

Recorded voice: Welcome to the REI Diamonds Show with Dan Breslin. Your source for real estate.

Dan Breslin: All right, welcome to the REI Diamond Show. Brock, how are you today?

Brock Holliman: I'm doing great, Dan. Thank you for having me on.

Dan: Yeah, absolutely. So we were talking about a little location stamping, and I do that often for the listeners. Just kind of give people context of where you live and what markets you're kind of operating in. Would you mind maybe starting off your backstory with some of the locations you've been to where you're at now and a summary of your business?

Brock: Yeah, sure. Yeah, I started this off, or I started my journey in Memphis. That's where I was born and raised. I had a little lawn mowing business there that was mowing foreclosures for the bank because it was in the middle of the great real estate depression. Yeah, that was my first business and really how I made my first little couple of thousand dollars. At the same time, I had a job at IHOP. This was in high school. My father was always in construction. Well, all different types of construction, but he was really bored and all of his friends and everybody in construction at the time in the building industry was either going bankrupt or just semi-retired or whatever because the industry was dead. But I remember back then he told me that I should check into these foreclosure auctions. I remember still being in high school, he had a speeding ticket that day and I didn't expect to see him. But I was down at the courthouse skipping school and checking out these auctions just like he told me. And here I see him walking up the steps so he could go to his speeding ticket court date. We locked eyes and that was a funny situation there. I was a little nervous, that he'd be upset, but it turned out he was super proud, and that was like a nice sense of affirmation, like you may be doing the right thing here, even though he told me to do it.

Dan: So were you cutting school then? Is that like the other part?

Brock: I cut a lot of school, Dan. Yeah

Dan: Okay.

Brock: Barely made it through there. I was cutting so much of it because they had a little rule. If you cut more than 50%, then you had to redo the year. I saw that transcript not long ago. I found it at my parents' house, cleaning some stuff up. It was like 48% for two years in a row. So barely made it through there.

Dan: Wow.

Brock: But yeah, it just didn't interest me. Not to promote that to any younger people listening, but it just didn't interest me. That didn't mean I was just taking all my time that I should be using on school and f-ing off. It was, "Let's focus on something that can promote life and make things better." A lot quicker than maybe a college degree or whatever in my mind at the time. So that's where that journey kind of started.

Dan: Nice.

Brock: The auctions.

Dan: Okay. So you started with auctions, you're cutting grass, then you're cutting school then you're buying foreclosures. From my research, I know you're pretty robust in the build-to-rent space. Is that now in Florida where you live?

Brock: Yeah, it went from wholesaling a ton of deals at the time, from the auctions to, okay, I've made enough wholesale fees that I can afford to buy one and do a flip on it, or really, the first one I bought was a rental. I bought it for \$7200. I put another, \$7000. I know \$7000 for a house. It sounds crazy, but this is Memphis. And you being from Chicago, you probably know a little bit about Memphis. But anyway, it's just a really...

Dan: I own a 30,000-square-foot warehouse in South Memphis. I know Memphis, yeah.

Brock: Oh, okay.

Dan: Oh yeah.

Brock: Bus two, congratulations.

Dan: Yeah, that's right.

Brock: You go there at night?

Dan: No, we don't go there very often at all. But it's rented and it's doing its thing and there's a thriving business operating out there, so we're happy we could be a part of it.

Brock: No, you picked a great type of real estate there because it's a killer warehouse hub, especially being right in the middle of the country and FedEx and all that kind of stuff. It has its perks for sure. But the space that I started in, \$7000 houses, terrible tenant quality, and you never know what's going to happen. Never know what you're going to get, including if you're going to get your rent or not. So it was just a little bit of a headache, but growing up there, I always wanted to get out of there. Just wasn't the most attractive, most appealing fun city that I wanted to spend my life in. So I always wanted to leave there and come to Florida. So I left and came to Florida after a couple of years of doing those wholesale deals. Build-to-rent still wasn't in the cards. I mean, you're still talking about it costing more to build than it was that you could sell it for at the time because we're still in a depression. And thought I could do the same thing in Florida and had a little bit of money. I remember I had \$99,000 and some change and I thought, "Man, I almost got \$100,000." I was like 19. I saw negative \$5000 in overdraft charges before I saw the hundred even though it was that close.

Dan: Oh wow.

Brock: My head just thought, "Oh, you made it. Let me go. I'm too big for my shoes now, so go to Florida." I think I can do the same thing. But people with money are actually in nice places. It was a lot more competition, the rules. They weren't as lax because there, you didn't have to bring the cash to the auction. I could sweet talk the auctioneer and get three days to pay for it, which meant I could find a wholesale cash buyer that would pay for it, and send their money to the auction company. And the auction company would actually cut me the check for the difference to my name. So they were paying me my wholesale fees. That was cool. I thought, "Oh boy if I'm doing this, I'm going to go do it in a place I want to enjoy living in. So, didn't do any research, just thought, "Oh, I'll move and just figure it out." But I moved and life figured it out for me. It said, "Oh, you got to figure something else out." I went negative. But during that time I was trying everything back against the wall to try to make a buck. I came across a hedge fund at the time that was buying property in Memphis, so I was like, "Okay." I remember trying to get them a package of property that would've made me all the money that I'd spent. It would've made it back very close to making the deal happen, didn't happen. I remember being super depressed, and super let down, but at the time I put all my eggs in that basket and I don't ever recommend that anymore. You learn these lessons as you go. Yeah, so fell on my face, but at the same time, trying to put that deal together. I met another hedge fund acquisition manager who decided they wanted to start buying Build-to-Rent products, or I don't even think it was named that at the time because it wasn't a thing.

This was 2014, that hedge fund now is one of the largest ones in the country or probably the world as far as the rental space. Publicly traded American homes for rent. I'm proud to say that we sold them their first, it was a batch of only three, but we sold them their first three new construction homes that they rented out. They were in Memphis, Tennessee. So pretty proud of that because now they don't even buy new products. They've got their own division, or they're comp, they're building neighborhoods of build to rent product and the hottest areas. It's all in-house operations now. So they won't buy off of me or D.R. Horton or anybody. Anyway, that was that. I never knew how to build a house. So, my father, I told him I got a deal together. He was always construction. I said, "Let me be your little..." I don't know if I can say a bad word here. Okay, but "Let me be your little bee and you just boss me around, point your finger, and you just answer any questions and just explain everything. I want to know everything about this." So anyways, I did that just for the brokerage fee, getting up at five o'clock in the morning, getting back at seven or eight o'clock at night and just being a hard-working labor guy or whatever it had to be for that day just to learn.

Dan: Nice. So you built those first three houses for American Homes for rent, and then you and your dad put that together. I assume.

Brock: My dad and his partner and I put the deal together, but they had the construction background and they knew all the subcontractors and contacts to make everything, get built well and all that. It was me, I knew the real estate side, I knew the sales side. I put that side together and then I said, "Look, I don't want any extra, I just want to be there every day and learn it because I can tell this can turn into something."

Dan: So 2014, how much was each house sold to them for, what was the B2C price there?

Brock: I remember this, 2320 square foot houses, four bedrooms, two and a half bathrooms, all brick, granite countertops, tile floor, and laminated flooring. I mean, we're just not talking super, super cheap. Okay, now, I'm telling you the price and it's going to sound super, super cheap. Those houses, we sold to them for \$165,000 apiece.

Dan: Nice.

Brock: \$165,000. They had them pre-sold before I said, "Don't sell them to them. Let me sell them to my people." They had them pre-sold to retail buyers for \$145,000. I said, "Please don't do that. Let me get you some more money." American Homes paid \$20,000 for an extra door.

Dan: Oh, you mean Dad had them sold for \$145,000?

Brock: Yeah.

Dan: Okay, that makes sense. So you had the product in the periphery. It wasn't like, "Let me go sell three and then build them." The three were already in the process of being built and then you [crosstalk].

Brock: It's always been like that with my father's mentality. I think I've kind of picked that up as well, where we want to be safer than not on the front end. Especially given the environment and the nature of what was going on in the world at that time, there was literally no building going on. So that year, I remember there were like 12 houses total that we ended up building up, including those three. I think that was top five permit pullers on new construction in all of Shelby County. And Memphis we're talking a million people in the population. So when you're top five at pulling permits and you've only pulled 12 for the year, that just shows how [crosstalk] space is or was. So yeah, before they even bought the lots, I'm sure that they were trying to line up some sort of an end buyer before that even happened. I don't remember the specifics on that, but that's just sort of been how our mentality's been.

Dan: Okay. So fast forward, we're at 2024, it's been 10 years now. What does the volume of your build-to-rent business look like today? How does it function? Are you the owner managing the portfolio? Are you the hedge fund now, or is there like some mix of, fill me in on what it looks like today, Brock?

Brock: Yeah, so today fast forward, we've got three companies. One of them, the construction company that builds is that's the one that's on my shirt here. It's called Brock 1. Also, you might see is called Brock Homes. But that is in 2022, we built 188 houses. In 2023, that was closer to like 95 to 100 houses, 96 I think. So it got cut back significantly. That was really, I guess probably sort of from the scars that I saw as a child where I was afraid to lose everything. I saw all these guys that had nice big boats and cars and trucks and houses, and then the next thing you know that real estate market hit and they're bankrupt and they're laying off people and they're losing all that stuff. I did not want to be in that position or put my family in that type of position. So instead, probably became a little nervous and wanted to pull the range back a little bit for last year, which, if I could take that back, no, I wouldn't do that. But at the same time, that doesn't mean that I'd put half of my energy and effort into the business side. I probably doubled down

my energy effort and attention on the systems and the processes.

Actually, we doubled our staff from like eight people to now we've got 17 people that are doing something in our organization every day that are in-house that doesn't include the subcontractors obviously, or we would never get a lot of houses built. So anyways that happened and I've put so much attention on that so that when we do ramp this stuff back up, which I'm starting to this year for sure. Next year, I think more confidence even comes back into the marketplace. I think clarity starts to come in from now till next year. But we are definitely in a well much better position, especially as a business owner, to see things operate more like a machine instead of fire drills. Every time something goes wrong, it might look okay from the outside, but when you are on the inside and see the operations and you see little chaos in different areas, those are the kind of problems that I'm trying to solve while we were slower on volume.

Dan: Yeah, that makes sense. I don't think anyone could be faulted for the pullback in 2023. I mean, if we went to when the interest rates hiked, I think the middle of the summer of 2022, man, it was like a moment of panic and that moment of panic through the winter market of 2022 to 2023, I honestly did not think the prices were going to hold up when the spring market came. I thought, for sure we're going to see 5%, 10%, or 15% instantaneous decrease in price and that's not what happened, right?

Brock: I, too.

Dan: Yeah, I mean, people slowed down and I think like to your point, the confidence builder sentiment and the vacancy rate is the one thing that I continue to look at. So the HUD publishes the vacancy rate in the four quadrants of the country. I want to say the average is 0.6%, and that's down from 2.4%, 2.6%, give or take all of my career going all the way back through the 90s.

Brock: Right.

Dan: So there was like...

Brock: You said, HUD actually puts that out. That's super interesting.

Dan: Yeah. HUD if you do HUD Homeownership occupancy rate, there's a report that comes out once a quarter and they also publish one for multifamily rental apartment data. I forget what that one is because I'm not heavy in that. But even that vacancy rate has been alarmingly low since 2019, 2018. It's been trending down. So all this housing shortage stuff you hear on the headlines, there's truth to that. This is a very slow lagging indicator. It's like, there are some other stats too that go into pushing the demand that probably is a good reason to have confidence in the market. Could we see some cooling off of prices if demand is completely saturated of 2% to 4% maybe in certain markets? Yeah, Phoenix and maybe Florida are a little overheated. Obviously California, San Francisco, some of the central business districts, but I think that a lot of these neighborhoods throughout the United States are going to remain relatively stable compared to what we saw in nine.

Brock: I'm just telling my people that are hearing this, that the HUD occupancy rate, let's write

that down. Okay. I know that seems small, but we should already [crosstalk].

Dan: Yeah, it's alarm. I mean, if you're paying attention to numbers that 0.6%, it's shockingly low.

Brock: [inaudible]

Dan: I've tracked vacant houses in all of my markets since 2013. I don't have them like written down on a spreadsheet. It's just a number that I've always been checking and looking into and the number of vacant houses has been cut at least in half, maybe more than half in your big cities like Philadelphia, Atlanta, the city of Chicago. If you go into vacation markets such as the Jersey Shore or all up and down Florida, the vacancy rates can be deceiving because people will have their second homes there. So the houses count as vacant. But I don't know how that falls into the data for HUD. The Airbnb pulling inventory off the age of the millennial becoming home buyers in the last 4, 5, or 10 years probably going to continue. I mean, the list could go on and on to build the confidence to pull the trigger in 2024 and forward.

Brock: Yeah, for sure, man. I love that. Yeah, because we're trying to get newsletters to go out to our investors and I refuse to drop a newsletter without some nice accurate statistics and we're trying to find the best place to get all this kind of data. So I love that one to include in our little report.

Dan: The other one to check, which I haven't checked lately, but for the listeners as well, is Zillow actually produces a robust data set so you can get the number of active listings that are on the market month by month, going back. I forget how many years they have it, but you can literally put a couple of simple calculations into the Excel spreadsheet and sort them, and you can see, how the markets have declined, increased in inventory, and things of that nature. So it's free and I can't believe that Zillow publishes that. I think Zillow data would be the thing you would search on Google, Zillow data sets, or something like that. There's a whole queue there. You can pull all sorts of stuff from Zillow for free. It is been a great resource. I don't check it often, but if you check in once a year, every two years, maybe you're hunting for markets around the country where it makes sense. But that's another great free data set that's out there.

Brock: I love that, Dan. I'm a nerd. I'm a geek when it comes to that kind of stuff, so nice.

Dan: These 188 and 95 houses and whatever is about to go under construction now, still in Memphis, or are you in another market now?

Brock: No, 100% out of Memphis. Proud as hell to be from there and to be born there. But also, I don't know, I might be more proud to be out of there. So yeah, down in Florida, 100% Florida right now. I've had other opportunities where we could do stuff in some of these other nice markets, North Carolina or Texas or Alabama or some of these other places that are getting attention right now. But I am solely focused on the Sunshine State. I think it's a killer investment. I mean, I read these old articles too, and you read stuff from the 70s about California and you could California out and put Florida in and update the dates to the last couple of years. It's like you're looking at the same stuff. I think anybody, a lot of our investors come from California and

a lot of that money comes from property that they bought for \$200,000 and they just sold it now for 3 million and they're going to buy 10 houses with us, you know? So that happens a lot. That's why I don't know if the same thing if I'm right then every that is coming to Florida, like, "This is the place to be." So I want to put all my energy here until at least we've got things running smooth enough where I don't need to put my energy on it. But yeah, we work and operate close to Orlando market, so Orlando, Poinciana, Kissimmee area, then coming down I-4 in Winter Haven. We're trying to get into some of the little markets along the way, like Auburndale and Lakeland, and then you keep coming further south.

We are in Sarasota County where I'm at right now, North Port. So North Port was number two, the fastest growing city in the entire country last year. I think it's top three over the last three or four years. Two of those years, it was the number one drop-off destination for U-Haul. So that's another data point I like. Most trucks out of any destination that people are moving to, they're dropping them off in North Port. It costs out the LTS for people to move here because they're like, "We got too many U-Haul, they'll pay you to take that thing back to California."

Dan: Wow.

Brock: Or New York. So great stat there. I mean, even if you talk to some of these other building companies down here like I had Adam's Homes, one of the high up guys we were talking yesterday, and they're talking about how North Port is so on fire and their biggest problem is they can't build them fast enough for these, and they deal with retail buyers. They say that North Port is like the new Sarasota and everybody wants to be in North Port but it's like half the price of Sarasota. That's why we're really heavy here. Then you keep going further south. We've got quite a bit about to get started in Punta Gorda, Port Charlotte as well as Cape Coral. Then we just started managing some other new built by other builders further south like Lehigh Acres, LaBelle, that kind of area closer to Fort Myers-Naples.

Dan: Let's walk through a recent development. Are these all scattered site development meaning like one in this development one here? Or are you picking up like a three to five, like give me your ideal land, vacant land target, and the number of units? If it's more than one that you would like to build, let's say on the next project. If it comes through the door tomorrow,

Brock: This is the biggest pain in the ass or the butt, I'm sorry. You know, I'm a contractor so my bad words will slip out.

Dan: All good.

Brock: The biggest pain here is the areas that we operate in and it really, we could afford to get started in because we got to compete with the national builders who can go stroke a \$20 million check from a developer and have everything in one beautiful location. We're not able to compete like that because we don't have outside funds like this. We're not a syndication or anything like that. So the majority of our projects are being built on infill lots, and it makes it a lot more difficult to do a hundred like that than it would be to do a hundred in one area because we're dealing with, well, probably if out of a hundred houses we've probably dealt with 90 different sellers. So a few of those will have a few of those will have a couple lots, some of them will have

20, great. But at the same time, these...

Dan: Rare.

Brock: Yeah, it's rare. These lots have been here since the 60s and 70s and they were sold as investments to the Northerners back then for like \$2000 or \$3000. Really these areas haven't had so much attention put on them ever since then that the lots have been sitting there and now, like they're running out of areas to live in Sarasota, Tampa, or these other places. It just keeps spreading and now these areas are filling in really fast and you've seen lot values come way up from back in that depression are just 10 to 15 years ago, these lots were the same price as they paid in the 80s and the 70s, \$2000 or \$3000. Now, they're going for the North Port area, if they're on septic, they're going for \$20,000 to \$25,000 apiece. Central Florida, which the area is even less, it's not up to par as North Port at all those lots that have sewer and water and all that. They're going for \$65,000 apiece. The same thing was going for \$3000 or \$4000 not long ago. Now, these areas, are getting built out and as they get more built out values are creeping up even higher.

Dan: Okay. Are you finding them listed on the market or are you doing this whole direct-to-seller thing? What are you doing to find these lots?

Brock: We'll do a little bit of both. We have a CRM system that we'll do a lot of direct text to the seller, which works out. It's a little easier for us due to the system and the fact that we've got our own real estate brokerage. So we can easily run in the tools that they give you as a real estate license person and run our own reports based on area, based on vacant land, based on zip code, or subdivision code. Then just download an Excel sheet with 3000 different lots and their owner's information. Then we have somebody on our team that can go into, they say the FBI database and give us all their phone numbers and emails and all that kind of stuff so we can reach out directly to them. So we do a lot of that. We also, the more active that we are in these areas, the more wholesalers that we meet. They'll just help. They probably sent us 20 lots today to look at. We're just selective on what we get though as well. Then the whole other side, if we need something fast and we need it now, then we go right to the MLS and we'll just buy it off of there.

Dan: Okay.

Brock: We utilize any bid.

Dan: Let's walk through one of these deals. You buy it for \$65,000. There's a sewer there, it costs you how much to build? You're selling it for how much, how much does it rent for? What is the specs on that house?

Brock: Yeah, one of those, for example, Poinciana Central Florida build, so we're talking \$65,000 for the land. We're going to spend roughly \$200,000 on the construction and then that house sells for \$320,000 to investors and right about \$350,000 to retail. The small percentage that we do retail, with rates where they're at, it's making it extremely difficult to cash flow because the cash flow is great in that area in particular. So what we're doing is since I've got the

management company for the first two years, I'm given free property management and I'm doing that as a credit. They would still see that come out every month, but as soon as we sign the lease, I'm writing them a check for the full two years of property management upfront. So that makes everybody feel like we're winding the clock back a couple of years where the cash flow's there because it's only a matter of time. I mean, you add enough time to any real estate deal. Well, if they're in the right location, which is where we're at, then you see rents come up, you see values come up and then you add enough time as well, you're going to see interest rates come down because the Fed has just borrowed too much money. So they have no choice in the long haul, but to have rates come back down. It's a recipe for success. It just requires a little bit of time. But those deals right there, a year and a half ago at peak rent, \$2300 a month. Now, today they have come off a little bit, but we're seeing an average of probably \$2150 a month. But what I'm also doing in addition to that free management is I'm doing a Rent Gap credit. So if I get them \$2150 a month for the first two years, I'm also going to make the difference between my high rent, which was a year and a half ago, the \$2300, and what we've signed the lease for. So \$150 times 24 months comes with that credit of the property management fee.

Dan: Are you seeing your investor buyers bring 20% to 25% down, or are these generally going to be like tax California kind of things or more?

Brock: Well, a little bit of both. I'd say, I don't know, like right before the end of the year everybody thought bonus depreciation was going away. We had multiple buyers that were buying 8, 10, and 12 properties and a couple of them were cash and a couple of them were all financed. Then we've got the majority is going to be yeah, 20% to 25% down, most likely 25% down in the last couple of years. Just to make that debt service coverage ratio number more attractive from a lending standpoint. But yeah, plus on top of that, all my pro formas right now are at 25%. I think that's a much safer route for people to take at the moment. Not that I think anything bad's going to happen, but the last thing you want to do in real estate is lose the property.

Dan: Yeah, and I think from my perspective, so I was dirt broke when I got into the business, so it was always like, I was kind of more the Robert Kiyosaki the cash flow. Hopefully, I could get to this point where I'm free and the cash flow from the rentals is paying. I never got there, but I created a cash machine that we can actively just flip houses and do a bunch of deals and make a bunch of money off of it. Then I bought rentals as this like a form of an IRA of savings, if you will, just a different way to store the value, right? Some people you could store it in crypto store value, you could store it in gold, you could store it in a bank account making little interest, you could store it into a stock or I could store it into some apartment buildings. That's kind of the way I think about it. I think that the new construction build to rent in an infill neighborhood is a cool way to store that value, even if, I mean the \$2150 has got to pay the taxes, the insurance, and the mortgage payment, right? It's got to do that. But that gives you the opportunity, to put \$65,000, maybe \$80,000 or \$85,000 down if you're at 25% on a \$320,000 house and park that into an asset that's built in 2023. That's phenomenal, right? Because when I'm in these infill property areas, we have them all over the place, Illinois, Atlanta, a little bit in Philly, out in the suburbs, and we have these areas that were built over different 20-year periods. So you'll have the cycle of houses that came through in the 80s and then the market crashed from the savings and loan around 1990, and then you get another round that came through in the mid to late 90s

and is built a certain way.

They're a little nicer, right? Because newer vintage and then again, probably died down again as the .com bubble burst. Then you got your 2002 to 2007 builds that show up in that same neighborhood and those are going to be the ones that still sell for the most money. So if I'm buying a \$320,000 house in one of these areas and it's the newest house with proper closet design and layout and 2023 build newer technologies, newer wiring, all of that stuff compared to the stuff in the 60s, it would ideally be the most desirable house in the neighborhood when I went to sell the property. I think that the build-to-rent with new construction is also good because you're going to get lower maintenance costs. Properties I bought and did a complete renovation. My maintenance headache emails from the management company come at a lot lower frequency than the stuff that I have inherited from tenants in an 8-unit building that had been there for 10 years before I bought it six years ago in their old dated unit. We're constantly doing stuff there. As we touch on the condition, is there any kind of builder's warranty or something of that nature that buyers would get, or is it?

Brock: Yeah, absolutely. Yeah, we give everybody a one-year workmanship warranty as far as anything that falls apart that shouldn't fall apart. If anything happens like that, then we're there to fix it. And that includes obviously mechanical, electrical, plumbing, I mean, so all the subcontractors we use are extremely well qualified. They're extreme professional companies that are the same as the national builders are using on their stuff. That shouldn't scare anybody because I know national builders have a bad rep as far as quality goes, but it's more about the manager of the project along the lifetime of the project being built and how detailed is that manager. We have checklists for every single stage and that allows us to build them faster than anybody around. I truly believe with less warranty calls than any of these other guys have because we don't want to come back. We lose money when we come back, but at the same time, we have to guarantee our product. So there's that side. In addition to that, there's a 10-year structural warranty. So anything happens foundation-wise, anything like that we are liable for. We come back, we take care of it. With these being brand new properties, as you said, these are low maintenance costs. I ran a report last year on the oldest ones that I had because I sold anything that I had before when I started back here. They were three and a half years old, four years old. My average repair and maintenance bill monthly on these houses was \$2.80 something cents a month per unit.

Anybody that owns real estate and rental property, it gives me goosebumps thinking about that because it's just new construction. It's the quality of the build and really on top of that, the type of finishes that we use, I don't know if you've seen our product yet, but if you go to mynewrental.com, that's our property management company, you'll see the type of product that we build at Brock 1, and it's not your average rental property. These are modern, they stand out, they're desirable, and they're going to attract higher-quality tenants. The tenants are going to pay more than they're going to pay next door because who wouldn't when you've seen these houses and they're going to stay longer? They're going to keep the property up better and be more proud to be where they're at. On the whole other side of the coin, if an investor is ready to liquidate their properties or trade them in for something else, the value's going to be there and the appreciation should probably hit your property more than it does the house next door just for the fact of what it looks like and the type of finishes that we put in there. We might be in retail areas

even though they're infill. These national builders still have offices next to us in these different areas. So D.R. Horton, LGI, Maronda, all these guys, they've got their model homes and everything like that. Nobody offers a standard product like we do. Nobody, and their stuff is going for retail buyers and ours is for investors, but I'm just a younger guy. I like good-looking stuff. I think for all the reasons I said before, that coupled with being proud to own the investment that you own, it goes a long way.

Yeah, we put in all tile flooring so there's no carpets being torn out when the tenants move out. All court countertops, so you don't have to worry about the lamination coming off of there or if it were marble or granite. Some of that stuff stains, this stuff does not stain. If you've got some wine drinkers that are tense, we have solid wood cabinets. So none of the particle board stuff that if there's a leak under the sink and the tenants don't want to tell you about it for two months. You don't have to worry about tearing the cabinets out and replacing them. It's all hardwood. We go a long way. We do concrete block construction when you see a lot of other build-to-rent guys in Florida in particular doing wood frame, it costs a lot more to do concrete block, but we're going to have cheaper insurance costs. The property's going to last longer when you sell it. A retail buyer's not going to want to buy the wood compared to the concrete and just [crosstalk].

Dan: Right.

Brock: One last big thing that we do that you don't see in any retail house when we get to our coastal areas, we're putting in hurricane impact windows and doors, if you've got a thousand properties in your portfolio and you see Hurricane Ian rolling your way with 165 miles an hour winds, you got enough headaches to have instead of worrying about, did you all your tenants, did they pull the patio furniture inside and did they put the hurricane shutters over the windows? Okay, now we just have to worry, did they put the patio furniture inside? But even if they didn't, and it blows a chair through a window, it's going to bounce off the window now, because we use nice products. So just another huge thing, that goes a long way with the way that we're doing business here.

Dan: Nice. Yeah, they really are good-looking properties here. I pulled up the website while you were talking and it's a ceramic tile floor. I might say that the finishes is here are even a little nicer than the place I bought myself in Florida.

Brock: Oh, man. Thank you. Thank you very much.

Dan: Yeah, that's cool. Yeah, and the block construction. I think a lot of people from around the country would hear that and say, "That makes sense." I'm amazed that you could even build frame houses still in Florida. The block construction where they, like are they also pouring the concrete down in December?

Brock: Oh, yeah.

Dan: Yeah.

Brock: On top of that, then we're like if I'm looking at a plan because we want to make the plan

perfect, and then it's like, that's the recipe and then it goes out and then the team runs with it. So they can do it on volume and scale with as little amount of headaches as possible and as much predictability as possible. But before we let that plan go out and to our team's hands and just where they can order it on new lots, we really look at these things to see where can we make it more strong with just any little detail that's one of them. So we don't stop at minimum engineering standards. If we're on the coast, if we think we can add an extra couple of pieces of rebar and down sells that will get poured with solid concrete, then we add them. So yeah, definitely all these, not all the walls are poured solid, which you'll rarely find unless you're talking skyscraper type or big building type things. I think it's every six feet here is what we do that we pour down concrete.

Dan: You make like a reinforced rebar post of concrete every six feet then. Okay.

Brock: Then the entire perimeter on these concrete block construction properties are filled with concrete, yeah, with rebar.

Dan: Okay.

Brock: Down into the slab.

Dan: Wow. That's what has to be done in Florida. Are you building any of these in flood zones?

Brock: Not one. No, goes back to the cash flow and the durability of the investment. Can we build them in flood zones and then raise them out like we're required to? Yeah, we can, but I'm not trying to, like I said, I want to keep as much as I can. If I get a buyer that backs out, if it doesn't hit my criteria, then why would I want to keep it? I don't want to put myself in that position, nor do I want to put any of my investors in that kind of position that is going to require a \$ 2000-a-year flood policy and kill your cash flow for the first two to three years. It's just not predictable. It doesn't feel good to go to sleep at night knowing you in a portfolio full of flood zones in Florida.

Dan: Yeah, it's interesting. You're a young guy. Would be like 30 or 32, somewhere in there?

Brock: Yeah, I'm 31.

Dan: That's pretty cool. I'm like, I'm wondering. I'm 43 and I'm wondering, it's like, well we did 98, it was 198 with 200 houses in 2022. And I think you're an interesting build-to-rent kind of boutique provider. So there are other build-to-rent providers out there who are doing 1500 and 2500. But to your point, some of the products they're building is, it's in the flood zone and they lifted it up. It's the wood frame construction. It is the LVP plank flooring. A little less expensive than the ceramic that's in the houses. At least I checked out here and I'm like, "Is there a day when Brock ever compromises the quality to get to the quantity?" Hopefully not for the sake of the investors who are doing business and it's just a...

Brock: Not a chance. I've had network providers that bring us a lot of investors and a lot of deals, especially in the last couple of years, try to push me around and tell me how to get my

prices lower so the cash flow can happen better. I'm like, "Oh, well you can put carpet in. Oh, you can put fiberglass stalls in the shower. Oh, you can go out of the woods. Oh, you can use a cheaper shingle. But no, and no, I'm not doing it." Because the biggest thing is long-term investment. Like that's what people are buying us for. If you want to talk about what's going to underwrite and perform better on a pro forma for the first six months, then yeah, we can build a piece of junk product. But, at the same time, you put it through a couple of hurricanes, you put it even with no hurricanes. You put it through this extreme heat and humidity and all this kind of stuff. I don't even want to see the termites that would come in and eat the wood walls. I mean, just all this kind of, it's just, I like doing things the right way. Like you said, I'm a young dude. I want to be around in the space forever and I don't want 20 years from now people to say, "Oh, he said this would last forever. Oh, this would do that." And point the finger at me. I'm going to do anything I can to make sure that things perform the best they can.

Dan: Nice. Yeah, they are good-looking houses. They're definitely not cookie-cutter. It seems like the style was there. A little more money was spent on those exterior doors and things to make them really pop. If anyone's curious, go check out mynewrental.com. It's worth the visit there. Brock, I know we're going to get to our wrap-up section here in a moment. Is there anywhere else that if someone was kind of interested in maybe taking a look and kicking the tires to maybe buy one of these they should go check out another site than we gave them?

Brock: Yeah, look, follow me on Instagram. I just started trying to get up, get more active online, which I'm active. I'm active on there. But shoot me a direct message on there. My tag is @follow.brock and plus I'm constantly trying to put out little videos about really what we do here every day. Even if you're not interested in buying off of us, just get on there give me a follow, and give me some love. I promise, we're trying to add value for free to anybody that's watching that, whether it be how much it costs to do a roof, or just if you're going to self-manage your own deals, what to do, or anything like that. But we've also, I've got a form, a link to My new rental. So mynewrental.com/invest. If any listener went to that and filled a form out, it would go to our sales team and we would get on a call and get a call scheduled and figure out how we can help you get one of these investment properties down here.

Dan: Nice. My final question here, is the first one, book recommendations. Was there a book or any books maybe you read that were impactful for you, or you feel like might be impactful for our audience full of real estate investors?

Brock: Yeah, I know everybody's heard this one. Okay. but I got to give you two of them. I know everybody I know. I won't even say it. Well, you probably, I'll say it, Rich Dad Poor Dad. I felt so smart. Like I was saying earlier, and then like the biggest thing that wake up call was rental property. It felt like a waste of time when I was younger. I was like, "I'm trying to get rich quick." Even though I had two of them, I sold them. But after reading that book, I couldn't even stop there. I think an even better book to me was Cashflow Quadrant. The one right after it. I enjoyed that better. But the Rich Dad Poor Dad deal, woke me up like, bang, like I've been missing this. I felt so stupid. I felt like I had seven years in the real estate game and pushed, \$50, \$100 million worth of stuff and I could have found out ways to keep more and I didn't have anything to show for it. So that was the big thing. My second book, which I read this, no kidding. I read it last year six times and I'll do audio books. I do not like physically reading the book. But

The 10X Rule by Cardone, I mean it's like my business Bible and life Bible. Anytime that I'm feeling like I'm slacking or I could do better in my performance or bring higher energy to the table with my team or whatever, I put that book back on and it feels like I'm a kid again, where my father's just ramming his foot up my ass, telling me I need to get up at five o'clock in the morning, or I'm going to be a lazy guy for the rest of my life. That kind of energy just motivates and it hits home with me. That book is huge for me. I don't think we'd be anywhere today without both of those books. But those two are great.

Dan: Nice. Love it. What about "The Crown Jewel of Wisdom," Brock? If you could go back to yourself, you're 18 or 19, getting done high school, maybe you're still living in Memphis. What would be the crown jewel of wisdom knowing everything you know now that you would share with yourself then?

Brock: Okay. Can I give you two parts on it?

Dan: Let's do it.

Brock: Okay. The first part is if you get real estate and if you're able to own the real estate, don't sell the real estate, or try not to, I know you flip a hell of a lot of real estate, okay? So you're laughing at that one. But I know that you also love your apartment houses and you love the stuff that produces a good income and that can write your taxes off and just keep as much as you can along the way. I think that's the biggest thing. I'm not saying keep everything, okay? But keep as much as you can and just because it feels like you can't keep it. Doesn't mean there's not a way that you can because there's always a way you can. So that's part one. I guess that's real estate-related. The part two that can go in any direction, business or entrepreneurship or anything when it comes to making money or just being a great employee is when you think that you have made it. Like earlier I said, "I had almost \$100,000." I had this mentality just shut off. Like my work ethic went from 16 to 20 hours a day, down to 2 or 3 days a week, all work, and it's not going to be 16 hours. And biggest mistake, because I did that three times, man. Three times I made the money and then I went to negative, made the money, went to negative. Every time, had the same common thing in it my whole mentality became too lax just because I had more than I'd had in the past. It made me feel like I could relax a little bit, wrong mentality, whatever you did to get that hundred, keep doing it and do it better the next time because the next hundred will turn into a million, and then the next million will turn into 10, and there you go, you know? But if you do it and then you shut it off and you do it and you shut it off, I mean, you're just going to be spinning your wheels the whole time.

Dan: Have you read "Relentless?"

Brock: You know what, I actually, I started it and I never finished it.

Dan: Okay. Yeah, Relentless. My team, there are probably 23 guys on my team who are out there making deals. Then there's the executive level there above. We notice that same kind of thing. Like we're flipping some houses. We've lost pretty big money on quite a few of the houses we've attempted to flip successfully. A lot more of them have gone profitable and that's why we're still in business. Then some small number we've had the luck of the market, who would've

thought it was \$50,000, \$100,000 over the asking price here? Well, when said individual was the recipient of the luck, and some of it is a skill, they may have made a great deal in the living room, right? Combination of skill and luck. They got the right lead, whatever the case is, the bank account is full and there is a mental checking out. So we're constantly having to kind of keep each other accountable to try to make sure, like in a sense. I want to trick myself that I'm already broke so that I just stay hungry, right? Just stay hungry. I don't actually want to be broke. So I invest that money into assets. But Relentless by Tim Grover, like Kobe Bryant, Michael Jordan, and Steve Curry.

Brock: I did the whole thing. I know Relentless.

Dan: Okay, yeah.

Brock: Love it man. Love that book.

Dan: That's right. That's our prescriptive antidote to the mentally checking out when the bank account gets full. I succumbed to that myself a bunch of times over my career. Then the other thing, I think that probably just layer on to what you shared, both of these are great. It's like, don't mentally check out. A lot of times that happens because we're looking at X amount of money, it's the most we've ever seen. Now, we're ready to take a vacation. But I think the, "Don't sell the real estate thing, keep as much as you can." For me, I probably would've bought a little more real estate along the way. I feel like I bought as much as I responsibly could by keeping myself broke and putting my money into these hard assets. I couldn't get it back out of quickly. So the money's there and it's been working quietly. Some good, some fantastic, and some okay while it's been parked. I'm at a stage in my career now where I'm testing the market with my apartment buildings and I'm selling off some of the single-family stuff because I'm climbing to the next level in my own portfolio, which is like where I'm at with that 30,000 square foot place in Memphis. I'm really trying to scale up to another level and hang on to that real estate. I'm glad and grateful that I did buy these assets along the way because it was better for the money, number one, to grow a little bit, a lot in these assets as rentals. But it was also even better to keep me hungry in my business to make sure that my bank accounts were being swiped on a regular basis.

Brock: I love that part, man. I love that part. I do the same thing if I get a bunch of cash coming in, I have got to spend it fast. I'm not talking about a new watch or anything like that. It's got to go into the next thing that's going to make it grow.

Dan: That's right.

Brock: Your money is gone. Man, like you're amped up on a whole other level. Your back's against the wall and you got to figure your stuff out now.

Dan: That's right.

Brock: Or another level.

Dan: That's right. Yeah, and sometimes, if someone's listening right now, you don't have enough money to buy the rental property, maybe you're not ready. Maybe your credit is not ready. That's how I was. I had bad credit, I couldn't get the loan. But one of the tricks that I kind of used at that level of my career was opening a savings account that I did not have online access to at all. So I had to like, go to the branch and put my money into that account. Then it was a hassle to get it out and I'd forget that I even had it. It wasn't in my main checking accounts where I was staring at this large balance telling me whispering sweet nothings to go away on vacation and check out, not make the next phone call. Things of that nature.

Brock: Yeah, that's a good idea too. It makes it easier for you to not have that temptation.

Dan: That's right.

Brock: Right.

Dan: That's right. Take away the convenience. I'm not staring that money in the face. It's just one of the little tips. So my final question, Brock, what is the kindest thing anyone has ever done for you?

Brock: Oh, man. Oh, what a question. The kindest thing anybody's ever done for me. Oh, you stumped me here. Oh, I guess the first time, the first auction I ever went to. A guy that I'd never done a deal with, I had never had lunch with anything like that. The only other young guy that was there that day. He had cash. I didn't really know what I was doing. I had a buyer for the deal and he had the cash in his pocket because they required cash. It was like one of the five auctions they required on the day of, and he loaned me. It was him and me, him and I, and he literally, quit bidding and loaned me \$29,100 right there on the spot.

Dan: Wow.

Brock: Got in my car with me right afterward, went to the bank with me. I got him the money out of the account. Then I split the fee with them, split the whole self-fee with them. We went on, that act of kindness goes a long way. That act of kindness made me love that man. I still love that guy. Although I spent it like it was water at the time, we've made at least a million dollars with each other over the next year and two years.

Dan: Nice.

Brock: I guess that was a really kind thing of the guy. So, thanks, Craig.

Dan: His name was Craig.

Brock: Yeah.

Dan: How about that? I have a Craig in my life.

Brock: Oh, Greg. I'm sorry. Not as big a...

Dan: Greg, oh.

Brock: Yeah.

Dan: Close enough. But Craig's been that guy. He is still to this day working with me in the Philadelphia market. It's been a wonderful thing. He was also kind to me when I had no car and showed up at the networking event, just in a ridiculous shape. But people thought I was somebody because Craig was introducing me around, you know?

Brock: Yeah, man. Yeah, those are the best people.

Dan: Yeah, man. Do you want to plug the website one more time here and then we can close?

Brock: Yeah, please go to www.mynewrental.com/invest. So mynewrental.com/invest. Fill out the form. We can get on a call, we can talk about anything. Okay. How the weather is down here. Hopefully, it's about a new investment property, but you know, we could talk about anything. I'm dying to meet other real estate investors and entrepreneurial-type people, so let's do it.

Dan: All right. Cool. Thanks for coming on the show, Brock. I had a great time. I really appreciate you coming on.

Brock: Me too, Dan. I'll see you again soon.

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