Narrator: Welcome to the REI Diamonds Show with Dan Breslin, your source for real estate investment, jewels of wisdom.

Dan Breslin: Hi, welcome to the REI Diamond Show, Larry Taylor. How're you doing today?

Larry Taylor: I'm doing great, Daniel. I'm glad to be with you today.

Dan: Nice. We were catching up right before we started the episode. We're both Pennsylvania guys. You have since gone west. Why don't we start there? You decided to go to California, I assume, at some point. Why? And then how did you get into real estate? And maybe a brief summary of what the business model is today.

Larry: Sure. Well, I was born and raised in Uniontown, Pennsylvania, if you have any idea where that is, in Fayette County. My parents did not view- there was much of a future in a very small coal mining town for their children, myself, and my sisters. My dad had friends in Los Angeles. He went out for a visit. He was very impressed. And we packed up and left when I was about 10 years old. The transition from growing up in a coal mining town to coming to Los Angeles, with its blue skies, palm trees, beaches, those lives[?], it was just a different world. I immediately embraced it. And that was pretty much my excitement for being in the area, and it just carried through the rest of my life, never wanting to leave.

Dan: Nice, nice. I think if I was recalling the year, I think it was 1977, jumped out in the research, maybe as that was the founding of the company or the starting or when you got into real estate. Is that date significant at all?

Larry: The significance is that's when Christina was founded. It was the outgrowth of a company that was founded years earlier by myself and a classmate at the University of Southern California. We started our own company as students to take advantage of the opportunities that presented themselves during President Nixon's wage and price level freeze and the Arab-Israeli war, which caused the oil to go from two to $10 a barrel. It was the great recession, and it was an opportunity to be able to buy income-producing property, where rents had been frozen for years. So, we were learning about this in school as students, and we said, "Well, why don't we just go out and try to do that?" And we did, and we were successful.

And then my classmate decided that he wanted to become a homebuilder when we graduated college. He went off to be a homebuilder, and I went off to become a syndicator, specializing in buying income-producing properties on the west side of Los Angeles.

Dan: Nice. Tell me about your relationship and the inspiration that you derived from the former deceased LA Lakers' owner, Jerry Buss.

Larry: Well, it was a very fortunate and opportune moment when I got to visit a friend of mine that was operating in his property management department. Jerry Buss, for people who don't know, was an aerospace engineer. And with a couple of partners, Frank and Bob Mariani, they founded a real estate syndication business. It was focused on buying apartment buildings only on the west side, and it was based on the aerospace engineers that needed write-offs. Because aerospace engineers in the 60s and 70s in Los Angeles County were some of the highest-paid professionals, federal income tax rates might have reached as high as 70%. So, Jerry and his partners formed the syndication business where they were buying apartment buildings and putting their fellow engineers into them and creating tremendous tax losses which they could use to offset their ordinary income.

When I met Jerry on that one particular day, he said, "So, how do you do your deals?" I didn't know what he was talking about, and I said, "Well, I see an opportunity to buy a great building that's undervalued, and I buy it, and then I use a combination of long-term and short-term financing. And then I go about figuring out how to add value to it. When I complete that, I sell the building, and then I look for another one." He said, "Well, how many can you do in a year?" I said, "In a year, it takes me like a year and a half to do one. But I've been doing really well. I'm averaging more income on each building than the President of the United States is getting paid, which was 200,000 a year at the time."

Dan: Can you give me a little detail of, I mean, what year this was? Because values have obviously changed since then. And maybe just the example of what the numbers on one of those projects looked like at the time, just for context?

Larry: Just for context, back in 1977, '78, I would buy a 36-unit apartment building for half a million dollars, as long as it generated a 10% cash-on-cash return at 65 to 75% leverage. Then I would go about raising rents, improving the property, creating better common area space, redoing the apartments, renting them for a higher rate, and then selling the building.

Dan: What would the sale price be on something like that?

Larry: Well, that one actually did sell for over a million dollars after about a year and a half.

Dan: And about how much additional cash from the 500 did you have to put in CAPEX?

Larry: About 150 in CAPEX and the net after commissions was probably a little under 300,000 on a $150,000 investment.

Dan: Nice. And for context, in 1978, that's probably, I don't know, these numbers would probably be 350 grands, like $3 million today, something like that.

Larry: Probably, yeah. You got to understand, at that point, I was in my 20s, and I was feeling pretty good about it.

Dan: Oh, yeah, yeah. Great start. I mean, [inaudible] 500K must have felt like 5 million in 1977.

Larry: It sure did.

Dan: Larry, what is that same building trade for today in 2023, do you think?

Larry: Probably around 16 million.

Dan: Okay. So, I interrupted you there on Jerry Buss' inspiration. I think he may have been getting ready to kind of give you some guidance before I looked for detail on that. Well, where were we at there?

Larry: Well, Jerry was a mathematician. He had a Ph.D. in mathematics. And he said, "That's too linear." I didn't know what he meant. And he said, "You do one building at a time, one building at a time. Let me show you what we do [inaudible]." "Sure." And he showed me his private place memorandum. And he said, "Look, people invest in real estate for a lot of reasons." I couldn't understand what that meant, since the only reason I was investing in real estate was to make a profit.

He said, "Well, some people need tax benefits. That's what they look for. Others look for appreciation, and others look for cash flow. And no matter what, everybody needs a sponsor because people can't go out and just simply buy buildings on their own. They have other obligations. They're professionals. They're engaged in their businesses. So, what we do is we buy buildings, and we bring in capital from our clients. And we take 25% of the profit loss and cash flow. We charge an acquisition fee, a disposition fee, a management fee, a development fee, and a finance fee. And basically, we create an opportunity for people to invest and get all of those benefits." And maybe the split was 20, at the time. I think it might have been an 80-20.

But the shocking thing for me was, he said, "Now, Larry, if you did five deals in one year, and you got all of your capital from third-party investors, and you never invested your own capital, and you got to 20% of five buildings, wouldn't you get a building free for every five buildings that you bought? 520 is making 100." I said, "Yeah, that's pretty cool."

And so, he gave me a copy of his private placement memorandum, which was a five-page document with a staple in the upper left-hand corner. He said, "There are certain things you need to know. Number one is never losing your investors' money." I said, "Well, I would feel very bad if I did." He said, "Yeah. And the way that you do that is you buy only great real estate." But I don't want you to think it's some passion about not losing their money. I just need their money for the next deal. And he said, "And remember this, if you make money for your investors, they won't thank you. If you break them even, they won't reinvest with you. And if you lose their money, they'll sue you." I go, "Oh, I need to really think about this concept." But I did follow his instruction, and I became a syndicator. And it was a very successful, profitable endeavor for almost two decades.

Dan: So, what is your, I don't know, like, holdings, values, funds? Just to give an idea of the trajectory, you start at your buying one a year, and then I assume you probably went to this five-year model. Can you give us an idea of maybe where the holdings are at or some metric that you would use to kind of give an example of the size of the company, Christina, today?

Larry: Well, Christina, of course, it's morphed into things other than a syndicator, because it stopped being a syndicator in 1991. And that was the great '91 recession, when it was impossible to raise capital from individual investors because there were no tax benefits left for individual investors, and no ability to offset, losses against ordinary income as a result of the 1986 Tax

Reform Act. And the fact that we were in a recession, and they'd lost money and other investments. And so, we then entered into partnerships with Wall Street Investment Banks from 1991 or 2 until about 2006.

And that was an entirely different structure, where we would get commitments of 200, 250 million, 300 million on a programmatic series of how to buy real estate, and we bought a lot of real estate during that time period. Basically, we loaded up on real estate under a much different structure, things that we had never dreamed of before, like preferred returns, waterfalls, reduced fees, and investment committees needing to approve every acquisition. But ultimately, we acquired a fair amount of real estate with Paine Webber, Donaldson, Lufkin & Jenrette, with Warburg Pincus.

From '91 to 2001, it was a great time to be buying real estate. And from 2001 to 2006, it was a great time to sell real estate. Basically, we acquired for 10 years and harvested for 5 years and did extraordinarily well. And so, moving fast forward, years later, we started to examine the fund business, because that seemed to be the flavor of what was going on in the real estate industry. We examined the fund business for about 4 years and decided that we didn't like the fund business because you're busy raising funds all the time, but you're not really in the real estate business.

So, we came up with an idea to merge the fun business with the operating business. We're one of the few companies in the industry today, which is an operating company and also does its own capital. We set up these private equity real estate companies about 9 years ago, with the theory that we would buy 7 to 10 properties within one entity, pre-commit capital of up to say 50 million. Leverage that and opportunistically buy real estate. And then for investors who don't have outside passive income, we're creating passive losses within each one of these portfolios. So, when we exit, we don't have taxable income.

In our first entity, we exited four of seven properties. Basically, investors had very little or no tax to pay. And if they participated in the next entity, they had enough passive losses to offset the game. So, it's a very unique structure. It's not a fund. It's a limited liability company. The average life is about 30 years. And essentially, we're really buying a property that doesn't want to be sold. But opportunistically, it gets sold. We're not a value-add firm, we're a value-bought firm, on the theory that if you don't buy it right in the first place, you can add all the value you want, but you're probably not going to reach the goals that you want if you pay retail. So, paying retail is anathema to us. That's why we're very opportunistic.

Dan: So, two things came out of that. I am curious, what are the returns on an IRR per year? How much were the investors' distributions for '21, '22, and '23? Are we talking 10, 12%? More? Less? What were investors taking home during the last few years?

Larry: The metrics are hard for me to be able to kind of on the spot tell you, but we're not measuring our metrics by ROI or IRR until we've had a disposition. I can say with comfort, based upon our third-party reviewed performance reports, that historically from 1991 till 2011, or something like that, our returns were over 20% per year, and our multiple of invested capital was about 2.3. Since we started our programmatic series of private equity companies, we've only had a handful of exits, and those exits have been fairly in the double digits. We're in the double digits, but we're not in the high double digits at the moment. And we're not focused on quarterly distributions, we're focused on distributions that occur from major events because our investors are very substantial, high net worth, or institutions, and they're signed on for the long term. We have insurance companies, pension funds. We have Japanese public companies and investors, family offices, and very, very substantial wealth that wants to own real estate, and let the real estate perform.

Opportunistically, I mean, for example, the four properties that we sold in our first entity were sold and never on the market, and they sold for significant crisis. And so, we're in a market where buyers find us, rather than us having a list of properties for sale and run best and final. Because you're just a supply-constrained demand, increasing environment, no matter what, even in difficult times. So that's why our [inaudible].

Dan: Can you give me an example of one of the sale prices that occurred out of the four?

Larry: Sure. We purchased the two historic buildings in the City of West Hollywood, from a 2006 fund, that had a short life or it had a defined life. And by 2014, or '15, they had to sell the real estate. And we knew the principles of the fund. We were able to pick off this incredible historic property. It was two properties, just below the Sunset Strip in West Hollywood. They were on the National Registry of Historic Buildings. They had not been well managed. They were sold for less than they probably had invested in them. We bought them right. And we saw an opportunity that had never been seen before, which was we had two buildings on one lot.

And so, we saw an opportunity because, over time, these buildings were built in the 20s or late 20s. We saw that the lots have been subdivided, but the property is always created as a pair unit. So, while we were in escrow, we were able to get the seller to agree to separate them. So, we got two separate buildings, two separate titles [inaudible]. And then we set about renovating them and bringing them back up the scale. We paid 13 and a half billion for two properties and sold one of the properties for, I believe, closer to about 16 and a half million dollars, which means the other building was free.

Dan: And what was the CAPEX in there, Larry? I mean, was it in that $3 or $4 million each for the [inaudible]?

Larry: No, no, no. I think the CAPEX on the one we sold was about 1.2, and I think the CAPEX on the one that we still had was about a mil. And the one that's left was last valued in our most recent financing at about 12 million.

Dan: Nice.

Larry: It's an extraordinary property and an extraordinary location. It's just a special property where one-bedroom apartments rent for as much as 5000 a month.

Dan: That's great.

Larry: With no air conditioning.

Dan: Wow. Wow, that's mind-blowing.

Larry: But they're gorgeous. They have been used in the city. Some of them, they have hardwood floors. They have even kitchens. It's just a very elegant 100-year-old building. That's just one example.

Dan: It's really interesting. I was excited when we got our show today on the schedule because as the audience knows, we are always talking with syndicators. And normally, we're talking 3-400 units in Texas built in 2005, very much commodity product. Yes, they're doing value add, maybe the numbers are even, like, we're talking about now. But everybody's general feeling is California real estate. It's untouchable. The cap rates are impossible. They never work. We're in a seven-and-a-quarter percent interest rate type of environment right now. Price discovery of a seller in that market can be very challenging, which was something that you and I were talking about before the show started.

But it's really cool to hear you have built this portfolio in this business model and done a volume of transactions in such a competitive marketplace. And we're talking very much desirable Los Angeles City locations. I think it was Brentwood and you said the west side. Now, we're talking about West Hollywood. It's really amazing to hear deals actually getting done at such profitable amounts. Now, was the buyer at that 16.5 million, I mean, did the numbers make sense for that buyer? Was it more of a Chinese outfit, just trying to get a piece of American history? What was the buyer's motivation in a deal like that, Larry?

Larry: What's interesting is we get buyers from all over the world here. We get buyers who buy real estate for all types of different reasons, whether it's just a park, foreign capital in a safe country, whether it's because they want to live here, and they want to own real estate here. That particular buyer happened to be well-known, or her significant other was a well-known person in the Hollywood community, an actor, I think. But she was the beneficiary of a family that owned a portfolio of real estate in New York City. And that estate liquidated. She had a tremendous amount of capital gain and was really seeking to place that capital into great properties in Los Angeles, West Side, primarily West Side. She loved those types of properties, you know, older, significant. And it's a Mills Act property. Historical properties under the Mills Act have a very, very low property tax base.

So, on a 16-and-a-half million-dollar purchase price, the property tax alone could be as much as 200,000 a year. But the property taxes on that property probably were closer to 7 or 8000.

Dan: For the whole building? Wow.

Larry: Yeah. Because under the Mills Act, if you're willing to preserve a historical landmark, your property base does not increase when the property transfers, which is the case in California. There's no reassessment. So, on the one hand, she got the building that she wanted. She paid a dear price, close to 900,000 a unit for a building that was 100 years old. But she also got a property that on an NOI basis, probably performed extraordinarily well because of the very low property tax base. But we don't usually ask a buyer why they're buying.

Dan: Yeah, usually, you can observe some of can it. But yeah, that's pretty cool. We were also talking before the show here, we were talking about, obviously, everyone in the real estate market right now, the interest rates went up. We're a year into the more normalized, I would call it, interest rate environment here. This is around where they've historically been, give or take, one percentage point, let's say. But price discovery across almost all commercial real estate asset classes has been challenging.

We're probably down 60, 70% in transaction volume, depending on the asset class, not including, maybe even including single-family residential. I don't really track that as much as I pay attention to the commercial. But deals are not happening in a high volume. And you haven't seen too much going on. If you could wave a magic wand, then your next project would come across, what would that look like? And if you don't really have an answer for that, maybe, like, what was the last acquisition? What did that one look like, if you want to run us through some details?

Larry: Well, number one is it's true, the sellers and buyers are at a major gap at the moment, which is why there's so little transaction activity. There'll be some more transaction activity as projects end up with lenders, which is more likely to happen than not based on where we're at in terms of the cost of money and the values across the United States. I'm not speaking necessarily in our markets.

But we did buy our most recent property was a multifamily acquisition in Brentwood, which is one of the most affluent areas of the west side of Los Angeles. We were able to buy a multifamily project directly across the street from the Brentwood Country Club, a very prestigious club, architecturally significant building from the family that built it in 1958. It had never been on the market. The patriarch of the family was 96 years old and didn't want to sell. Some of the beneficiaries of the family that owned an interest in the property wanted to sell. They got into a dispute. The court ordered the sale in a partition action. The receiver was a relationship that we had.

So, we had very, very good intel. And we were able to convince the receiver, who convinced the court that we should be the actual buyer because we could perform before a date [inaudible]. It had to close by the [inaudible]. So, we bought this once-in-a-lifetime opportunity, some multifamily building with views of the golf course, very, very low rents. It is a rent-controlled building, but people do move, and we do get rent increases. But it's a once-in-a-lifetime opportunity, and we bought it.

Dan: What kind of a cap rate and price is something like that trade for when it does have the rent control units in place? There's a little more, not as much cap compression, I would think, if you had some of that going on, but maybe that's not correct because it's such a unique property.

Larry: Well, we bought a below replacement cost, so that's something we look at. So, we look at the price per unit. We could never replace the building at a price per unit, close to what we purchased it for. Then some of the property owners were residing in the building. We have them sign and lease back their units at market rates. So, we were able to get market rates on a couple of the units. And starting next year, we'll be able to get rent increases somewhere between say 3 and 7%, when the moratorium expires in January of next year.

I would say on a cap rate basis, we were probably on the high threes. On a price per unit, we were below replacement cost. It's in our Christina real estate investors' five, a private equity company. And that's a perpetual life. So, if somebody comes along and wants to buy the building in five years and will probably trade for 8 or 900,000 a unit, we paid 600,000 a unit.

Dan: So, when it does exit, is that a 3-ish cap rate, how that buyer will look at it? Or in this market, is that price per unit, the more weighted metric for people who are transacting for you guys?

Larry: Yes, because on the west side of Los Angeles, we don't have large apartment projects. I mean, 85% of the apartment projects in the west side of Los Angeles are under 35 units. We don't have 300 units or 500 units, it's just not that market. Because the West side is all about single families. People don't Jones to move to the west side and live in an apartment pretty much, [inaudible] want to buy a house. These apartments that we bought are in a neighborhood where houses go from anywhere from 4 to $50 million per[?] house, so very, very high end.

And as I had said earlier in our discussion this morning, those buildings cannot be removed. That's it. That is the supply. So, at the end of the day, if this becomes incredibly valuable... I always compare it to Paris, where I have apartments in Paris in the sixth, around this month, which is the Left Bank. And the sixth and the seventh have these buildings that were built 100, 150 years ago. They are not allowed to be removed under any circumstances. And whenever an apartment becomes available, which usually, it's result of a death, it never gets rented again, it gets purchased. They can subdivide very simply. And the purchase price, when I started buying five, six years ago, was 18,000 a meter. It's probably up to 38,000 a meter right now.

Dan: And what exactly does that mean per meter, like an electric meter?

Larry: No, no, no, they don't use square foot, they use [inaudible].

Dan: Oh, meter. Okay.

Larry: But the point I make is that there's a high demand. There's no new product. The product is once the supply is defined[?], but the demand is never ended. The demand for real estate in this west side has never been able to be met with the supply. Never. So, when you look at Los Angeles with tourism, technology, entertainment, and import, export. I mean, we have the busiest ports in the United States dealing with the Far East. Everything is on the west side. The ports on the ocean. If you look at the household income in the demographics of Malibu, Century City, Beverly Hills, and West Hollywood, these are some of the wealthiest communities in the United States. And so, that's our playground. We're all about creating wealth rather than generating a quick buck and generating wealth in a way that is tax deferred.

You want to basically make money and keep what you make, and also too, is from an estate planning purpose for investors. A percentage of these investments, when they do estate planning, and those interest transfer upon death, they transfer at a 35% discount to value because they're only percentage interest. And therefore, the IRS imposes a discount because you don't own 100%, you can't dispose of the interest. So, there are a lot of these tax issues amongst sophisticated high-net-worth investors that really are more about real estate, beyond just the real estate. That if you're not buying great real estate in a great location, your chances of being able to pass something on to your beneficiaries 20 years later at a significant increase is a bit less limited. There are other parts of the country in the States that are probably very, very good. We don't know that. We just know what we know here.

Dan: For the estate example, if I had a $20 million estate, so it was going to be above the estate tax limit. And I put the entire 20 million into the fund for the sake of the example. Does that mean that the transfer of interest to the family is more around a 6 million basis? Meaning it's trading 35% to the 20 million, and I actually am because I can't really trade that 20 million back out effectively on a public market?

Larry: Correct. But to further embellish your example, if you invested 20 million and by the time you died, it was worth 44 million.

Dan: Okay. So, the value at that new 44 million, 35 [crosstalk]...

Larry: The value imposed on it would be 35% less.

Dan: Okay, got you. So, it'd be like a 35% discount from the 44 million, roughly 30[?] million, give or take?

Larry: Something like that. Basically, your beneficiaries get a step-up basis. But that basis is reduced by 35%, from what market value is. The step-up is the [inaudible] 54 election, and the step-up basis is market value. And then the estate has to pay tax, of course, over the threshold. If you're married, it's 22 or 23 million. If you're single, it's 11, or something, 11 and a half million. You're going to pay estate taxes, but your beneficiaries will get the benefit of a lower valuation on the step-up. And that's an excellent way to transfer wealth because it really is worth more. So, they're able to get $44 million worth of real estate for 65% of the value at the time.

It's not often very discussed. But these are components of real estate that a lot of investors just don't think about. And where we are, that's all we think about. They think about buying right, holding, creating value, and seeing values where other [inaudible], which is kind of our hallmark of success. We don't necessarily look at a property and say, "Oh, it's an office building. What's the worth of an office building? Well, what if we redeveloped it into a residential building? What if we got it entitled to basically do something, mixed-use retail, resi[?] project?" So, we're always looking for multiple exit strategies, and this is not something typically, that is doable.

For example, if you bought a 532-unit project in Tempe, Arizona, it was all apartments. What are you going to do with it? The apartments don't perform. You're just going to ride the market down if a developer builds a 700-unit project across the street and drops the rents and everybody moves across the street. You're stuck with that with what it is. On the west side, there are all of these opportunities to be able to take certain properties. Like, the rage right now is, what are we going to do with all these empty office buildings in America? And there's talk about transforming them to residential use or some other use, [inaudible]. What are you going to do? There are no tenants.

Well, we bought an office building a number of years ago in Century City, a very, very high profile, West Side location. And it was actually a very elegant building. It was an older building. It was about 140,000 feet with a parking structure. It was about 50% vacant. We bought it right. And our colleagues were saying, "Why would you pay that kind of price for that building? It's 50% vacant. It's tired. You're going to have to [inaudible] it. You're going to have to improve it. Your price per square foot makes no sense. You're going in NOI is very low, because you have either no tenants or low-paying tenants."

We never even cared about that because we were buying a piece of land underneath that building. It was two and a half acres. Two and a half acres of land in an area of the West Side, zone for high rise, meaning no height limit. So, then we hired one of the most notable architects in the nation, Richard Meyer, who is the architect of the Getty Museum here in Los Angeles, and many other notable projects around the world. And we set about trying to build a bigger office building because we could go unlimited height. And then we realized if we could only build 400,000 square feet of office, and we already had 140,000, we have to tear down and build a new building, it didn't make a lot of sense. So, in the meantime, we leased the property to 20th Century Fox for their Fox Sports Network. And we leased the entire building to them for $6 million a year triple net.

On a cap rate basis, the property became worth 60 million, but we paid 30 million. And our colleagues thought we were the smartest people on the planet. I mean, Heinz wanted to buy the property from us at 57 million, and I was like, "I was pretty driven to make a quick 20-plus million net profit." But what the world did not know was that I had met with our land use lawyers and Richard Meyers' team and found that I could redevelop that site into a high-rise residential project. And as a result, I got the project and [inaudible] for a 352-unit high-rise apartment building, with views of the city, views of the ocean, and views of the LA Country Club or the US Open, which was just held.

Dan: Wow.

Larry: The most amazing site, unbelievable site. We sold. We tore that building down. And we sold the raw land for 110 million. We started off with an office building. We value added by getting a national publicly traded company at a tremendous rent. And when their lease ran out, we already have the entitlements to build the new building. We tore down the old building. And while it was dirt, everybody from Donald Trump to related companies wanted to buy that site, and we sold that site. And it exists today, that building, not the one we designed, but that building that has been built.

It has the highest rents in the city of Los Angeles ever achieved. And the property probably was, between land and building [inaudible] the developer close to 400 million. And I believe it was last appraised at 1.3 billion, based upon information I've read and publicly available sources. So, I don't know for sure. I mean, it's a stunning property. I think it was Steve Ross that said it might be the best location in the United States. If anybody looks it up, there was a big battle over this property between Trump and [inaudible], and they just all wanted the site.

Dan: Do you feel like he gave it away looking back now that it's built, and it's appraised, the ever look in hindsight and wish now? I mean, I guess the $75 million profit sort of suits that pain, right?

Larry: My only dream was that they would build it and fail, maybe I could buy the building for half of what they built it for. But that didn't happen.

Dan: No, they got it done. They got it done. Cool. I have an eye on the clock, Larry. I have to have you on again because I'm having a blast. And I feel like you probably have a hundred more fantastic stories we could dive into sometime in the future if you're okay with it.

Larry: Sure. I'd love to, anytime. If your audience finds it interesting, and we want to do this again, I'd be happy to assist and accommodate.

Larry: That's cool. So, I have a couple of closing questions. I'm curious, in all of your careers, whether any books that were recommended that you read, that maybe were inspirational for you, or maybe you would hand them to somebody who was earlier in their real estate career. Is there anything like that that pops to mind for you?

Larry: Yeah, two books or two authors that I think have written books that are extraordinarily influential. One is the Principles of Real Estate Syndication by Sam Freshman and books written by Sam Zell, who recently passed away. But I mean, his last book, the title of which I can't remember off-hand, but I mean, I think that's a very instrumental book because it's very much the story of an entrepreneur in real estate who starts with absolutely nothing and builds a fortune by just looking at the basics. Not with a Ph.D., not with an MBA from Wharton, necessarily, but just the basics of what real estate is. Fundamentals. It's great.

Dan: Am I being too subtle, I think was the one.

Larry: Yeah, that's the book. Read the book. And it shows that anybody with vision and grit can really excel in this business.

Dan: So, if you could go back, Larry, and share the crown jewel of wisdom with yourself when you were first cracking out there, I guess you would have been 18, 19, 20, your body was getting ready to leave, and go build houses. What will be the crown jewel of wisdom you would share with yourself then?

Larry: At that time?

Dan: At that time.

Larry: Why does great real estate never sell?

Dan: Simple enough, right? What is the kindest thing anyone has ever done for you, Larry?

Larry: I was very, very fortunate early in my career with investors who actually saw something in me at a very young age that were willing to give me their money. And some of those investors who are still alive today, not many of them, because they might have been in their 40s and 50s, and I was barely in my 20s. But some of them are still alive. I have one who's 80 years old, and lives in Pennsylvania. We chatted recently. He's been an investor for all these years, and everything that we've done is performed. But during the hard times, and I remember, there were hard times, some of these early investors actually would come by my office and say, "Okay, I know you need money, what do you need? How can I help?" And they would write me a check. Because there's always going to be dark times. I've been through at least five recessions.

And that's the greatest affirmation in the world, when somebody who has given you money to invest and knows that you're going through a tough time, comes in and says, "Here's the check. Good luck. Take care of whatever you need to take care of. I know you'll be fine." So, that's kind of the things that I hang on to, and unfortunately, the ones that I'm thinking of long ago past. And I don't know that today's investors have that same passion because I don't have the same relationships with them. I have investors from all over the United States. And right now, a lot of investors are not happy probably on a lot of their investments because performance might not be as well as it was.

I don't know that I'm going to get the same kind of love. But I always say if an investor would just spend a week in our office and see what we go through to ensure the success that we have, they would be blown away at the number of hours and the number of efforts and the commitment that people have to see these properties that we invest in successful. It's a very tough business, even in good times. So, that's kind of my emotional part.

Dan: So, where can listeners find more about Larry Taylor or Christina? Is there somewhere they should go?

Larry: Sure, they can get onto our website, and there's access information. I'm available 24/7 through my own email address, which is Ltaylor@christinala.com.

Dan: All right. I have a couple pages of notes. I had a blast. I really appreciate you taking the time, Larry, to come on the show.

Larry: Thank you, Daniel. I enjoyed it as well. Have a great day and thank your audience.

Dan: The REI Diamond Show is sponsored by Diamond Equity Investments. It's a private equity firm focused on buying and selling residential and commercial properties throughout the United States. If you are an accredited investor seeking double-digit returns, you can sign up to review diamond equities, and passive investment opportunities at www.fundrehabdeals.com. And if you're an investor who is seeking deals that you can buy, fix, and flip, please go to www.dealswithroi.com.

Narrator: Thank you for listening to this episode of the REI Diamonds Show with Dan Breslin.

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