Man 1: Welcome to the REI Diamonds Show with Dan Breslin, your source for real estate investment, jewels of wisdom.

Dan Breslin: All right, Taylor Loht, welcome to the REI Diamond Show. How are you doing today?

Taylor Loht: I'm great. Thanks so much for having me.

Dan: Cool. I always location-stamp my episodes for some reason I'm in Chicago right now. Recordings is one of my main markets as the listeners know. Maybe you would touch on where you're recording and maybe just like encapsulate the markets you would be interested in or investing in right now as part of that.

Taylor: Yeah, absolutely. So I'm based in Richmond, Virginia, but don't actually invest here. I invest in several different markets around the country, Dallas, Houston. We've had success in Atlanta. We've done deals in Phoenix. We've actually had some good opportunities as well in mid-Michigan. Not too terribly far from where you are and you don't hear a lot of people investing in those areas today. So pretty well.

Dan: Is there a specific MSA or city there in Michigan that was of interest at the time or just happened to be the great deal at the time?

Taylor: You know, happened to be, we had a good partner in the area and good opportunities. Not in Detroit, that would be quite frightening for me, but kind of the general central Michigan area.

Dan: Okay, cool. Yeah, and there's great little micro markets in every market, obviously including Detroit. There's some areas that are of high interest for me at the moment. So you run NT Capital, like the logo on your shirt, you also have the Passive Wealth Strategy podcast, is that right?

Taylor: That's right, yeah.

Dan: So do you want to give us a reader's digest of your business model right now, Taylor?

Taylor: Sure, absolutely. So I invest in multifamily and soft storage deals. Again, pretty well spread out around the country. We do the syndication model where we raise investor capital to buy these properties. Our investors invest their equity and ride along with the investment for whatever the hold period is. Historically, there were a lot of folks holding in the say, three to five-year range, especially when the market was very hot and interest rates were falling, everything like that. Now that we find ourselves in a higher interest rate environment, shall we say, I think hold times are generally going to get more extended maybe five to seven years. But that's probably a topic for another part of our conversation here. So investing in commercial multifamily and self-storage deals with a value add strategy. So your listeners are probably familiar with flipping residential real estate.

I understand that's what you do. Well, this model is similar but different in many ways. Our hold periods are much longer, which changes the capital gains tax and everything around that situation. But that's not the only reason. The value add strategy in commercial real estate is really based around raising a net operating income of the property. So in the case of multifamily, getting into a property with say, 100% classic interiors, old outdated interiors where tenants in the area would be willing to pay more for updated interiors, maybe improve the management, improve the exteriors, things that would make somebody be willing to pay more in rent for the units. Get in there, fix 'em up, raise the net operating income, and that in turn raises the value of the property. And depending on the strategy of the deal, you can either refinance and return capital to investors or just choose to sell lock in your gain, and move on to the next one.

So some folks look at it as flipping commercial real estate. Generally, there are some key differences. The timelines are longer, we generally look to cash flow from the property as well while we hold it, rather than having it all vacant and fixing it up. We need to be producing income in order to demonstrate that the value of the properties are going up. But they are pretty straightforward and I think well-proven business models as long as it's implemented properly with the correct financing and reserves and everything around that.

Dan: Nice. Yeah, there's a lot there to unpack. So me flipping houses, a lot of the listeners who may have been tuning in since 2015 have probably followed my mindset changing. And it started from a place of not having a lot of money needed to do the flip, the flip produces what to me was a humongous amount of money at the time. And I think that's the case for a lot of people flipping houses. These like big chunks of cash are coming in. I got accustomed to that sort of being the mental deal format, short term, get in, get out, make a pile. As you make more piles, you start to get a very large tax bill. And that's great. I loved paying the taxes for a while. It was just a blessing to be in a position to write this humongous check.

Although I had to tell myself that in order to actually sit down and write those large checks to be grateful for it. It's like, "Wow, you're in a position to do this. That's cool." But then you start paying attention to things like the tax strategy around that and maybe you're making money beyond what you're living off of and that's ideal. And so when I started buying rental property, it was kind of for me a savings account. There's cash in the bank, that's one form of like wealth, cash, that's how you're holding it. You could throw that in the stock market. That's a form of wealth, cash, you're holding it, it's like an account. Money in an IRA different types of account, money in a rental property different type of account. And that's kind of how I view it.

It's like this IRA the more of those that I've collected over the years, the more my dissatisfaction has grown with the amount of work that that rental property pile actually requires me to put in. I could put the same time into diamond equity in my business and get a greater return than I can figure out tax bills and water bills and tenant issues and things of that nature. And I have management in place. It still takes more time than I probably would like. So over the last two years, I have grown more accustomed to putting my money into the syndication deals. And I like the deal because it's the same thing. It's another way for me to sort of hold the wealth. Now the biggest problem for me has been trusting the operator. There's a lack of control when I'm going to hand that money over and I've had to come to grips with that.

The other thing for me, I am probably going to continue running Diamond Equity and we're going to be doing a high volume of deals for a long period of time. The three to five-year flip model is okay, but then I kind of have the problem of reinvesting the capital in that three-year period. And what we saw over the past four or five years is when you would see the offering memorandums come out from these passive syndication deals. They're showing you past results and it's 22% per year IRR, they're making 25%. And there are deals where they're in and out in nine months, 18 months, and they're like, quick flips and they're like 18 and 20, these crazy returns. And while that was going on in 21 and 22, I knew the writing was on the wall.

The interest rates could not remain where they were. I honestly didn't think they were going to go up as fast, as quick, and to the place that they're at myself, honestly. But I kind of was, I guess holding tight and on the sidelines through that period knowing that those returns might be unrealistic. And so what I've seen in the OMSs now and the last six to 12 months, it's probably more of a 12% to 17% IRR projection, and it's probably that five to seven or the 10-year hold. And a lot of people are saying what you just said, where it's going to be this longer-term hold period. And the thing that makes me excited about going into something right now with this five, seven, or 10-year hold period is that any deal from a GP, from the general partner, the operator who knows what they're doing right now if it is actually a good deal, this is the moment in the market that the best deals are going to be put together.

So there's going to be deals that aren't going to be the best deal two or three years out but when we like fast forward to that five, six, or seven-year whole period of time, perhaps the interest rates come down and the cap rates compress and things go a lot better than what people are even willing to say out loud as the general partner when they're raising money. So I'm kind of banking on maybe there's this optimism for me as I'm putting money to work and now I'm at a point I am really hesitant to add another rental property to the portfolio and I'm like avidly looking for the long-term park the capital and place it somewhere where it's going to be tax-advantaged and grow, hopefully compounding as long as it possibly can. I guess at some point I will want the capital event, but I do love those distributions that are coming through. So on the deals that you're seeing in the pipeline, let's say in the last 12 months, or you're expecting in the next six months, Taylor, are these properties that would have distributions coming from day one? Or what would investors in a deal like that expect right now?

Taylor: So I'll aim to speak in generic terms to be a bit careful. I would say for the most part, a lot of what I'm seeing is aiming to start distributions after the first quarter, maybe into the second quarter. It depends on the specific business model and how much CapEx is being done and where the rents stand currently. Because in a certain sense, we all love cashflow, we're here to produce cashflow of course but if we're buying a property and we're sinking a couple of $100,000, more than a million dollars into capital expenditures to aim to raise the rans and income. Well, if we're putting money into it, it doesn't always make a ton of sense to have money going out the door as well. We should be really focusing on fixing the property up and raising the incomes.

Now eventually we do definitely want to start distributions and start receiving distributions earlier rather than later. But I think if you think about it in that light, it makes sense to say, "Okay, maybe we need to hold for a little while before we start looking to get cash flow coming out and focus on getting in, stabilizing the property, starting to do CapEx and raise rents and things like that." And I did want to follow up a bit on what you had to say about IRR in particular. And it's a little bit of my axe to grind these days and I'm kind of in the starting stages of writing a book about investing in this space and can see myself probably writing a whole chapter just on IRR because it's such a tricky metric and a tricky equation to have an intuitive feel for how it works.

So it's a very time-bound metric. So if you have a deal that is held for 12 to 18 months, like you had alluded to, and you do make a positive return on that, it's going to make your IRR look awesome. But you can't eat IRR one and two, I think for folks who are newer to this space and haven't really dug into what IRR is, you can be a bit tempted to treat that percentage in your mind as say, cash on cash return percentage, or maybe treat it like just a simple compound interest or hey, you can think it's equivalent to making 12 to 18% say on your bank account, but it doesn't work that way. IRR is just not that type of equation. So I think we should generally lean to focus on other metrics that are more straightforward, whether it's equity multiples or cash on cash returns or cash flows, things like that, that aren't as complicated as IRR.

And it gets even more muddy when you start factoring in things like refinances and just all the assumptions that are built into the IRR equation. So, there's other things that factor into it like what is your assumption of the inflation rate of rents after you've done your capital expenditures and raised the rents. Well, that can impact your IRR quite heavily as well. And when you're underwriting a deal doing things on the front end, it's just numbers on a spreadsheet, you need to make sure those numbers have a bearing on reality. But I think IRR in particular is one that can be just too easily manipulated because it's so complicated and the impacts of, again, the timing of cash flows and how quickly we think we're going to sell the deal can really skew your IRR and make deals look a lot better than they really are. We had such a bull market for a long time and with the fall in cap rates and everything like that, that folks kind of got away with making their deals look better than they really were by manipulating IRR. And that's a little bit of a gut feel and a little bit of things that I've actually seen in the market, especially up until when rates started to go up.

Dan: Yeah. And the IRR internal rate of return, it doesn't really calculate and doesn't become something you can eat until the property is sold and the fund is wound down, right?

Taylor: Mm-hmm.

Dan: Am I understanding that correctly?

Taylor: So it does incorporate cash flows throughout your hold, like your distribution things like that but it also includes your hopeful profitable exit, what you get on the backend. And like, say, when you assume on the front end you're doing this calculation when you assume you're going to sell, well, if you take that sale assumption from year three to year five or vice versa from year five to year three, it's going to make your IRR look a lot better and heck put that in an Excel spreadsheet and calculate your IRR, run this kind of sample math for yourself and see what happens. And I think if you do that, it's something that I did very early on when I started investing in this space, you can start to just see ways in which that particular metric, again, in my opinion, can be manipulated a bit too easily by making some overly aggressive assumptions.

Dan: Yeah, it makes sense. So let's switch gears here. Let's touch on self-storage. Maybe you could go through some of the markets, the ideal sizes of the facilities, maybe a few metrics that we would want to pay attention to as we were evaluating a deal in self-storage.

Taylor: Yeah, sure. So as far as metrics go, really when I look at self-storage investing generally, or a property considering an opportunity, we want to start with the economic fundamentals because all real estate is dependent on economics, of course, and that means looking at supply and demand. Now, cell storage has the additional hurdle, if you will, or speed bump that many major markets just generally got overbuilt. You got a little bit too much supply that kind of suppressed rents in some, again, more major market areas as in contrast to multifamily, say, where most markets are severely undersupplied, this is just a reality. Yeah, we look at jobs and everything like that, but there's generally unmet demand for residential real estate. So self-storage, you want to look at the local population, it's growth. But when you're looking at a property, you really want to look at what's right nearby.

So historically, folks looked a lot at one, three and five-mile drive radii. So how far, how much population and how much competition is within one, three and five-mile drive radius from your property? Now today, there are a lot of tools that you can just go out and Google and find them that will actually calculate drive time. So rather than the distance, they'll look at how long is it going to take somebody to drive to the property, which is really kind of the most relevant metric people aren't going to drive at really that far to get to your property. So look at the local demand and in terms of the local population right near the facility, and also look at the supply, how much competition do you have? You can go on their website, see how vacant they are, what the rents are, everything like that, how easy they are to work with.

So in terms of metrics, really look at supply and demand, in my opinion. As far as the size of facility, I like 50,000 square feet and up, but really in self-storage, I love the ability to add square footage and really aim to increase the value of the facility and sell it over a few years. So if you're doing that, you can buy a smaller facility with extra space that hasn't been filled just empty land if the local supply and demand warrants adding additional square footage, of course. So we have to check that box first. But I think we've had success, I've had success investing in a smaller facility with empty space on the property and then holding for a few years because it can take a little bit of time to build new square footage and get it stabilized and everything. So personally, again, for an existing facility, I think 50,000 square feet's a good round number, but I'm an investor, I'll invest in the right opportunity. So I don't really, for my personal investments, I don't put like a hard floor or cap on that. Just, that's a, I think a good round number to start with and aim for.

Dan: What are your feeling on the markets? Are there specific MSAs you, like, will you go into the tertiary markets, or you like to be kind of more in the core? What would scare you in a market if you were to evaluate a deal?

Taylor: Sure. So what would scare me is a falling population, excessive supply. If it's the only facility in the area, we don't have any competitors and that might mean there's very limited demand. So I do like tertiary markets. Now the thing is you don't want to go too terribly tertiary. When they have, say, falling populations and falling jobs and everything like that, if you're in a tertiary market that's near a more major population center that has, say employment drivers, has business growth generally. We've had success in the, I'll just say the southeast certain parts of Georgia, Florida, Alabama, where there's a lot of business growth there. There is population growth. You can be outside of or near a more, let's say secondary market, not quite all the way out into the sticks into what you might consider a tertiary market, but still within like a secondary market MSA if you will, not down in the core, the city center if you will, but a little bit further out where there's still competition, there's still population growth because people are in those markets to work.

There are businesses in those markets because businesses use quite a lot of self-storage, whether climate controlled or otherwise. To me, again, things that scare me I don't know, I don't really perceive it as sphere, but things that I wanted to stay away from is a primary market downtown or a tertiary market that has a declining population, businesses, and jobs going away because that's really, you know, our success comes from people being there and wanting to use what we have, whether it's multifamily or self-storage. So it all comes from the economics initially.

Dan: Yeah. And I would probably bold [?] on to the things I'm not a fan of in self-storage. I mean, if I were local and I was like a local landlord house flipper guy, and I saw a 10,000 square foot little facility of garage base, maybe that's a deal that I would like to buy personally because I was local and operating it. If I'm going into a syndication, I'm going to start to get scared probably at 20,000 square feet and 20,000 and up, if it has the expansion opportunities in vacant land, different story. But 20,000 and less probably starts to get hard for a GP to want to pay attention to because it's just a little on the small side. That's my feeling in investing in and dealing with GPS and the kind of deals that maybe we look at.

Whereas you get 50,000 square feet, you have a little bit more scale there, and a little bit larger than that you have even more scale. And two tools I think that I use are tracked IQ and Radius Plus when I'm underwriting the self-storage deals that I go into. So those both kind of give you the drive times, the populations, and you can dig around. They're not necessarily cheap and they're certainly not free, but anyone interested in deep diving in self-storage could go and check those out. Okay, cool. So what about multifamily? Can we kind of play the same devil's advocate with the multifamily? Maybe it's the size of the building, maybe it's the market that you would stay out of, or maybe it's the markets that you love, you could take it in whatever direction you want.

Taylor: Sure. And as you were talking, I was trying to remember, I invested in a storage deal, I think four and a half years ago. We're getting ready to sell here. And I wish I could remember the square footage of it offhand. I just can't. But it was a small facility with a big value add. So, I'm open for the right opportunity personally. But anyway, so multifamily. I've taken some lumps in C-class over the years, especially earlier in my investing career before the market had really appreciated as much as it did Pre-COVID and then really into COVID. I think C-class older properties could make sense at that point because they were cheap enough to get at a low basis so that you could have money in the bank to fix them up and raise the rents and things like that.

But with all the appreciation in the markets, everything got bid up, including C-class properties and the spreads, at least in terms of you looking at cap rates, things like that. The spreads between C, B, and A narrowed so much. I'm not even talking about D I wouldn't even consider that in the first place. They narrowed so much that buying older C-class properties that needed a lot of CapEx just became incredibly risky because they got so expensive. It became a big headache because you still have a C-class property generally lower incomes and everything like that, all the issues that come along with that. The properties are older, and we did experience this a few times. You can have things pop up that are expensive repair bills that don't add to your NOLI, I mean plumbing issues we had a good few of those that they just take money out of your pocket and you're not going to get it back when you sell the property.

Now, it worked out for us, but I can start to see the writing on the wall that, okay, I need to refocus on newer assets, not brand new, but B, B plus class assets where we feel there's value add potential, but the buildings aren't so incredibly old that we're going to have just constant big headache maintenance issues. So that was a big one for me as just staying away from older C-class properties, sixties, seventies builds. We've done some 1980s builds, which I'm still okay with. I'm starting to become a little wary of depending on where the properties are and everything. So newer but not too terribly new. It's probably my big focus. I think we're in a position today where when interest rates were so much lower through COVID a lot of folks made assumptions in their business plans, whether they realized it or not, that interest rates were going to remain the federal funds rate at 0% indefinitely in the money printer was going to run forever.

And we're at a time right now, Q three and then into Q four 2023, where those chickens are starting to come home to roost for a lot of people. And I see an opportunity in that for sure. Because somebody's running up against you, they have these big interest payments because their rate cap ran out, then that can be a big opportunity for us. I think on the flip side of that, I do plan on capitalizing on those opportunities. On the flip side of that, we always want to be careful about not just trying to grab a falling knife. We want to make smart decisions when we see opportunities, but not just buy something because it's 20% less than it was a year or two ago because interest rates have gone up. We still want to invest in the right property with the right business plan, with the right debt in place, so that when say three, five, seven years, we're still feeling that we made a smart decision, if that makes sense.

Because I don't think we're going to wind up in a situation where interest rates or the federal funds rates specifically is back at 0% anytime soon. If we do wind up at that point, it's because something went really wrong. The fed raises rates when they think the economy is strong now that you can get into whether you agree with fed policy, but their goal is to generally quote, put the breaks on the economy and start to slow down some of that inflation. If they raise too much or things go wrong and the economy really falls apart, then they'll cut rates again. But that means we're in a position where we're in a potentially major recession. I mean, remember they cut rates and stimulated so much because it looked like there that the world might fall apart there for a little while, depending on your perspective.

Some folks were a little less worried than others, but from the Federal Reserve's perspective, they felt they needed to stimulate that much. And I think we just need to be aware of that fact when we kind of hope that rates are going to fall again in another two years or whatever we're talking about. So those are some thoughts on the multifamily market. And I think assumptions that people are making today, and things that concern me moving forward is we talk a little bit loosely sometimes about, oh, rates are going to, we think fall again by the end of next year. Well, okay, what does that mean for the broader economy and how are we going to prepare ourselves for that?

Dan: Yeah, it makes sense. And so we have B plus properties, and it's funny, the stuff you're saying about the C properties the tenants can be really hard on those properties. So a lot of times you'll go through and do this whole value add and then have to do the whole value add again in like year four or five, so if you don't toss the hot potato to the next investor and you kind of stay in it you're having to do that whole nother round of CapEx, whereas maybe the B tenants, that CapEx cycle could be maybe seven to 10 years. And these are just like, I'm shooting from the hip here. This is not like experience and factual information that I'm saying. What would be the minimum number of units that you would think if it was one of your deals? You were going into or someone listening was considering investing in a syndication? To me, I've seen some beginners have really small buildings, they did syndications on them, we're talking 20, 25, 30 units. To me, that's tiny. That's a red flag that the operator's raising money and there's just no scale there to really justify the attention of the GP to make sure that deal rides right. So what do you think will be kind of the small end of the spectrum for multifamily deals that really warrant syndication?

Taylor: Yeah, I mean, the answer is always, it depends. It depends on the strategy and how you're funding it. So for example I've been in a situation, try to not get too specific about it, but multifamily fund buying properties in that 40 to 60, 75 unit range, but all cash transactions and buying a bunch of them to create that additional scale. So that in my mind and my experience is a bit different from buying one 20-unit apartment and syndicating that you're creating that, again, scale and it's a different situation. But one-off, I think the smallest property I've ever invested in a one-off deal was 146 units. I would be willing to go a little smaller than that, 100, 125. It would depend on the property, the business plan, and the location. I've seen folks have success in properties smaller than that down to 75 units but for me, that's really starting to get on the smaller side.

And generally, when I see those deals, those 75 units syndications, if you will, they're typically a newer syndicator that's buying a C-class property and this is the biggest property that they can get under contract and convince the seller that they can close on. And that's really the reason they're buying a property that size. Now, just to speak about my market of Richmond, for example, of where I live, if you were to show me a- I've seen deals in the Richmond area in, we'll just say hotter, more A-class areas where their rents are higher, the prices per door are higher, the local team that really knows what they're doing, that I'd be more willing to consider because okay, the deal could make sense. So for me, it's a little bit of why are they really buying this property? Is it 75 units and that's the biggest they can get because they're brand new or is it 50 units in a really nice area, they're higher end and it's just a more expensive property? Personally, that's something that I would be willing to consider, it depends on the team and everything, but I pretty much have stuck with 125 units or more.

Dan: Yeah. I really appreciate the additional layers of context and your nuance.

Taylor: [inaudible]

Dan: That's right. Yeah. I think that a lot of times people are expecting a black-and-white answer, including myself, when we come into the real estate game, we're used to yes, no, pass, failure. Your grade was 40%, 88%, so that's a B, and everything is really clear-cut. And successful investors and successful real estate operators across the spectrum learn how to think in Betts and probabilities. And a great book for that, for anybody listening would be Annie Duke thinking in Betts. It's a great way to kind of get that nuanced answer there. And by no means does an operator who happened to put a 400-unit portfolio under contract, I wouldn't scale or rate their ability to execute based on the number of units alone. But certainly, on the low end, my experience has been, it's more of the first-time operator and maybe that operator's going to go on to become very successful and it's a high-quality deal, and it's 51 units in your marketplace and you know the person you're involved and it does turn out to be a good deal. But for me it was like, okay, let's take a deeper look in a not-so-confident manner when I'm seeing the very small syndications. That's kind of been my take on that.

Taylor: I think sticking with experienced teams, especially in the market conditions of today, it's going to become, and it is so much more important than it used to be when things were great and cap rates were falling and everything like that.

Dan: That's right. The tide is going out and we're about to see who is naked.

Taylor: I think if you're in the right rooms talking to the- I shouldn't say the right rooms. If you're talking to the right people, you probably already know who's naked, that's just not public yet.

Dan: Yeah. And we may never see it become public because a lot of these deals are getting traded behind doors to the higher caliber operators who are well capitalized right now. But we could probably go on for another hour about the current state of the market. Let's take a bonus minute here for the audience. You and I both run a podcast, I've gotten a ton of benefits out of it. I think my benefits would probably not be obvious to most, I'm not running a coaching program, I'm not selling products, I'm not having seminars, it's nothing like that for me. And I'm thinking there's probably people who are like considering maybe starting a podcast or maybe they're already starting one and it's kind of in the early stages. What would be some of the benefits and the reasons that you decided to put the time and energy and attention into producing a podcast, Taylor?

Taylor: Wow. So benefits for my business, it's our number one way of putting myself out there, putting the business out there, and connecting with others. But digging a bit deeper on that and what you can learn by hosting a podcast, the types of relationships that you can build, again, it's been my number one way of building relationships with operators, with lenders, with subject matter experts. Just through hosting my podcast typically on my show, kind of like we did here, chat for a little while before we hit the record button, record a podcast, and then, hey, sometimes we hang around and I've had conversations with some folks for two hours afterward. And one gentleman in particular had raised millions of dollars for his startup from venture capital and he was more than happy to talk with me for a few hours. And I learned a lot about doing a tech startup in the space things that I wouldn't have learned otherwise.

And I have him on this show again in the future, is a great conversation. But really can open doors that you didn't know could be opened, one. But in the sense of just personal and professional development, not just looking for those doors to open, but what can you learn. I mean, man, I've learned more by hosting my podcast than- I mean, doing deals is, number one, you're never going to learn more than by doing deals. But I think hosting the podcast is a pretty close second in terms of what you can learn.

Dan: Yeah, I'd agree 100%. Like ours is REI, Diamonds, the Diamonds are representative of Diamond Equity, and that's part of the tie into the brand, but it's also the real estate investment jewels of wisdom. So it's like, these are the diamonds. And so for me, I'm like embarrassed to mention that there was the early episodes and you guys could listen to them and laugh. But man, the personal development and the ability to have the conversations with guests, but not only have the conversations, a lot of times we're so busy doing deals, Taylor, that we would never take out an hour to have the conversation that we just did. We'd both be too busy doing our thing. And so part of the podcast has like forced to do some preparation on each guest that comes on, learn enough about the business model and the subject matter before the show starts on something that I'm not going to go research on my own otherwise.

The tech startup, if you're not going to start up a company, why would you go learn about that? And then you get to have the conversation and learn those things. And the relationships for me have been critical. I've raised money from people in the podcast who help fund my deals and opened the door for us to do larger deals. But we've had listeners who have joined my team and they're still partners of mine. And it's been just so rewarding for them to have found us and kind of get to know who I was before kind of raising their hand. And now they're top-performing guys on my team, they are people I can count on. Every day of the week we're probably in touch and talking. So it's been well worth the effort and the energy to do that. And there's a whole learning curve that goes along with the podcast and the production, but yeah, it's been a great benefit and I appreciate you kind of sharing that perspective. So, on the note of learning, we talked about deals, we talked about running the podcast, but I can see, I don't know, eight or nine books there behind you that must have made some kind of an impact. Them or others, Taylor, what would be two or three books you'd recommend to the audience as being most impactful for you?

Taylor: Okay, so I'll give you a few here. One is actually a book that's on the shelf here all the way on the end there, Crucial Conversations. I originally read that book I think in 2016, somewhere around there at a time when I was in my, I guess mid-twenties and needed some better tools to handle difficult conversations, whether it was with business partners or investors or- I wasn't married at the time, but I'm married now, or significant others, if you will. And building those tools for me really started with crucial conversations. I'm an introverted guy. There are surprisingly more introverts in the podcasting and real estate space than you might expect. So I think I didn't appreciate earlier in my life how important the ability to foster and maintain relationships with others is in not just your personal life but of course your business life.

Real estate investors tend to know that I was a little late on the draw, I guess, in that space, but crucial conversations really helped. If you like, how to win friends and influence people. I think crucial conversations is really a deep dive on like one specific aspect of dealing with difficult conversations with others. Let's see. Another one that made a big impact, obviously I've got Rich Dad, poor Dad here over my shoulder. That one really influenced me. And then another one that came out, I want to say 2013. I was actually just re-listening to the audiobook of it this morning, was The Obstacle Is The Way By Ryan Ryan Holiday. It's really about stoic philosophy and understanding what obstacles in life and business really mean to us, and how we should deal with them. And really the principle is in the title.

The obstacle is the way, the obstacle that is in front of us right now is the way to what we want to achieve. And understanding the importance and reality of obstacles not to overuse that word better in front of us and getting in the way, if you will, of where we want to get. Well, that's just the reality that we have to deal with. And he has a lot of great stories in there of people throughout history and how they've dealt with obstacles in front of them, generals, writers, things like that. So The Obstacle Is The Way was very important for me as well.

Dan: All right, cool. If you could go back to the beginning of your real estate career, I think 2015, let's say if I was doing my homework right, share the crown jewel of wisdom with yourself, Taylor, what would that be?

Taylor: You need to implement things faster, almost frighteningly fast. And I didn't understand that initially. I was hesitant to take action and commit to certain paths as quickly as I needed to. And I had folks tell me the importance of implementing quickly, but it wasn't until I saw so many of my friends and colleagues in the real estate space, the ones who became incredibly successful incredibly quickly, they're smart people, great people. I could praise them up and down. And I believe a key part of their success came down to their willingness to try, fail, iterate, implement. So like frighteningly fast was just like a key to their success. They're smart people, that's obviously very important, but if you don't try, you don't learn the lesson, you don't iterate. And I'm constantly working on repeating that mantra and that lesson in my own head when I'm tempted to think and wait on implementing something in my business.

Dan: Yeah, that's solid information. I think I had Dan Kennedy's one of my mentors, probably one of the most impactful mentors of mine. And he's always kind of preaching on that Action. Action by Robert Ringer is another good book I remember on that. And even though you get that and you say implement faster for myself, there's cycles of it, you're implementing fast and then other times why haven't I gotten moving on some of this stuff that's like piling on this to-do list that I might keep of impactful things that are supposed to come down the pike. And then you get back to doing it again and it feels great, hit the flow state, and get shit done. What is the kindest thing anyone has ever done for you, Taylor?

Taylor: We'll just first acknowledge my parents in putting me in an awesome position. We'll put that out there and also take that off the table because I think they were going to do that for me of course either way. I'll keep it in the business realm in this case. So my first real estate syndication event that I went to before I'd ever syndicated a deal, I just wanted to get in, didn't know what to do, went to a real estate guy's Secret of Successful Syndication event in Phoenix, I think it was at the time. And again, remember, I'm an introverted guy, I'm uncomfortable, I'm in a space that I don't understand. I don't think I'm like qualified to be there, really. I bought a ticket and flew there.

But other than that, I'm surrounded by people that, "Wow, these guys must have such a great track record." So I got there the first day, was kind of standing around, got my badge standing around looking a little awkward and intimidated. And this guy, Jay Harley, he's still out there, you find him on Facebook. He didn't know me from Adam. He just saw me standing awkwardly, looked over at me, read my name, Taylor off my badge. He was in a conversation. He said, Taylor, come on over here, join our conversation. And that was such a small thing. He probably didn't even remember doing that. And I've praised his name on so many podcasts now. But bringing me into that conversation at the time, it felt like being recognized as somebody who is basically allowed to be here.

But it just meant so much in terms of showing me that to be successful in this space, I need to be willing to start conversations with people who might intimidate me or who I don't know, or what have you. And also I hope to be able to reciprocate that to others who want to get into the space and how can I help them? If it's something that small and can mean that much to somebody, then how could I not do that? So, at least in the real estate space, I would say that that's the kindest thing somebody ever did for me. It was probably to him so little, but here, eight years later, man, I remember that like it was yesterday.

Dan: Yeah, that's pretty cool. It's like if you are the experienced guy or girl at the seminar, our action item or takeaway is to remember to invite those around us in and if you're the guy that's just starting out, sometimes you have to belly up to the conversation. And sometimes they let you in, sometimes they kind of scoot aside and keep the convo going. That's okay. Right?

Taylor: That happens.

Dan: Eventually, you're the guy or girl inviting people in. So cool. Would you like to share some contact information or websites, anything of that nature here before we close?

Taylor: Sure. So I've got a free seven-day video course on red flags and passive real estate investing. You can get at passiverealestatecourse.com. You can find my podcast, the Passive Wealth Strategy Show wherever find podcasts or posted. And if you'd like to get in touch with me, shoot me an email. Again, I love talking with folks, taylor@ntcapitalgroup.com.

Dan: Alright, Taylor, we are at the conclusion here. I appreciate you coming on the show. I got tons of notes and grateful to have shared this time with you.

Taylor: Thanks for having me.

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