

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

Dan Breslin: All right, Jeremy Friedman. Welcome to the REI Diamond show. How are you doing today?

Jeremy Friedman: Hey, I'm doing great, Dan. Thanks for having me. Looking forward to it.

Dan: For sure. So you're the co founder of Stoic Equity Partners. Somewhere about to hit the hundred million dollar assets under management mark with a million square feet. So you guys have built some momentum from the research I've done before the episode. There's a little bit of self storage. It looks like it's kind of hanging on, maybe got bought a little bit in the excitement and the height. I own a lot of storage myself, and we're certainly not doubling down on that strategy at the moment. We're like doubling down on our management of the current assets and we're going to like make those things make money.

Jeremy: We're in the same place with our storage.

Dan: Yeah. If the right deal comes along, yeah, sure we would do it. But that's probably not for me, the main hunt and then you're into the multi tenant industrial space and that's probably going to be the bulk of our conversation here today. Jeremy, to kind of fill in maybe the holes, maybe you want to talk about the progression of your career in real estate with.. I've given you a little bit of an introduction there.

Jeremy: Yeah. So I'll actually go back pre real estate and prehistoric. Sorry, I had to throw that in there. So before real estate, I like to call it my first career. I was an investment banker. I was an institutional bond broker in Memphis. Our firm got bought out. I was looking for somewhere new to raise a family. Moved here to coastal Alabama. I'm in Fairhope, Alabama, and I got talked into starting a home building and so had to turn my back on the bond business to try to keep that business afloat, take it over and protect my investments. We started that company in 2006, so you can already imagine the story there, the peak of the market to get in and I closed it down in 2011. So I went in at the top, got out at the bottom, and some perfect market timing there. But that's when I went to work for a commercial real estate developer. Worked there for a few years, then I left. He did a lot of single tenant net lease properties. I went into brokerage for commercial real estate, which is where my partner in Stoic and I met. Started my own brokerage, primarily focused on single tenant net lease properties. And in 2020, Grant and I came together to form Stoic. The phones stopped ringing just long enough due to Covid, that kind of gave us a break there and enough time to launch stoic. In 2020, did our first deal, closed on our first deal in 21. As you mentioned, that was storage. It was an adaptive reuse of an old grocery store box that had been converted to office. Office was not being used due to Covid. The tenant bought out the remaining term of their lease. So we were able to use that as part of our equity. Converted it all into climate control storage. It's all virtually managed. We went on to buy core plus storage deal that had some upside. We did a ground up development storage deal in Pensacola, Florida. And then we expanded. We tripled the size of a facility in Little Rock, Arkansas. And at that point, interest rates were moving up. The common thread there was we had to do a lot of heavy value add to make the numbers work on those deals. And at 4% interest rates, that worked. But as

interest rates kept moving up, even in a heavy value add scenario, we could not make numbers work. We pivoted to multi tenant value add, flex industry, and that's where we've lived since. As you mentioned, this next acquisition that we close in September will put us over the million square foot mark. Put us over the 100 million in assets mark. So, pretty exciting times. We found a little niche that really works well. Demand is super strong, supply is very low, and we can get in and talk about that all you want, but that kind of gives you an idea of my progression.

Dan: Let's define exactly the multi tenant value add industrial deal that is perfect for you. Are we talking 1500, 500 square foot bays with a garage door and a bathroom, or are we talking maybe 510, 20,000? And there's like five of those in that industrial building, because, I mean, anyone who knows industrial real estate, there's a whole hell of a lot of different niches in there. You got 14 foot clear height, you got 30 foot clear height, you got paved parking lot, you got crushed stone parking lot. You got industrial manufacturing sites that are full of lead. And the list goes on. So what exactly would be sort of the meats and bounds of your perfect deal?

Jeremy: So, for us, the perfect size deal is 50,000 to 150,000 square feet. Our average unit size is somewhere in the 3500 square foot range. We have properties with up to 10,000 square foot suites. And then we have property. We have a few suites that are down in the say 1500 foot range. Primarily we are more of say the business part flex. We like a property that's got a nice, we call it the mullet of commercial real estate. So it's got business up front. You've got a nice showroom or office up front and roll up doors in the back. We're not typically dealing with front load, what we'd call a contractor garage. Those are great and it's just not what we do. And a lot of times those tend to be the smaller. Maybe it's just got one bathroom, one office, roll up door in the front load. We like a rear load property. Not all of ours are, but that's kind of our niche.

Dan: What year is this type of building built?

Jeremy: Yeah, most of it's like mid eighties to 2000. Not a lot has been built in the last 30 years. As a matter of fact, this is the one asset that's actually shrunk in supply over the last three decades. So plays right into our whole supply and demand thesis. Supply has not increased meaningfully at all in the last 30 years. Demand, especially in the southeast and growing population markets and growing population submarkets. There's a lot of demand for the space and then furthermore to build new space you would have to get rents that are above market. We do believe that demand will get high enough that new supply has to come in, but that will be at a higher rent will help us continue to raise our rents.

Dan: What are the market rents right now that you're seeing out there? You mean like estate to kind of tie it to.

Jeremy: Yeah, most everything we're doing is in the eight to \$12 a square foot. That's an annual rent. And that's triple net rent. So pass throughs for taxes, insurance and common area maintenance it's very market specific but tend to be, just call it average of two and a half bucks on top of that.

Dan: Yeah, and that's kind of what we see as well. We own a little bit of this kind of flex space and it operates a little bit like the storage. So when you said you're 150,000 square feet chopped

up to buy 3500 units, I mean we're talking 40, 50, 60 tenants. Your average storage facility is probably 150 to 250 tenants, and they're probably key pads and run virtually. And I'm sure that maybe the tenant base in the industrial works similarly, hands off. But there is a little bit of the revolving door effect there. If you took 150,000 square feet, and add[?] two national tenants in there, 75,000, 75000, that's going to run and operate much differently, be a little bit harder to backfill. These smaller suites are probably higher turnover, easier to backfill because you got the next granite guy paint shop electrician storing his components in here, and the cabinet maker.

Jeremy: Typically, the 150,000 square foot properties, they're larger, they tend to skew more towards the 10,000 square foot. [inaudible] facilities have somewhere in the 30 to 50.

Dan: 30 to 50 units. Okay.

Jeremy: Yeah. It's the same thing. And that's actually what we like about. We love the cash flow of multiple tenancy. We love the idea with storage. We love the fact that one tenant moves out, we're still cash flowing. It's not a problem. And it gives us an opportunity to reset and reprice rents to the current market. It gives us a chance to reset the lease to our form. It gives us a chance to maybe find a tenant that needs a little bit of specific tenant improvements and that we can do to their space and makes them more sticky moving forward and gets them to pay a higher lease rate. So we like the revolving door. So if you think about it, think about multifamily rental rates and how they jumped up through Covid. That hasn't happened in a lot of these facilities for the flex, because these guys are sitting there on a three to five year lease, and so a lot of that repricing of the rents is what we're able to do right now moving forward. So we like the revolving.

Dan: Are you guys on a three to five year lease? What's your perfect lease tenure?

Jeremy: Yeah, three to five years. We all also build in annual rent increases into our leases. That's become a very easy conversation through these times where there's some inflation, people get it a little more. Five years ago, that was a hard conversation. Nowadays, people barely bat an eye at it.

Dan: So you're saying that you have the store or I guess the showroom in front, would this be more like the 10,000 square foot lease where you have some kind of showroom and offices in the front and then there's 8000 square foot in the back with a roll up door.

Jeremy: Listen, they call it flex for a reason. It's so flexible. There's not one specific model. Like, in other words, you can go to one of our facilities and this guy over here is 20% office, this guy over here is 50% office. This one might be built out 80% office. And that typically is one of our value add areas is a lot of these legacy owners have space that was heavily built out as office and they have a hard time leasing it now because of the demand for office is lower. We can go in and spend a little money, rip out, say, half of that office space, bring it back to more of a, say somewhere between 25 and 50% office and the rest being warehouse. And that's what the market is looking for and we can lease them up quickly. But I guess my point is to say like the percent of office or showroom between them is very subjective. It's fragmented all throughout these things. You'll walk in one, it'll be almost all warehouse. You walk into one, it's almost all. And

interestingly, we have a lot of more kind of retail ish facing people. A flooring store or appliance parts store where actually, it is kind of retail, kind of industrial. They have a warehouse portion in the back, but they have kind of a showroom where customers can come in and buy things and go up to the counter and....

Dan: Yeah, that makes sense, I guess. I don't know. It was 10, 15 years ago when the market crashed myself, I turned into like a handyman for supply store. It was like, whatever needed to be done, I'd get my hands in there and do it. And we were doing air conditioning and heating work with my dad. And I remember going to the Honeywell distributor and it was just like you're saying you kind of had this small little section where there's like product hung out there on shelves and then the guy would go in the back. We could even see the huge shelves and racking system with all the other stuff we would order over the counter. But I guess, yeah, that's kind of like the perfect fit for what you're describing there, a little showroom.

Jeremy: Perfect tenant for us. Absolutely. We have a lot of service people, H VAC contractors. We have some of these parts house kind of people. We have several last mile logistics companies. We have some labs, for some reason it seems like every facility we have has a pest control company in it. We have pharmacies. We have several pharmacies. We call it where business gets done. We feel insulated from the work from home trend to some degree. If you need a warehouse space it's kind of hard to go work from your spare bedroom. So that's yet another reason we like the product.

Dan: So I'm sure one of the reasons you're on the podcast tour here and you're sitting on the REI diamond show and the booking agents connected us is deal flow. That's a real big reason why I do my own podcast. It's like hey here's what I'm buying. I'm buying industrial, we're buying retail. I want it to be 40,000 square foot or bigger. I'd love it to be in Chicago, Atlanta or Philadelphia. But we're willing to hop on a plane for the right 120, 150 thousand square foot shopping center or industrial. We'll go almost anywhere in the country for the right deal. So I'm curious with that kind of a set up, where exactly would be the ideal deal that you were looking for if somebody was listening and was like hey I got something Jeremy would like. I know exactly the property he's talking about.

Jeremy: Currently we invest in what we call the SEC region so if there's an SEC school in that state we most likely will buy properties there. So that's just one way of saying hey we're in the southeast. Our real niche is like secondary and tertiary cities rather than the primary stuff. In other words in Charlotte, in Nashville and Tampa it's really hard for us to make the numbers work but in a Birmingham or Jackson Mississippi we do work in the outskirts of Atlanta, panhandle of Florida, all those types of areas that's where we thrive. Again 50 to 150,000ft is multi tenant. That's what we love. We source almost all of our deals through brokers off market. So we work hard to build a relationship and a network of brokers all throughout the southeast and all these markets that we want to buy in and we will database and market will gladly share a list of hey these are the properties in your market, we think we would be brought them to us, we would write an offer. And it just helps the brokers in those markets, they already know the owners. They probably have [inaudible] least space for them. They may have sold the property to them and so it's just an easy way for us to have an army of guys out there looking for a product for us. Typically, we'll use them to manage. We use third party property management. We'll

typically use them to lease. We hire leasing agents in the market so they get to keep the business. So it's a good relationship. So if anybody's listening and they know of a property and they want to keep the leasing or keep the management, please give us a call.

Dan: So let's pull the thread of like a real deal rather than the one that's not closed yet, because that's kind of still in a status of NDA because it hasn't closed. Can we maybe talk about the one that's already gone to settlement most recently and really, like, dive into how the numbers work, the value add, the capital stack, how the investors participated, the turnaround, the deal's going, talent handbasker working out tremendously. Could we really pull in on something that closed recently here?

Jeremy: Yeah. So we just bought, and I'll use round numbers. We just bought 50,000 sqft in Tallahassee, Florida, Woodland Circle Business center. And very typical for us, kind of a deal. We're buying it below replacement cost. Let's see, we bought it for just under dollar 80 a square foot. You can't build it anywhere near that. Rents in place were below market. We identified that the market rents were ten, should be between ten and \$11 a square foot, triple net. We have the right during the contract period to approve any new leases or amendments. And we had two tenants come to the site during the contract period. The current seller was out advertising the space at \$10 square foot, modified gross. We said, no, it's got to be 1025 in one case. And then another case was 1050 because of some tenant improvement, triple net. And the tenants still signed up. And so we were able to sign those leases while we were under contract. Sitting there at 100% occupancy, has a fairly short wall on that one. A weighted average lease term is fairly short. We expect to turn a good portion of those leases in the next twelve to 24 months. So we really feel good about that property.

Dan: So you paid, what was this? Roughly \$4 million somewhere in there?

Jeremy: Yeah.

Dan: So 4 million. And when you were, like, calculating that offer, did you do this on, like, here's my price per square foot, and I know I can get ten or \$11 per foot. Okay. That's why 80 works. Or did you guys look at it from the existing cash flow? How did you maybe rationalize that offer to the broker and the seller on the front end?

Jeremy: So we underwrite all of our properties. We use CRE models. We used to use an ACRE Excel spreadsheet, but we now use CRE models to underwrite it. We put in the exact rent roll and all the roles. We make assumptions on what we think we need to spend for tenant improvements, leasing commissions, what the likelihood leases are going to renew the normal stuff and how long downtime between when leases go down and when we sign them back up, all that stuff. And we just kind of solve for the returns that we need for our investors. So that's high teens on an IRR basis. This one is, I want to say, it's basically 18 and a half IRR. And then some deals have a higher average cash on cash than others, just depending on.... We tend to find deals that have a higher cash on cash return, a lower IRR, and vice versa. Just depends on how heavy a lift that the value add is. This one, it was at 7% cash on cash average over the whole period. First year or so is very low because we're still dealing with those older legacy leases. And then it steps up over, over time until we're plugging away at nine or 10%, kind of a rule of thumb. So the

price per square foot is not really the right indicator, although it can help us solve for x. But at the end of the day, what we need is we need about somewhere around, say, 11% yield on cost year two, year three, maybe 12% year three. And that tells us that we can get the returns we need on that deal. And so it somewhat has to do like it depending on.... So if you take \$80 a square foot and you take 10 dollars net, you can kind of see, oh, well, that should be able to get there. Because we can look at, okay, well, if we know we're going into a market, we can get \$12 a square foot in rent, and then we can pay more like \$100 a square foot. But there's all kind of other factors that go into [inaudible].

Dan: Yeah, 100%.

Jeremy: But as a general rule of thumb, you can look at the rents and the price per square foot and get pretty close if you know what your yield on cost needs to be.

Dan: So from the private investor, the passive investor, the LP seat, I am going to pretend that's me in this instance. And you're saying, hey, Dan, it's going to be 18.5% IRR, 7% cash on cash. And my question to you would be, is that a preferred return that's, like, accruing paid back before the partners get a split? And what is the LP versus the GP split? How much of the profit is sort of allocated to the guys like me and guys like me bringing the money to the table, versus you guys as the general partner?

Jeremy: Yeah. On a general investor, we're an 8% pref. And that is accrued. If we're not hitting that, it's accrued until we get there, and then we get 30% over that eight.

Dan: Okay. So 30/70 split on the profit, 8% preferred return.

Jeremy: Yeah. So we used to do like, a three tiered waterfall and to build over twelve, we would get 45%. Step up what we realized is, I mean, it would just make people's eyes cross. And we kind of figured out, okay, this works out about the same right here. If we just do a single hurdle where it's an eight [inaudible], we get 30% over. Boom. It's a lot simpler to explain.

Dan: Yeah. And that's pretty strong. So when you say 30, 70, I ask that question. I wonder to myself, as I say live on the show, I wonder, is Jeremy going to dodge this question here because he's doing something? Because there's people out there who are doing 70% to the GP and 30% to the LP. And maybe there's extenuating circumstances, like, they got the property practically for free and they feel like the upside is theirs. Maybe they closed on in cash and that's a fair split for that kind of a deal. But when you shared 30% to the general partner and 70 to the LP's, to me, as an investor, I feel like that's more on the fair side, especially for something where it's not like we're doubling the value and we're selling this thing in year two. It's not like these are deals that they're bought at an opportunistic price. They're not bought at \$0.10 on the dollar out of bankruptcy like you might have had in perfect type of moment sort of deal. So 70 to the investor and 30 to GP is in favor of the investors. I like that for deals. I like the 8% preferred return too. I see in, I don't know, I probably looked at six to twelve deals of this nature in the last week and they range anywhere from 6%. But that 6% is starting in the first quarter, so there's no waiting for that. Up to eight and even as high as ten. But to your point, if we're talking about a 10% preferred, we're talking about something that's probably two to three years worth of a lift.

Construction and leasing and the whole thing. That's a long time in the economy. The economic situation is going to look very different in two to three years. And that's why the 10% pref is supposed to risk price. You're supposed to get more because you're taking more of the risk here. So I like where the eight falls in here.

Jeremy: So we've done ten pref deals, but typically we reserve that to a large check writer who is going to make up, if not all of the equity, at least be an anchor equity on a deal and make up the majority of the equity. And they get to push this around a little bit because of that. So I mean, hey, we've done ten pref deals. I'm not going to sit here and tell you we haven't. Of course, but we don't ever want to listen if... We want to be in market. I mean, we don't want to be able to look across the table to our investor and say, "This is how we get compensated on this deal and not be out of market and taking up outsized piece of everything. We do get fees along the way, we get acquisition fee, we get asset management fee and a little disposition fee along the way. And I tell everybody, and some people, especially the big check writers, like to push us around on fees, but we have an in house controller, we have an in house asset director of asset management, acquisitions analysts and transaction coordinator who all are working in grant and who are all working hard to manage these assets. And they all want us to have a team managing these assets. We have to pay for them somehow. And that's the fees. And what we've also found is when we run the numbers and take the fees out. We make it up at the end of the day and promote. So it really works out to be the same returns to the investors. It just is a timing issue, which the timing for us to pay payroll and keep the lights on and have a team managing those assets, that timing is important to us. We do fees along the way. It's just enough to kind of barely keep the lights on and keep the team.

Dan: Yeah, I get it. And I don't envy your position. So we're buying, selling at high volume. Our team is busy. We have a great team. Obviously, we're making money. And the thing about my business that I do like Jeremy, is it's a deal that's closing almost every day, if not every other day of the week. Sometimes five or ten of them go in one week. And so there's like liquidity events for the team happening all the time.

Jeremy: Yeah.

Dan: And on your side of the table and the LP investments that I've already made, the liquidity event is it's two to five years.

Jeremy: Yeah, can be five years. It's usually going to be in our deals. We will start looking at three years, if it makes sense, but it's going to be three to five years.

Dan: So it's a long time. Yeah, it's a lot of work to get to the finish line. And especially a time like now, 2022 through 2024, with interest rates where they're at this is not the Dispo season. This is not the time to be selling disposition of your asset. As the interest rate is high, there's a couple lucky deals getting done here and there, but it is not 2020 and 2021 when things were flying off the shelf. That was a once in a lifetime kind of event.

Jeremy: Yeah, absolutely.

Dan: One other question I guess I have on these ones here. What are the risks?

One of the risks that comes to mind for me as I kind of look at the product, is businesses fail. Five to 10% of businesses will succeed past maybe three years. And your size, 1500, 3500 sqft, maybe even 10,000 sqft, that's kind of like the business incubation model or framework. And it's like almost all businesses eventually die. Very few make it past 10, 20, 30, 40, 50 years. Very few. So, other than that, other than the businesses fail, if the economy was to take a shift and you kind of have vacancy, what other risks might not be obvious walking into a deal like this?

Jeremy: Probably the biggest risk is vacancy due to an economic downturn. We have a very broad range of tenants and I can't really tell you that, hey, this national tenant in this 10,000 foot space is less risk than Bob's HVAC contractor in this 3000 square foot space. Because what we know is that, and we know this because of COVID the national tenants, and even the financial crisis back in zero eight. The national tenants tend to be the ones that sit around in the boardroom and they decide to close 60 locations. They do it with a stroke of a pen and, or they're the ones that have the sophisticated real estate team that can come in and renegotiate leases and all this stuff. So those guys can be a real problem in a scenario like that. Whereas Bob's HVAC, Bob feeds his family by replacing people's air conditioners. He's either in business and feeding his family or is not. We saw a lot during COVID times and even during the financial crisis, we saw a lot of the local and regional credit people being a little better tenants, or at least abiding by their leases. That's really the biggest risk. And it's not just the vacancy, but if it puts pressure on rates coming down. If you think about your storage, or at least it's my store, the way our storage is, rates are not as high as they once were in self storage because demand is lower. And so we have properties 93% occupied. But the rate, every time somebody moves out and somebody moves back in, we're resetting rates lower and lower. And so the rate part of the vacancy or the rate part of a downturn is probably one of the biggest risks we've..... You and I talked about this before, but we use all fixed rate debt, we don't use any floating rate debts. We don't see any risk from that standpoint, so it is truly demand driven, the risk. And that's one reason we feel really comfortable in this product, is that there's low supply and high demand. And even if there's some shift in that, we [inaudible]

Dan: I think you're right about the price and the supply and demand. And we are in this interesting time. I have a friend who bought one. He was under contract. It was like \$3 million. It was like probably 50,000 square feet. I think he killed the deal. Someone else bought it for 3.5. A year later he's under contract at like 4.5 million to buy the same place. And the rents were like \$12. They were like \$12 and he's like, I can get these to 18 or 20. And I'm thinking like, no way in hell are these rents going to 18 or \$20. There's just no way. But he is in that North Carolina market, hot market and sure enough, he closed on that thing and it may have been even 5 million. He bought it and \$20 was the last lease he signed before we met and he was telling the story the other day. So you have this demand and I think maybe the math must work out at least on units like that. That were like 2000, 3000 sqft. They're not really like, oh, are these eleven or are they \$12? So like, hey, it's \$4,500 a month and \$4,800 a month.

Jeremy: Yeah, that's where the math comes in. These guys don't think about it per square foot like we do. They think about what's it cost this month, each month. And that's what they look at. And so we do that math all the time. We're like, well, okay, yeah, we want to take it to this rent.

Well, what is that per month for that unit? We feel confident. To be clear, when we underwrite, we try to underwrite what we think the market rents are. Not what we think we can push them to. But where other leases are being signed and where we think the market is today. What we have found across the board in the flex stuff is we are able to push those rents above that as the markets continue to move. So we feel really good and a lot of our properties, we're achieving significantly higher rents than we first underwrote. So there's some cushion now in those properties in that business model as well. But I mean, you got to think, listen. And we're not predatory, I promise we're not. However this story might sound like we are, we bought 96,000 sqft outside of Atlanta, McDonough, Georgia. The average rents in there were \$5.76 modified gross.

Dan: Wow.

Jeremy: We are signing 1250 triple net. And if you stop and think about it with the, add the nets in and everything, you're basically tripling or quadrupling some of those tenants rents. And most of them have renewed or are in the process of renewing and, or the spaces that have been vacated. Those people have vacated and gone to a smaller space and probably paying higher rent per square foot. And we're backfilling them already. And it's not predatory at least I tell myself that. But this is what the market is. And if they stop and go, they don't like it at first. Because we're the bad guys. I always try to explain to them, hey, it's the seller that wanted a certain price.

Dan: That's right. Would you pay per square foot on that one?

Jeremy: We paid....

Dan: You didn't get it for \$50 a foot, right?

Jeremy: I think it was \$56 a square foot.

Dan: Okay. Well, you got a great deal then, in Atlanta.

Jeremy: I mean, McDonough, it's a suburb. But, we love that deal, and yes, we're heavily lifting rates, but I mean, there are some long term leases in there and there are things like that continue to drag on the cash flow. I mean, it took that to make the numbers work. It's not like we're all of a sudden going to make a 40 IRR on this thing.

Dan: Did you guys do some capex there? Did you have to do any parking lot work, roofs, anything like that?

Jeremy: So those are all very common things. We do seal and stripe parking lots, sometimes roofs. We have not had to do much there yet, although I did just sign a contract connecting a parking lot with one of the others to help traffic flow because it's a dance studio and one of them. And again, there's very flex spaces. And it's a dance studio. People are coming in, dropping off and leaving. They needed better traffic flow. They were like, well, okay, we can pay this higher rent, but could you do something about our traffic? And so things like that. But yes, there are some other spaces that are coming up that we're going to have to do some heavier rental work on.

But those leases haven't turned yet. But you hit on it. It's ceiling striped parking lots, it's roofs, it's façade work. It's updating landscaping interior, where going in with LVP flooring and pain and just kind of freshening these things up. And what we found is a lot of the legacy owners and a lot of the other owners in the market kind of want to put that off on the tenant. And I get it. I get the idea of, hey, that's your skin in the game or what have you, or here's my rent and I'm not doing anything. But we try to position ourselves as the landlord that hey, we'll do some tenant improvements. We'll, do some work to your space, discharge them a higher rent and it tends to make them stickier that the space fits their needs better. So we like it.

Dan: Nice. Before we hit our wrap up questions here, Jeremy, anything else that you think I may have just forgot to ask the question and you feel like may be a value to the listener?

Jeremy: I think we were having this conversation here recently that what we feel like the key to our business moving forward is, is all relationships. So that's relationships with the brokers in these markets. That's relationships with sellers. We have a seller we bought a big portfolio from march of this year that's looking to sell us another property. That's relationships with leasing agents, it's relationships with the tenants, and most importantly, leasing relationships with our equity. Almost every deal we have, there's repeat investors in those deals. And it's just been a really important part of what we do. And all of those relationships has been such an important part of how we've been able to grow this far and we feel like is the key to continuing to grow.

Dan: Interesting. Did you guys come up with any internal action items from that? How do you continue to grow the relationship with broker and a market you bought your McDonough property from? Like what are your next steps there now that that's settled?

Jeremy: Good question. So they manage the property and lease the property. And so it can be as simple as when those guys send us an LOI for a lease, we try not to put them into a situation that's uncomfortable between them and a tenant. Some of it is uncomfortable. If you're going in and you say, hey, your new rent is \$12, 1250, it's an uncomfortable situation. But we try to arm them with some tools to help that process. Like what tenant improvements do you need to your space or what can we do to give them some tools to help them? And it's just doing what we say. So that they get the sense that when I call them and I say, hey, we need to do this to the property. And they'll listen to me. And we don't always do everything that the management companies suggest, but we do a lot of it because they know what they're doing. And we appreciate that. We value that. But it's also that, hey, when we tell them we're going to do something, we do it. So that's what I mean, it's 101 basic level stuff of every relationship out there. Don't put people in bad positions and do what you say you're going to do. I know that's table stakes, but it's just really resonate. We've had a lot of relationship things come up lately that just is like, you know, we've had brokers bring us deals and then all of a sudden we see them from somebody else, but staying true to the first guy that brought it to us, just again, 101 table stakes. It's important. We're all people. We're all just here trying to make a living and it's important.

Dan: Yeah, I mean, it makes sense. I mean, I'm looking at my notes and one of the takeaways is, as you shared throughout this thing, it was like most people are trying to kind of like crimp every penny to the broker and like, try not to pay them, try to cut them out and go around to the owner. Everyone's used to that in Brokers community. And it's like my takeaway from today's episode is

let me make the agent who brought me a deal, let me make them a partner in the deal. Maybe that's a small slice of equity. Maybe it's not. Maybe it's the ongoing management fee that they're going to get. Maybe I give them another \$25,000 on top of the commission. Like, what can I do there to kind of make me thought of differently in the mind of that broker? Guess what? They're going to bring you the next deal if they're managing your property and you're in this, like, communication chain of sequence, or they're a partner on the deal and they're kind of boots on the ground running the deal in McDonough, Georgia, should they end up stumbling upon another one, you're going to be the first in line because they going to kind of add your deal to the management business that they have already kind of going on the first deal.

Jeremy: Yep.

Dan: Cool. So as we wrap up here, are there any books that you would share that you feel like have been impactful maybe in this niche of real estate or maybe just in a broader sense of personal development?

Jeremy: So I'm going to give you two. One is the obstacle is the way by Ryan Holiday. So the name of our business is Stoic, Stoic equity partners. And the whole point of that was in real estate transactions and managing real estate lots of things come up. And it's not about what happens, but how you react to them. And so a big fan of the Stoics philosophy and big fan of Ryan Holiday's writings about it. That's a great book. It's short. It's written into a bunch of small, almost like biographical sections or chapters. It's really a good book. So the obstacle is the way by Ryan Holiday. And then probably what was also most transformative to my life in real estate is there's a book by Sean Cook. It's called private equity Real Estate, and it is written from an investor's point of view. And it just really does a fantastic job of describing the industry. And it was kind of transformative for me and how I thought about the real estate industry and part of what prompted us to start stoic. And I think that's a great book.

Dan: Nice. Appreciate that one. I think I did read the obstacles away. Sean Cook, for me, that's a new one. I'm going to order that and check it out. What would you consider to be the crown jewel of wisdom if you could go back early days, even way before real estate? You're 25 years old. You know everything you know now Jeremy, what would be the crown jewel of wisdom that you would share back with yourself then?

Jeremy: That's a tough one. I think and I say this to my kids a lot, and I hope they listen to me, but it's really important to figure out how things really work. Most people, I've found, kind of go through life and they're segmented off world. They do their one job or their one thing and they don't really give much thought to what happens, how everything really works, including how a product makes it onto a shelf or how the fuel comes out of the fuel pump and what all happened there. And especially for me, it was transformative, really, through Sean Cook's book and other really learning how the whole private equity real estate world worked. It's very different than the whole, where I started in real estate, thinking, oh, well, I've got to go somehow miraculously come up with all this money to go buy this property and manage it and how it really works and structure that works and how investors invest and how managers manage and all that. And it just really digging deep and figuring out how everything works. I guess that's kind of odd thing to tell my 25 year old self.

Dan: But no, I love it because I think back to, like you said, the stuff getting on the shelf and just, like, having no notion of that, it's just there. It's there on the shelf at Walmart. Later, I got a job, and my job was unloading the truck at Kaufman's department store outside of Pittsburgh and Strawbridge's, Macy's. It's all pretty much the same thing. Like, holy crap, could you imagine selling one tractor trailer full of all these 20 pallets or so, full of boxes of whatever it could be shirts, it could be boxes of cereal, but, like, you only got to make a small little percentage on all these. And that was like the first step of figuring out how things work. And of course, it would carry on much further down the line. And as you were talking, I'm like, the crown jewel wasn't if I was going to go back and share with myself and let's say I was 25, I got in the business when I was 26, I would hope I could go back and tell myself when I was 19 years old that you don't need the money to buy the house. The deal is more important. And there's people with money who will partner with you on deals out there, but you got to go get the deal first.

Jeremy: Yeah.

Dan: So, Jeremy, where can listeners get more information about you and Stoic equity partners?

Jeremy: So our website is Stoic EP for equity partners, StoicEP.com. All my contact information is there. I tend to hang out and linked on LinkedIn a little bit, and very happy to share anything that I can to create new relationships and help other people do the same. So easy to get in touch.

Dan: And my final question that I ask every guest, what is the kindest thing anyone has ever done for you?

Jeremy: All right, well, I'm going to open up a little bit here because it was a painful time in my life. But I think, as I mentioned to you, started building homes in 2006. And that was like very painful situation, riding that market down and eating through life savings and just going through all those things. And had a real estate agent that I was working with selling the houses we were building. But she also at one point listed our home, our personal home for sale with her. And it was not selling. Shocker, the market had just dried up for everybody. It was not selling. And she came to me one day and she just handed me a check for \$5,000 and said, "Here, we want you to have this. Pay us back whenever you can. We love you and your family and I just want you guys to be comfortable. And what really made that special is I found out about a month later her husband, who had been an airline pilot for American, had just lost his pension. They literally just took everybody's pension away. And here they are helping us. We needed it. It helped and it helped us kind of keep bumping along there and paid them all back, every penny of it. It just meant a lot. So that was probably the nicest thing. For them to be in the middle of their own financial issues and to just say, here, I want you guys to have this was really.... They could have very easily just said, woe is me and, oh, my goodness, our retirement. And every time I see them, I just give them a big hug and it just means a lot to me.

Dan: Wow. Very cool. Well, hopefully all of us are on the other end of those days.

Jeremy: Yeah.

Dan: All right. Well, hey, Jeremy, I had a great show and I appreciate you coming on, man.

Jeremy: Thank you very much. It's been a lot of fun and appreciate getting to know you.

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