:12:38] And what do you think is the challenge the investor faces at the in the Latino market?

**Speaker3:** [00:12:43] Well, that's interesting. I think there's a great opportunity for investors. Investors like to go with the safest bets possible and they can do all the analytics that that is necessary to to make good choices and to have a good strategy. But you also like to have some comfort that who you're investing in has a great track record and reputation and that you know that you're investing in somebody who is going to execute on the things that they have committed to. And if you're dealing with people that you just want, you can't you don't really have a connection to you don't necessarily have an understanding from a cultural standpoint of where they're coming from and what drives them and what their value system might be. Those are the types of things that make it more difficult to make those choices, frankly, is the only thing that I can only reason I can explain why there isn't more capital flowing to the Latino marketplace. My advice for investors is, first of all, to to take that extra step in learning more about the individuals that you're investing in, what their backgrounds are, where they're coming from, and what their opportunities are in terms of their their particular sector. But I do think that there's great, great opportunities that are being unrealized now that we're hoping will be change over the next few years.

**Speaker2:** [00:14:12] Ago, you mentioned that 80% of the startups are Latino based or Hispanic. My question is, what sectors and applications in that group are you seeing success?

**Speaker3:** [00:14:22] I mean, we're seeing it in a number of different areas. Like I said, fintech is an area where I think there's great opportunity for growth within the Latino sector. When you think about who's driving consumer growth in this country. You know, the youngest demographic that we have in the United States is the Latino demographic. It's ten years younger than the overall population, 15 years younger than the non-Hispanic white population. So these these people, even though it may seem sometimes that they're not as tech savvy as maybe other people, the opposite is actually true. Their adoption to technology is very, very high. So I think that fintech is a great opportunity for the Latino segment. We've invested in a company that's in the edu tech space as well. When you think about the fact that Latinos are about 18% of the US population, but there are about 25% of the population under the age of ten. You start to realize, okay, there's a big opportunity in edu tech as well. So I think those are have some of the biggest opportunities out there.

**Speaker2:** [00:15:30] Great growth. Sounds great. So in the last minutes that we have here, what else should we cover that we haven't?

**Speaker3:** [00:15:37] I think that there's a there's a conversation that needs to be taken place within the investor community about where the growth segments are in this country. Right. Where, you know, the Latino segment. I think I've made a pretty good case of how and why that has the best opportunity for growth in this country. You know, you have a young population, a population that is no longer concentrated in just a handful of markets, but are now concentrated in many, many other markets throughout the country as well. Latino segment is definitely a growth segment. You've got other demographics, black population, also a growth population as well, women entrepreneurs, an incredible movement that we see taking place in that regard. More About half of the companies we're investing in are actually led by Latinas and not just Latinos. I think that just breaking down the demographics a little bit better, understanding basically what's driving these demographics is is something that I think the marketplace just needs to better understand.

**Speaker2:** [00:16:46] Great. Well, so how best for listeners to get back in touch with you?

**Speaker3:** [00:16:50] Well, I could be reached at my email. Jim Acosta at na na reps dot org. And you can learn more about lat B.S. at Latina D.C. and you can learn more about Nara at NA rep dot org.

**Speaker2:** [00:17:13] 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.

**Speaker3:** [00:17:19] Yeah. Thank you for having me and look forward to continuing the conversation.

**Speaker2:** [00:17:24] Me as well.

**Speaker3:** [00:17:25] Thank you.

**Speaker1:** [00:17:29] 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 dot org](http://InvestorConnect.org). Hal Team Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are 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.