

## Henry Eisenstein on Commercial Brokerage & Investing

**Dan Breslin:** Mr. Henry Eisenstein. Welcome to the Rei Diamond! Show how you doing today.

**Henry Eisenstein:** Doing? Amazing? Man, how you doing.

**Dan Breslin:** Nice also amazing. I am not in my normal Chicago studio, so I'm like, in the corner of my room here in Florida for the winter.

**Dan Breslin:** and just have yet to really design any kind of a good podcast studio. So apologies for those folks who are watching the video and for those on the audio. You'll never know the difference.

**Dan Breslin:** But this one, this one might be interesting if we had the time. Henry and I are going to do some live underwriting on a deal or 2 later. So if you do circle back and watch the video, you may find that to be helpful later on, and we'll be posted on our Youtube channel and probably on Henry's too.

**Henry Eisenstein:** That's for sure.

**Dan Breslin:** Cool Henry, for folks who do not already know your name. Do you want to kind of give a brief intro of who you are, your history, and how you got to where you're at today.

**Henry Eisenstein:** Sure. So quick! 2 min, spiel. My name is Andrew Einstein. I'm a broker based out of New Jersey now. Live in Florida been the business about 10 years, been a part of about 650 million dollars worth of real estate deals from, you know, as small as a residential single family rental all the way up to, you know. Multi, you know.

**Henry Eisenstein:** 20 million dollar industrial deals and everything in between specialize in investment sales. I'm also an investor just like Dan own, about just under 10 million dollars worth of real estate, now, constantly looking to build a portfolio, and also I coach individuals to learn how to find deals, coach brokers how to increase their business, help. Investors find great deals all over the country and post a lot of fun content. Just like Dan.

**Dan Breslin:** Nice, nice. Yeah, I don't post much. But the podcast is where people can find me. It's like, I'm kind of putting myself out there, but you gotta find me in the cave. If you're interested in hearing this.

**Henry Eisenstein:** I mean. Hey? I listen. I read your newsletter every Sunday.

**Dan Breslin:** Yeah, the Newsletter is good. I like the newsletter. I like writing it, and people seem to also enjoy reading it. So I will. I will continue that, and I appreciate your readership.

**Henry Eisenstein:** Yeah, we.

**Dan Breslin:** So Henry and I are also partners with Aaron Lockhart in Dei Commercial, the Chicago Division. We're doing commercial real estate brokerage somewhat focused in the Midwest, but throughout the entire country. So that's part of how Henry and I are currently doing business. And we figured we'd come online here, talk a little bit about that commercial real estate, brokerage, etcetera.

**Dan Breslin:** So where should we begin? Henry.

**Henry Eisenstein:** There's so much to talk about, so.

**Dan Breslin:** Let's let's start let's start. So you said you did the brokerage first, st and I know a little bit about the detail just recalling from memory. But a lot of people get in the business.

**Dan Breslin:** Become successful. Brokers find themselves flush with some amount of cash and think to themselves, well, why shouldn't I invest? I don't know if that was some of your journey, but maybe like, where was the moment where you shifted and started buying? And maybe that was different on the residential. And maybe there's like 2 shifts doing it on the residential. And then there was maybe another shift where things had a change in going after and owning commercial assets, so maybe we could start there.

**Henry Eisenstein:** Yeah, definitely, multiple shifts. For sure, as I believe that it's like, it's a lot of little shifts, right? Like versus, like a big, epitome kind of thing or epiphany right? And for me it was in the residential business. Because I you know, I was doing. I ran a residential team, you know, the typical residential broker type of aspect where, you know, at 1 point we're doing over a hundred transactions a year. But a lot of it was investment sales, finding people, rentals, flips. We're doing some wholesale deals.

**Henry Eisenstein:** and there was one deal that I watched one of my investors make like 100,000 bucks in a matter of 30 days, and then I think I made 4 grand or 5 grand in commission on the deal, and I was like this guy didn't do anything. He used hard money, I think he I don't even think he put the 10% down because he had told me that he had raised money from a group.

**Henry Eisenstein:** so he put no money down, and he made a hundred 1,000 bucks in a matter of 30 days from like close to close because the property didn't really need anything, and it was like he kind of whole tailed it right like the retail version of it. And I made again. I made like 5 grand on the listing commission, and I was just like, I clearly don't understand the full scope of what investing is right. I was like I feel like I did. But in that moment I

**Henry Eisenstein:** felt very uneducated because I was like, because if I knew I would have been able to transact on that deal, and I couldn't.

**Henry Eisenstein:** And then, about a year and a half later, that deal came across my plate, and I made like 35 K. But I did it. It was like, for the 1st time ever I finally did my

own wholesale deal, which I had done other wholesale deals, but it was always with a partner. This is like the 1st time where I bought a deal and flipped it, and it was like a magical moment. I was like, 24 years old. I was like, Wow, like holy cow. I can do this right like, instead of making 5 grand or 4 grand or 7 grand in commission. I can make 35 K. And I was like, this is pretty cool. I got to learn how to do it.

**Henry Eisenstein:** and then, obviously, I knew enough to then take that money and move it into a 4 family, which I ended up flipping. I sold that property to like 35 grand. And that became my down payment on an Fha deal. Right? So I lived in a 4 family. And I was like, Okay, I'm starting to do the investing thing right. And all of a sudden I built up to like about 2020 units, including a couple single family and a couple multifamilies, but all still under that residential umbrella, nothing ever bigger than 4 units.

**Henry Eisenstein:** And then, all of a sudden, one of my investors is like, hey? You know, I'm looking for multifamilies in this area. Really prominent area. A lot of, you know. Great deals to be had. But he's like, I want something bigger. I kept selling them 2 families, 4 families, 2 families, 4 families, 3 units whatever. Because I want something bigger. I was like, if you can bring me anything up to like 50 units. I was like, I'll be interested. I'm like 50 units. I'm like, Oh, it just blew my mind. I was like I never experienced doing a deal like that, and you know my family owns a lot of retail, so I always was a kind of

**Henry Eisenstein:** the leasing side of that and understand retail. But I was like I never, really even never sold anything. I only did leasing, and only for a little bit, and then all of a sudden, I found him a deal.

**Henry Eisenstein:** and it was really beat up

**Henry Eisenstein:** like 16 family. Okay, like probably the most beat up property I've ever seen in my life. Okay, every unit was disgusting. People lived there, and I was just I couldn't believe it. And I was like, I can't believe this guy's about to buy it. But then what happened was, I negotiated this deal, and I made 4% on a deal, and it was closed for about 2.5 million. So I made about a hundred \$1,000,

**Henry Eisenstein:** and I really didn't do a lot of work. I maybe tore it once, went back a second time during an inspection. But overall the deal didn't really need me, and it closed in less than 90 days. I was like holy cow

**Henry Eisenstein:** like this commercial thing's pretty cool, right? So I finally got a taste for the commercial side. And you know, on the brokerage side. Now we've been a part of several 100 million on the brokerage side. But then what really hit me was about 6 months after that transaction, because I got hooked, and I was like. I got to find more deals.

**Henry Eisenstein:** and I found this 1 10 family which we can go into as much depth as you like on this one. But this was super interesting.

**Henry Eisenstein:** I call up a guy, and I'm like, you know, go through my spiel. Okay, you know, I work with a client who's looking to buy a couple of properties in the area. And I was just curious to be totally against selling it right along that lines.

**Henry Eisenstein:** He goes. Yeah, I'm open to selling it. When are you going to be in the area? I'm like, funny enough, I'm actually going to be in the area later today I wasn't but I it was only 20 min away, but I was like, Let's go. I got in the car and I headed down. There. I go meet the guy. We tore the building, got in a few units, another kind of beat up property, but wonderful location not to maintain whatsoever, and I knew that there was some interesting value, and I knew kind of how to underwrite a property, not to the extent I do now, but kind of.

**Henry Eisenstein:** and we're sitting on like the porch. It's a tan family. I'm sitting out front with the guy, and he's like, so what do you think it's worth? That's what he said to me, and he

**Henry Eisenstein:** he goes. I don't know. You make me an offer, and in that moment I didn't know exactly what to say or what to do.

**Henry Eisenstein:** I just kind of went with my gut, and I said I probably make an offer around 1.3 5 million, and he goes, I'd agree to that.

**Henry Eisenstein:** And I'm like what just happened. Like all of a sudden, like my whole, I couldn't believe what had corresponded, and I said, Okay, let me let me talk. My response was, Okay, great. Let me talk to my partner. I'll get you an offer by later. Today. This is like 4 o'clock. I call up a guy who I just helped him sell another property for a 1031 I'm like, Hey, I think we're buying a property together. Okay, I had no idea what the game plan was, but we ended up negotiating a deal where we bought this deal together 50 50. So I didn't make

**Henry Eisenstein:** any commission, and I just rolled. You know, all my commission which I would have made about 100. On this I rolled 100% of my equity. So instead of upselling the cost of the property and having the seller pay commission whatever, we just rolled all that equity into the deal, and we got it. We bought a 50 50 essentially, and I was going to manage it, and we bought it for 1.3 5, not even 12 months later we got an offer for 2 million cash

**Henry Eisenstein:** right and like. So we bought it. It was a wonderful deal, and that deal, even like about 30 days after buying it, I realized in that moment that there is nothing better than what I just experienced. I need to figure out how to do this a hundred times a year.

**Henry Eisenstein:** right? And it blew my mind. I mean, that was several years ago, but it was just. It was absolutely mind blowing to experience that, and it completely shifted. How I look at every deal instead of from the realtor mindset, I'm like, hey? Like, why would I, because I could have just told the guy, hey? I think as a broker I could have just

as easily said to him, Hey, I think you could list this for 1.8 million, and he probably could have sold it

**Henry Eisenstein:** right. But instead, I said, Hey, I you know I told him what I would pay for it, which was a fair assessment, and I thought back to my old guy with the investor where I could raise the money. I could do the deal right like it doesn't have to be my own money, and we ended up buying the deal, and we have over a million and a quarter worth of equity in the deal. Now, today.

**Henry Eisenstein:** you know, and it's like

**Henry Eisenstein:** that. 80,000 to \$100,000 commission check would have been cool right? But at the same time it's like it's not worth anywhere near a half a million dollars worth of equity. That cash flows almost \$10,000 a month.

**Henry Eisenstein:** you know.

**Dan Breslin:** Yeah, we have something like 22 people who are like deal makers on our team. And I'm big on the principal acting as the principal. So my 1st deal, Henry. I acted as the principal, but I was kind of like dirt broke. I was 26 years old, and I made a \$6,000 assignment fee, and that was like. Might as well been 20 million dollars. Right? It was. It was on a \$5,500 house. So we're talking about more than a hundred percent increase in the price.

**Henry Eisenstein:** I've never heard of that before. That's actually pretty impressive.

**Dan Breslin:** Yeah, thank you. But I was acting as the principal. It's like, what would an agent, 1st of all, an agent wouldn't even take this person's call because it was in such a rough section of town. But you know, 6%, 10%, a \$1,500 minimum commission, 3 grand commission.

**Dan Breslin:** So I came in as a principal, only to be, you know, the investor, mindset always the buyer. Never. I never really ventured onto the broker side of the field to like go out and broker deals but in our business

**Dan Breslin:** at diamond Equity a lot of times we'll have brokers try to do what we're doing. They try to make the leap by joining the team, and that can be a challenge because they're they're so stuck in that habit of. Oh, you can list it for this, and then sell it for this, list it for this, and then sell it for this, where, when it comes time to say those words, I'll give you what was a 1.3 5.

**Dan Breslin:** I mean trying to like have that come out of the broker's mouth the 1st time is like this, real odd, like

**Dan Breslin:** herculean effort. In fact, sometimes they accidentally say 1.6 million, and they totally had written down 1.3 5 million, supposed to say 1.3 5 million, and they slipped and sneezed out 1.6 million as the offer and turned it into like, maybe it's still a

deal, but a lot of times you put yourself over your skis and and you're out there too high on the price.

**Henry Eisenstein:** Happened to me many times.

**Dan Breslin:** Yeah, me, too. And probably amongst every single person on my entire team. We've accidentally said the too high offer, even though we had something different written down. So it probably happens to the best of us. The broker has

**Dan Breslin:** almost no risk in the deal, and the principal has risk so.

**Henry Eisenstein:** All.

**Dan Breslin:** You're dancing a jig. You got a million in equity, that's positive.

**Dan Breslin:** You stepped in and took

**Dan Breslin:** took a calculated risk at 1.3 5 million. Anything could have really happened. The city could have come and condemned half the building city could have said, oh, there wasn't permits for this and such and such. All the sewage lines could have been bad. There could have been a fire in there, and you're fighting the insurance company for 2 or 3 years, and they don't pay out, so there's very real risk in every transaction for a principal, because you marry the property the moment you take the deed

**Dan Breslin:** in in any transaction

**Dan Breslin:** you're now responsible and liable. If any kind of environmental issue were to pop up. Most people are like, we're buying houses. This is great. There's, like, you know, totally clueless. Well, in the State of New Jersey especially.

**Dan Breslin:** They thought it was a good idea to bury oil tanks.

**Henry Eisenstein:** Yep.

**Dan Breslin:** For years and years and years and years and years. So there's very real environmental risk when someone takes the deed in New Jersey. If someone didn't know any better they came in from California. Oh, man, I'm getting a smoking deal. Look at this 250 grand buried oil tank might be 50, 70, \$80,000 if it had leaked to dig out all of that dirt and then get rid of it right? So a lot of times there's.

**Henry Eisenstein:** Exact story has happened to me, too, on a flip.

**Dan Breslin:** The tank.

**Henry Eisenstein:** Yep.

**Dan Breslin:** Yeah, and and what was your exit? Cost.

**Henry Eisenstein:** We lost. We lost almost a hundred grand

**Henry Eisenstein:** like, meaning you lost it. It was not a profit of a hundred grand.

**Henry Eisenstein:** Yeah, I'm saying we were negative on a flip by almost a hundred \$1,000.

**Dan Breslin:** Did you know the tank was there on day one.

**Henry Eisenstein:** No, no.

**Dan Breslin:** Case in point.

**Henry Eisenstein:** Exactly. And I mean, like, this is something that again, I stress to everybody. When you do inspections, we just didn't end up doing it. We ended up closing in 3 weeks and just didn't. Didn't come across the you know. Didn't we? Didn't think about it and until it was too late.

**Dan Breslin:** Yeah.

**Dan Breslin:** yeah, I'm in. I'm in a deal now. I hope we just lose 150. I hope 150 is.

**Dan Breslin:** we'll be pretty happy to lose 150 on that deal. The architects plans took forever. The city hates us because we didn't pull the permits right. We went through 3 different contractors like the list goes on and on, and it's like we're not even done the rehab yet.

**Dan Breslin:** We're still working through. We have to now finish this whole rehab so that we can go lose money. But like, if we try to sell it now without the rehab, we're probably gonna lose double the number that we're gonna lose in the end.

**Dan Breslin:** Assuming the market holds up and we get out of that deal, you know.

**Dan Breslin:** 6 6 figure loss. So the risk, the risk is real on the principal side, and the broker side does not come with anywhere near that level of risk.

**Dan Breslin:** And but I am I accurate? There.

**Henry Eisenstein:** Yeah, well, I look at it like this. I agree that most brokers have 0 risk. I think that's a hundred percent. That is a very true statement, and I have felt that way in a lot of different deals. But I also do believe that there's this happy medium of wholesaling which no one talks about in this brokerage world. No one. It's a very like mum's the word. Don't think about it that way. You're a fiduciary to a client, and I'm like you become a fiduciary when documents are signed. I'm not your fiduciary, just because I called you on over the phone right? Like that's not how this works.

**Henry Eisenstein:** Right. If we sign a document saying I'm going to list your property, I then become your fiduciary right, but I am like it's not like your financial advisor is your fiduciary because you're talking to them over the phone. That doesn't make any sense. They could say anything that they want over the phone. It does not matter right? There's nothing signed. It's like a stock. Same thing with stock. People. Take it a little bit too literally. Where like for me, I'm like, hey? What makes the most sense? I want a win

**Henry Eisenstein:** win win solution. Seller wins I win. Buyer wins. How do I do that where we all make the most money possible. Everybody's happy, and it's not just about making the most money, but if we do it the cleanest fashion, with the least amount of risk to me. There's instances where I'll look at a deal where I'm like, hey? I just want to be the broker, and I'm totally cool with it

**Henry Eisenstein:** right then there's other deals where I'm like, hey, there's like 200 grand on the bone here where? And I don't want to own this property, but the spread between what the seller's willing to accept and a buyer's willing to take, and I don't want to buy this for whatever reason. But I can make a quick 200 on this, which I'm literally dealing with on a situation right now.

**Henry Eisenstein:** I'm just gonna take a wholesale deal right? I'll lock it up, for you know, this deal for 700, and we're gonna flip it for 9, right? I like that deal all day long. No problem. It's in an area I probably wouldn't buy anyways.

**Henry Eisenstein:** But the spread's good. And then you have the situations like this. You know this multifamily where I'm like, hey, 1, 3, 5. I don't even care if I'm going to flip it and make 500 grand. I'd rather just take down the deal right, and take the cash flow and hold it for equity purposes. Write it all off, do a cost set, call it a day right so, and it's like every single lens works, you know. But it's not like I feel like too many people are just pigeonholed to one vertical one way of doing business. And for me, I'm like, Hey.

**Henry Eisenstein:** there's a lot of ways to look at every deal 1st is a principle

**Henry Eisenstein:** right? And say, what would a principal. Do? What would a principal offer on this deal where they need to be to make some money? Then? Okay, well, we can't get it for that price. What's next? Wholesaling? Okay, well, what's the spread? Where's the seller at? What can we get a buyer at? Is there enough of a spread here where it makes sense for us to get busy. Next, it's like for a broker. It's like, Okay, well, if there's not enough spread for us to wholesale this between, you know, A and B. Here, let's go into a broker fee, and maybe we make 3, 4, 5, or 6%.

**Henry Eisenstein:** Oh, well, that doesn't actually make any sense, because you know the property. The seller wants way. Too much money cool, no problem hands off. And hey, Mr. Seller, would you be totally against if we marketed the property for sale for you, you know, we'll see if we can try to get you some offers. We'll put it on the market and call it a day

**Henry Eisenstein:** right? And every single property fits one of those different sectors. And like, I'm not judgmental, there's no energy or emotion towards it. It just fits one of these boxes. We move on that, and that's it.

**Dan Breslin:** I I recently read what it takes. Have you read what it takes by Steve Schwartzman?



**Henry Eisenstein:** Yeah. Fantastic book, his autobiography.

**Dan Breslin:** Yep, yep, about how to make a billion dollars by Brad Jacobs.

**Henry Eisenstein:** I literally have that book on my night table in my bedroom.

**Dan Breslin:** So both of those guys had one of the same takeaways for those that don't know. Steve Schwartzman is the founder of Blackstone.

**Dan Breslin:** He put that together. Sam Zell was one of his 1st earliest clients, and they did a ton of business together. Steve Schwartzman, hold! What's that?

**Henry Eisenstein:** Then he bought his portfolio.

**Dan Breslin:** He actually wholesaled like 50% of that portfolio on day. One.

**Henry Eisenstein:** One man.

**Dan Breslin:** 19 billion dollar double closing. I don't think he actually took the deed. I think they just got assignment fees at the table to make it work. I don't have inside knowledge on that, but the way he talks about it makes it sound like they did not double close, which would have been smart because 19 billion dollars to transfer taxes would be like an extra 1 billion and a half dollars or something throughout the country. So.

**Henry Eisenstein:** Be insane.

**Dan Breslin:** Well, one of the biggest mindset set shifts that occurred in here was both of them nonchalantly said.

**Dan Breslin:** Look, you just got to work on big deals.

**Dan Breslin:** There was no explanation. There was no doubt there was no do all this other stuff. There was no fill in all the blanks with doing everything that comes down to Pike. It was like, we're only gonna work on big deals. That's it. Why are you gonna do anything else but do a big deal

**Dan Breslin:** the way that Brad Jacob says it on in his book, which I listen to on audible, and the way Steve Schwartzman talks about it, like the billionaires are saying, just work on big deals.

**Henry Eisenstein:** 100%.

**Dan Breslin:** And so for the shift to commercial and my own personal portfolio, you know to me a big deal, some like 2 million dollar, take down or like a fucking 13 million dollar self storage development. And then I listen to those guys. And like, okay, puts it into perspective here a little bit. These are still, I guess you know big deal to me, though.

**Henry Eisenstein:** I mean, hey? I'm sure there was a point where that was a big deal to them, too.

**Dan Breslin:** Yeah.

**Dan Breslin:** yeah, 100, and it's funny. So I was like, I was on the phone with a broker today. Shortly before we recorded this podcast

**Dan Breslin:** and he's describing an illustrious career with national tenants opening. And he had an illustrious career. Did, you know, exited a business and and did a bunch of things. But one of them was 30 40 Acre Town Center Development, anchored by a target.

**Dan Breslin:** And I and I was like, Oh, the way he's talking about it. He's he's giving me the credibility.

**Dan Breslin:** But he he wasn't. He wasn't the principal there. It's like some other guy, was the builder principle, and he kind of helped, you know. Put the tenants together, keep component there. But

**Dan Breslin:** he didn't take the risk on the 30 30 acre freaking development like. It's probably if I had to guess

**Dan Breslin:** a 40 million dollar property in today's dollars to maybe 70 million dollar property. But like I caught that the risk level wasn't.

**Henry Eisenstein:** Quite there for sure, for sure.

**Dan Breslin:** Yeah.

**Henry Eisenstein:** By the way, those are 2 great books. I'd recommend anybody anybody take a look at, read them front to back. I've reread how to make a billion dollars so many times over. And I couldn't agree with you more that I feel like, you know, people like, I literally just had a training

**Henry Eisenstein:** where I talked about increasing your sales price.

**Henry Eisenstein:** You know where it's like people go. Oh, yeah, I mean, like, sure, yeah, like, you know, it's kind of a simplistic concept, increasing your average sales price every year, whether you're wholesaling your average fee or your average deal size, right? Or whether you're brokering or even purchasing, really just the simplicity of it makes sense. But

**Henry Eisenstein:** how many people actually, strategically go? This is the plan to get us from where we are average sale price to here

**Henry Eisenstein:** right? Because, if, like I was, you know, I've done the math a thousand times. We're like I was selling \$300,000 houses. About 10 years ago.

**Henry Eisenstein:** My average fee was like 5 or 6,000 bucks, 2%

**Henry Eisenstein:** right? And it's like I did the math then 10 years ago, and I remember going to a seminar where we talked about making a million dollars. And it's like, when

you're making call it 5 grand a deal to make a million dollars talk about 17 transactions a month.

**Henry Eisenstein:** It's a ton of people, different types of clientele transactions, attorneys, title companies, emotions. I mean, it is incredibly frustrating. Where now we do that, you know. You know, which would be 85 grand a month. I'm like we do that basically every week right now. And it's like, and it's sometimes it's 1 deal, sometimes we do that from one we do one deal that covers that for an entire month right like. So it's like

**Henry Eisenstein:** I would rather. And I was joking around with even with some of my coaches. Says like if I could do 10 million bucks in one deal every single year, I'd be thrilled

**Henry Eisenstein:** right? It doesn't I? You know it just. It's that level of think where I'm like, Hey, like, I actually don't care about doing hundreds of transactions. I mean, I'm probably gonna end up doing them anyways. But

**Henry Eisenstein:** you know, until I find the way to do 10 million dollars in one transaction one time a year, and call it a day, and spend the rest of my time investing and spending time with my family. Right? But it's like that level of think of saying, Hey, like, if I was going to do 10 million dollars in one deal. What strategic path do I have to get there? What would be my path to do that? Well, I probably have to find a deal for about 100 150, maybe 200 million dollars that I could sell for 5% more than I have it locked up for.

**Dan Breslin:** You couldn't make 10 million dollars in one deal. It's not overly complex. One of my coaching students on a live call was on the phone with a guy with 145 million dollars deal.

**Henry Eisenstein:** 700 plus units. It's like if we lock that up and somehow got him to agree to. Let's just say 120 million, and we found a buyer for 130 million. You make 10 million bucks. It's it's like.

**Henry Eisenstein:** it's just moving to 0. It's the same thing of \$120,000, single family house in the middle of Xyz area and selling it for 130. You know you find a couple good buyers you put, I mean, like, it's just so fascinating where it's like all of a sudden. Now, the conversation shifts so much, and where the impact ends up being a thousand fold of like a you know, the deals we used to do.

**Dan Breslin:** Yeah, I guess I guess the good question or a question I asked myself, maybe a year or 2 ago. What am I gonna say no to in order to make space for the bigger deals.

**Henry Eisenstein:** 100%.

**Dan Breslin:** Yeah. And so

**Dan Breslin:** we're not going to do a flip that we can make 35,000 on 35,000 was a flip. I had been happy

**Dan Breslin:** to do 10 years ago. Going to have to be a little more selective. And if I were starting in the business today, there's something to be said for doing those kind of things and earning your stripes. You gotta go in, you know. Buy, because your bankroll is what it is, you're buying something for 150 grand.

**Dan Breslin:** putting 50 grand in it. Sell it, for you know, 2, 50, and you walk away with like 38,000. After all, the interest is paid, and the closing costs and all that. That's great right? It kind of kind of gets you started.

**Dan Breslin:** And we see this trend, too, with, like new flippers, new investors, they 1st get in the business, and they're going to buy those deals, and they're kind of easier. Maybe the construction is not as much, not as much, you know, hair on the deal in terms of the level of construction, or the oil tank in the ground, or whatever whatever the case may be, maybe it's raising \$350,000 in cash. It's kind of hard. There's more people that you know, who could write 150 or \$200,000 check to cover that rehab, and be a private lender than 350 or 400

**Dan Breslin:** and same. If you went to 7, 800 900, a million, 2 million. And on up right, there's there's less people available to do those. Do those kind of loans. So you do, you do. There is a place for working your way up in the numbers, but I think, being intentional for me

**Dan Breslin:** about getting uncomfortable about participating in very large deals over the last. You know, it's been 3 years since I've started to

**Dan Breslin:** collect much larger assets myself.

**Dan Breslin:** and I think maybe I'll focus in on the uncomfortable moment

**Dan Breslin:** when I bought a house a rental property about 8, 9, 10 years ago. It was 55,000 bucks, I think.

**Dan Breslin:** One of my partners, you know, wholesale to me made 5,000. I was like so

**Dan Breslin:** bent out of shape about whether or not the tenant was actually paying, and

**Dan Breslin:** finally came a moment. The guy's like, well, then, don't buy it. Then either you wire the money or you don't.

**Dan Breslin:** Mike.

**Dan Breslin:** Okay, I guess I'm wiring the money. It felt like, you know, maybe that money is going to be gone forever. And this is going to be like a major problem and headache for me. The money came back. I sold it for 110 grand, you know, 4 or 5 years

later I had to evict the tenant. It was a big hassle. All the headaches I feared actually came true, but luckily the market moved, and I made money.

**Dan Breslin:** Those seem

**Dan Breslin:** the same fear of sending the wire. So for me, if I commit. If I'm like Henry you you call me. You're like, Hey, I need \$250,000. We're going to do this part of the deal, and this is how it's going to work out, and if I'm like Henry, I'm going to do it.

**Dan Breslin:** I'm not backing out like under.

**Dan Breslin:** I never have. If I say I'm sending the 250, the 250 is coming. But even still, even though I know I'm going to do that, I have the verbal commitment to the bigger dollar amount and the bigger deal. I say, I'm going to do it.

**Dan Breslin:** And then there's still a little internal struggle.

**Henry Eisenstein:** Of course.

**Dan Breslin:** Until the wire is sent off. Now the wire is sent, and it's like there's a sense of relief, even though

**Dan Breslin:** the deal still has to get to the profit zone and has to put districts. Tons of shit has to happen after I sent the money. But there's those 2 moments there. So number one, I'm mentally and verbally committing to the deal, saying it out loud to the person whose deal I'm going in on.

**Dan Breslin:** and then, or even the deal I'm going to buy. If it's a deal I'm buying. And then.

**Dan Breslin:** when the wire is getting sent.

**Dan Breslin:** that's that's the 2 moments of commitment I notice where

**Dan Breslin:** I bet a lot of people would stop short of verbally committing. And I know for a fact, there's a lot of people who verbally commit, and then don't send the wire.

**Henry Eisenstein:** 100%, which is worse.

**Henry Eisenstein:** it's the worst feeling in the world, you know. It's funny. I have this guy unbelievably kind gentleman, worth upwards of a half a billion dollars. Very, very, you know. A very savvy investor, you know, has been in the business for 50 plus years.

**Henry Eisenstein:** And we've become very close friends, and we talk and we talk and we talk, and he's like a father to me. Right, father, figure kind of guiding me through a bunch of things, showing me all the different things. I literally have spreadsheets upon spreadsheets that he's printed out and given me. And like you could do this, this and this.

**Henry Eisenstein:** and I never pitched him a deal, but he's always like, listen, if you ever find something interesting, let me know I'm interested, you know, because this guy, just, you know, basically, all he does is write checks all day long.

**Henry Eisenstein:** So anyways, I finally have a deal that I think is interesting. And I'm like scared to death to ask this guy for money, because I'm like trying to keep a good relationship. Because I know this like, I want to make sure that I crush it, knock it out of the park so well, this guy makes such a great return that hopefully we'll do business forever. Right? And I have this deal like for me. Again, it was about a 2 million dollars deal. Okay, I needed about \$500,000 for him, maybe 6.

**Henry Eisenstein:** I call them up like, yeah. So listen, I have a deal, probably a 30 irr in 18 months, right? Or less.

**Henry Eisenstein:** and he's like, how much do you need? I said 500 grand like begrudging like, terrified to say it, and he goes

**Henry Eisenstein:** honestly, Henry, if it's not like. It was a long pause, by the way, because it felt like 3 min of just dead silence, even though it was probably maybe a half a second he goes. Honestly, Henry, if I'm not writing a check for 10 million, it doesn't make sense for me to do it.

**Henry Eisenstein:** and I'm like

**Henry Eisenstein:** what what just happened. I had such like weird nerves about it like this guy's not even like this guy could care so little about a half a million dollar check that. It doesn't even make him enough money to consider even writing the check. So I'm like, it's just these types of opportunities, these moments.

**Henry Eisenstein:** you know. For me. It's like when I'm speaking to these types of investors. And you know what people are looking for the size of the deals. It's like, take a step back and realize, like, Hey, like.

**Henry Eisenstein:** you know, some people especially like when you're talking larger numbers like you were saying, even like a you know, \$50,000 wire, or the \$250,000 wire. It's like every every single person has their threshold. Where, like.

**Henry Eisenstein:** you know, if you're looking for a raise or something like that, you know, like, you know, whether it's you know that hesitancy or you know them wanting to do the deal or their desire to do the deal like again, I had the same exact feeling with the \$250,000 check I invested in a deal. I was freaking, terrified to send a 250 K. Check about 2 years ago, and after I did it, I mean, we made. I don't know. I think we made like 2523%, something like that in like 6 months it was actually great. It was a quick, quick

**Henry Eisenstein:** in and out kind of deal, but I've never been as terrified as setting a \$250,000 check. And it's like, when you talk about these massive deals. It's like there's such a parallel versus like what I actually have fears for what you have fears for, in

whether it's, you know, same thing for realtors and investors doing their deals right, the levels of risk and everything else. So it's just it's a. It's a wild type of business.

**Dan Breslin:** Yeah. And I think I think back to our what it takes like what it takes. We have to think bigger. And I was on stage at the Commercial Academy that you're going to be joining us at. And I'm talking about another book which was

**Dan Breslin:** winning through intimidation. Fantastic book written by

**Dan Breslin:** Robert Ringer required required reading for anyone in our company. So I give the presentation. I'm talking about image power. I'm talking about how we did 260 deals and 300 and something last year, and I I shared, you know, some of the numbers and everything, and and then I shared whatever the deals I had cook in my 30,000 square foot vacant warehouse, and you know a couple of other small warehouses, and

**Dan Breslin:** Scott, who I consider a mentor and a friend, is like.

**Dan Breslin:** I'm gonna challenge you to step up your game and think bigger and go after higher quality assets. And we're putting a shovel in the ground to build our class a storage facility. And that's the 1st baby step toward the higher quality asset and guys and gals, you know, once you make it to another level, like another friend friend of mine from Fort Lauderdale won't mention his name.

**Dan Breslin:** He's selling all his class C stuff he's got like 5,000 units, owns them all individually, and he's like, only focused on Class A, and to me it's like Class A, I'm like, so used to being the junk dealer where I'm like finding the Junker house and we're fixing up making it in something beautiful, and we're repositioning it. I just haven't figured out how to underwrite at the top end. And so when you're like, Hey, my buddy had 500 million, I thought. That's what you were going to say, was, it was too small of a deal.

**Dan Breslin:** and I'm thinking in my mind. Another friend of mine bought a building for 30 million, owned it for like 18 months. I don't even think he raised the rents on the current tenants, and he sold it for 60 million, and it's like that's the deal that, like we saw that, Henry, we were trying to underwrite that deal, I don't even know.

**Dan Breslin:** At 30 million, we would probably just be like, oh, it's just the guy's pipe, you know. It's a 6 and a half cap. It's way priced out. We're not even gonna call around the brokers or anything. See if the rents like that thing's just it's retail junk. We're not gonna spend our time. And yet.

**Dan Breslin:** you know, after you give your buddy the 15 million that for him, putting his money in, and you take your 15 million in profit, right? Like there's the 10 million dollars in profit deal that we're like dreaming about. So it's like, still off our radar, maybe somewhat at some level.

**Dan Breslin:** because these these assets are like, maybe right in front of us. But one person has to see whatever you everyone else doesn't see in order to make it happen. Yeah.

**Henry Eisenstein:** Yeah. And I feel like a lot of people also get caught up in a metric

**Henry Eisenstein:** right? Like they get caught up in an irr they get caught up in a price per foot. I know I have right our cap rate, or whatever right and like I like for me, it's always like the mistake that I've that I've made up until, like I had a recent conversation about 90 days ago with this guy where, like I was just looking for 25 irrs like that was my bottom line metric.

**Henry Eisenstein:** And with being very conservative on it. And the problem with that, it's like you're just not finding enough product out there ever to make any sort of like look. I might buy a deal or 2 a year right? And obviously I'd invest with a few friends here and there, but like it just, it was never enough to actually see some size. But now, like we're on contract at almost 15 million dollars worth of real estate today. Because it's like I said, Hey, like the way to scale is by

**Henry Eisenstein:** drop, like I don't have to only do 25 irrs like, Hey, like I can. I also make plenty of money for my brokerage business, for like I don't even need the money today. So like doing 18 to 22 s. Or, you know, in that range high teens for good product, you know, in a little bit of low twenties for a little bit lesser product

**Henry Eisenstein:** or quality product. It's okay. And I'll just take. I'll just take pieces of equity just along the way. And just like, hey? As long as I can make my investors some good rates of return they're thrilled. I don't need the money today, and I'll take it when we trade in 5 years. It just doesn't matter. And I'm building equity over time. Where, like making like that, that huge shift for me is, I feel like, it's like something where like, that's the difference of in 20 years from today, me being, you know, a person being worth, like myself being worth 50 million versus 500 million.

**Henry Eisenstein:** right? Because I only did a deal a year versus 3 or 4 or 5 or 8 deals a year.

**Henry Eisenstein:** Right? And it's it's like overcoming that like I don't know whether it's fear or just like, you know, you know the hesitancy that that kind of holds you back. You know.

**Dan Breslin:** Yeah. And we're in a kind of market, too, where?

**Dan Breslin:** You know, from 2019 to 2022,

**Dan Breslin:** the kind of deals you would hear about, and people would pitch

**Dan Breslin:** were 2025 irrs. For, like existing product, turnaround, multifamily kind of stuff, and a bunch of them actually sold and produced, you know, twenties and 30% irrs. But that was a market bubble.

**Henry Eisenstein:** 100%.

**Dan Breslin:** Now, now we're in a contraction period for the last 2 years.



**Dan Breslin:** This period is unlike 2,008, through 2012, where there was like brand new, multifamily complexes trading at 30 cents on the dollar. Banking regulations have changed, and they're no longer forced to actually exit out of the assets the way that they were in the past crises.

**Dan Breslin:** But the crises buyers who are going to look like geniuses right now are the ones who are buying the class, a office buildings in the core downtown environments. They're dropping 30 million here, 12 million there, 8 million here, and everyone will look back and say, Wow! Look at how smart they were! They bought, and they were so contrarian against the green. Most of us are like we're not touching office with a 10 foot pole. You guys are nuts.

**Henry Eisenstein:** That's me. I feel that.

**Dan Breslin:** But where else I was I'm going with this is, I see, some syndications out here where your projections are 1214% irr. In fact, the guy who bought for 30 and sold for 60. He projected like 1416 on that one that was his irr projection on the rollout, and he blew that out of the water. It was probably like 80, 9,100% return for his investors within like 18 months. Right?

**Dan Breslin:** So I think that the people who know what they're doing are not over promising. And so they're not putting something like 25 irr out there, unless it actually is a deal where that's the kind of risk you're taking development deal something like that. But I think that the deals people invest in now.

**Dan Breslin:** when the market is in a slump. This is like buying at the bottom. If you can find a good syndicator, a good partner, a good operator, who has experience and can run a deal from start to finish. We're doing them at the bottom right now. The interest rate environment is terrible. The tax code is terrible. Hopefully, that's going to change here in the next 30 days would be like great delusional optimism on my part.

**Dan Breslin:** But if some things go our way. You're looking up in 3, 4, 5 years, and you have 25 irrs that you invested in thinking they were 12 s. And 13 s. And 16 s. Right? So this is the bottom of the market. When it comes to like commercial real estate, we're in it. It may last another year, 2 years, 3 years.

**Dan Breslin:** At some point the deals are gonna turn around, but the deals that are going to turn around and pay, and be the ones. Everyone's bragging, bragging about are the ones that people are investing in right now. And right now is a very tough time to raise money with the tax code going against us, and everyone is juiced looking for the 25 Irrs, because that's what everyone experienced in 21 and 22 and.

**Henry Eisenstein:** It's interesting.

**Dan Breslin:** A handful cashed out in 23, not too many, though.

**Henry Eisenstein:** Yeah. But it's interesting. How like just a short period of time completely shifts people's perspectives like

**Henry Eisenstein:** like that window gave everybody such a weird perspective of where things should be when that has not been ever a real ideology of what real estate investing has been forever, you know, for, like the longest time. I don't even know the last time other than during Covid, where you saw those you know 20 plus irrs most of the time they were in the high teens, and people were fine with it.

**Henry Eisenstein:** right? And like that was a good. That was a good deal right. That was a great deal. And now today, because of the you know, the the environment of today and everything else, it's like I got really skewed into like this weird thinking of 25 s. Is where it has to be, and it's like to be honest. If you're making 25 before, like I. And I'm talking before tax, depreciation and appreciation of the asset. Where I'm like, honest to God, it's like.

**Henry Eisenstein:** you know, like, if that's if that's where you're at, I'm like, it's honestly, it's so rare to find that I honestly think that you know as time goes on for right now, I think that you maybe if you're lucky, I don't think I don't think I've found a 25 rr. Legitimately, maybe more than one time in 2024,

**Henry Eisenstein:** and if I find more than one in 2025. I think that, like, you're probably not buying enough stuff

**Henry Eisenstein:** right?

**Henry Eisenstein:** Like it's just. It's so silly to me.

**Dan Breslin:** Yeah, yeah. And like, and like, my guy, right, you have to do

**Dan Breslin:** real estate investing has a lot to do with luck.

**Dan Breslin:** Right? You can't underwrite luck in on the front end of the deal. Don't invest your money, because oh, we're going to get lucky in order to make your return. So someone's telling me, Hey, it's 12% which I did a deal. 12% irr on my money is what the projection is.

**Dan Breslin:** But I'm looking at the market and the long term, and we're going to hold it for 10 years. It was kind of like a tax advantage type of deal, which is why I did it. But, like my delusional optimism or my like luck in the back pocket, is well. The rents are potentially going to increase more than the 2 and a half percent that we have them at.

**Dan Breslin:** We have a few more lots. We're going to develop in the Mobile Home Park. Some things could go our way, and you know we might get lucky, and it turns into something better. Think about the 30 million dollar deal that turned into 60 completely lucky buyer! I think it was like corporate. Some national wanted. Their headquarters here, bought the property. The lease was like expiring, and everything else. If I'm not mistaken. I'm sure I have some of the details wrong.

**Henry Eisenstein:** Which, by the way, would have made it worse for us to look at it.

**Dan Breslin:** You know, we'd have been like 7 million dollars.

**Dan Breslin:** 7 million, not a penny more. This guy's out of his mind.

**Henry Eisenstein:** Want 90 days of due diligence, maybe more.

**Dan Breslin:** Yeah, and you gotta carry paper, 90%.

**Henry Eisenstein:** We'll give you 10% down 3% interest only for 6 years.

**Dan Breslin:** Oh, man, that's great.

**Dan Breslin:** So you know, that's the point, right? You got to be in the deal in order to get lucky. Corporate's never going to come by your site unless you own a site. They're never going to come by all your sites, so you can't underwrite on that

**Dan Breslin:** Amazon moving in, or Tesla across the street from your industrial property that you buy to 7, cap. It's not happening unless you bought it at the 7 Cap, right. So you got to like place these pieces on the board. These bets probably like the roulette wheel, you know. You're like putting down enough of them, and sometimes your number is going to hit, and it's going to be like, blow all expectations out of the water. And I think a lot of real estate deals that we see

**Dan Breslin:** happened like one or 2 ways. The guy owned it forever and bought it for free down, you know, before the neighborhood gentrified. Well, he owned it forever. He earned every freaking penny of his exit. 30 years later.

**Henry Eisenstein:** By the way, he probably felt the same way we did when he bought it.

**Dan Breslin:** A 100% like he was overpaying right.

**Henry Eisenstein:** Exactly. He was just like, you know. Maybe I should have, you know. Offer him 50 grand less, you know, like.

**Dan Breslin:** Yeah, correct. Didn't want to own it for a long time. I mean, some people are stuck in deals for the last 10 years. You couldn't get out of deals. There's a lot of deals you could not get out of the deal all of a sudden. You're in the money when Covid hits, and you know Covid turned out with the low interest rates to be a very prominent source of luck in the market.

**Henry Eisenstein:** Yeah, I mean, the the interesting thing about these types of times is like, if you can weather storms like this

**Henry Eisenstein:** while competition is falling out of like going out of business, going bankrupt, losing money, hand over fist sometimes, and losing relationships because of things that they've the decisions that they've made in the past when you can. Certain not only survive, but thrive during these types of times, which I'm not even saying you need to do 5 X than the year before, or anything like that. But I'm just saying small minute increases per year in these types of economic circumstances, when we have another shift which will always come because cycles are cycles.

**Henry Eisenstein:** You're going to freaking all of a sudden. Have a 10 x return in your in your in your business. And you're like, Oh, I'm a genius like you're going to think that you're like. But no, it's because you took calculated risk during a time where most people weren't willing to do that right. You know. It's like, you know, my mentor, that I was talking about. He said something very interesting to me, which was.

**Henry Eisenstein:** these are the types of times where you like. You just make enough money to get by, and he's like he's like he made all of his money in like a handful of the, you know, timing in the markets where the cycle exploded.

**Henry Eisenstein:** He's like he kept doing deals, but like they weren't unbelievable. He just kept doing enough deals where, like they just, they kind of made sense. He's like he never made a killing during, you know, for a long period of time during the low parts of the cycle. He's like you just make enough money to kind of get by. Then, all of a sudden, when the cycle shifts. He's like I made a hundred 1 million dollars in a 24 month period of time, you know, and he's like everyone thinks I'm a genius. But I just bought a lot of decent deals, and the economy came

**Henry Eisenstein:** finally, coming the other direction. Right? So it's like like you said, it's kind of like you have to be in the business to get lucky.

**Henry Eisenstein:** you know.

**Dan Breslin:** Yeah 100%. That's 1 of the big one of my own, like operating principles or things. I say, a lot is like, do many deals right? What if that deal I talk about where I'm losing that 150 grand? What if that's somebody's 1st deal, Henry? They're they're done. They're out of the game or out of the business. I mean, if it's a \$12,000 loss on their 1st deal, a lot of people are going to be done. They're out of the business.

**Dan Breslin:** If you're doing many deals, you set out to do like 5, 10, you just know you're gonna do many deals. Now you have enough deals to cover that loss

**Dan Breslin:** hopefully. One of the other 4 or 5 you got. You get lucky on the market moves, you get your bidding war, and you more than cover for that loss that you have on on that 1st deal.

**Dan Breslin:** Too many deals.

**Henry Eisenstein:** Hey, Buddy? Sorry about that.

**Dan Breslin:** All good.

**Dan Breslin:** So yeah, now that we're at this segment here, do we want to maybe try our our hand at underwriting a deal that might be on the market right now. Henry.

**Henry Eisenstein:** Sure. Let's do it. Let's do it. I'll share my screen, and we'll try to find something interesting.

**Henry Eisenstein:** Which, by the way, actually, I'm glad we're bringing this up

**Henry Eisenstein:** every night. I will always look at the newest stuff. I'll go to sort at the top, and I'll just go sort by newest

**Henry Eisenstein:** right, and I'll just sort by, you know, by all the new stuff that came on the market, and I'll just look.

**Henry Eisenstein:** My goodness!

**Henry Eisenstein:** Oh, my God! Nuts!

**Henry Eisenstein:** Sorry about that!

**Henry Eisenstein:** Let me see if I can find my no, it doesn't.

**Henry Eisenstein:** Alright.

**Henry Eisenstein:** Hopefully we last a little longer.

**Henry Eisenstein:** Alright! Here we go. I'm just gonna flip it to my phone to a hotspot.

**Henry Eisenstein:** Won't have an issue.

**Henry Eisenstein:** Give me one second here.

**Henry Eisenstein:** alright, perfect.

**Henry Eisenstein:** We'll do one small one, and there's, by the way, absolutely no, this is completely random. I'm not. I just picked this one at random. There was no prior seeing this property or anything like that. This is a 6 family property. I just liked it because at least had some information online that we can kind of mess around with

**Dan Breslin:** I don't see it on. I don't see it on my end yet. Here, Henry, all right, here we go. So here we are underwriting. This is the new product that came on the market. And I think.

**Dan Breslin:** guessing

**Dan Breslin:** before the audio and video cut out that you have a habit of doing this on a daily basis before we get into the underwriting. Is that so? You can keep an eye on the market. Have you ever found deals here that were listed, that you ended up acting on or like. What do you think is the sort of takeaway? If you were, if someone listening built that habit. What would they be expecting from a skill to sort of develop with that.

**Henry Eisenstein:** Yeah. So what I was saying was that I do this every single night before I go to bed, I'll just take a quick look at all the newest stuff that got listed, and the reason why I do it is not only for myself to kind of keep up the skill set of practicing underwriting and just always being attention to the market like you said, like really understanding like, Hey, I want to know everything that hits the market, and I don't want to ever have a moment. There was one time that pissed me off, so much

**Henry Eisenstein:** was that there was a deal that closed. It was like a. It was an industrial building.

**Henry Eisenstein:** It wasn't a big deal, but it was like a 25,000 square foot industrial building that was listed for like an unbelievably like a steal of a price.

**Henry Eisenstein:** and because it was listed with an agent who primarily was residential, and I would have I mean, we probably could have sold it for twice what it was listed for. Let's just say it like that right? And it was ever since I saw that one deal I'm like, this will never happen again. Where, like, I need to be the one to always be paying attention. These types of think about it. Guys like, just like we talked about a 10 million dollar deal. You can make a million bucks, I mean, like a hundred grand. I mean, look if you were only going to make

**Henry Eisenstein:** 100,000 bucks on somebody else's mistake, which happens frequently than you think. It's worth 15 min a day. Right? I think so. So.

**Henry Eisenstein:** anyways, I'll look these up every night. I'll take a few of them that I like the most. I'll send it to a few different guys that have, and I'll be like, Hey, make an offer on this at this price, you know these are my terms, and I'll just, you know, and we'll try to see. I'm actually working on like 2 right now. We're not under contract, but we're negotiating.

**Henry Eisenstein:** But I think there's a lot of opportunity here. But anyways, this one again completely random, newer listing property. It's only a 6 family, but you know again, we'll run some numbers. So this is nothing against the broker. But so this is a 6 family in a decent location. I like Bayonne. I clicked on it only because I thought the price was a little high, and the cap rate was a little high.

**Henry Eisenstein:** so I think you know, you and I would come up with a pretty serious.

**Henry Eisenstein:** seriously different number than what they have listed, so

**Henry Eisenstein:** we can at least look at it from here. So 6 family gross annual current income right now is 116 net operating income says 74. I also like that. They don't have any vacancy rate.

**Henry Eisenstein:** Obviously, I can't really tell what they're including in the

**Henry Eisenstein:** 20,000, or the 22,000 in the operating expenses. But my typical let's, why don't we do this? How about we do this, Dan? For everyone here is listening me. Obviously you and I make offers probably more often than most people probably will do it, you know, on a week we probably make more offers in a week than most people make in a year. So why don't we do this? I'm going to quickly run my numbers. You quickly run yours, and let's see who comes up with. You know who comes up with what.

**Dan Breslin:** All right.

**Henry Eisenstein:** So we got 1 16 gross.

**Henry Eisenstein:** Let's see what you got. Let's see what you come up with. If remember, it's only 6 units, and this is a decent.

**Dan Breslin:** Give me a second.

**Henry Eisenstein:** Meeting Location.

**Dan Breslin:** Can you do me a favor? Scroll up for me.

**Henry Eisenstein:** Sure. Yeah, I'll I'll.

**Dan Breslin:** And then go.

**Henry Eisenstein:** So.

**Dan Breslin:** Go through some of the photos slowly. Here.

**Henry Eisenstein:** Decent condition.

**Henry Eisenstein:** It says, 5, 2 bedroom, one baths 1 1. Yep.

**Henry Eisenstein:** the

**Henry Eisenstein:** the way it's Mike, Mark and Mike.

**Dan Breslin:** Cutting in and out a little bit, Henry. Maybe try turning off your camera. Maybe that's overwhelming the Internet

**Dan Breslin:** sometimes that helps.

**Henry Eisenstein:** Any better now.

**Dan Breslin:** Still still got the robot thing going.

**Henry Eisenstein:** You know, I upgraded to pay for, like the most expensive version of this

**Henry Eisenstein:** Internet. And I still deal with this.

**Dan Breslin:** Yeah, it's probably a lack of data centers. And all the AI that's out there. Now.

**Henry Eisenstein:** It's crazy, all right. Are you hearing me clearly now?

**Dan Breslin:** Yep.

**Henry Eisenstein:** All right. This this market, by the way, would trade probably around a 7 and a half cap all day, you know. Maybe an 8

**Henry Eisenstein:** all day.

**Henry Eisenstein:** Good location.

**Henry Eisenstein:** you know. Not an A by any means, but probably a B market, a B market for sure.

**Henry Eisenstein:** Do you have an idea of where you're gonna come in at.

**Dan Breslin:** Yeah. I backtracked the rent to see if there were any room in the rents, and with those dated units and a quick glance at Zillow. I mean, you're talking 1,600 a month for something nicer, 1,500 a month for something like in our condition. That's a 2 bed, one Bath

**Dan Breslin:** 17 for something nicer, and I backed in 16. It was like \$1,600 a month roughly, is what they're saying is the gross. So I don't feel like there's a ton of room to push the rents much higher. From what we're looking at here.

**Dan Breslin:** I would probably offer you.

**Henry Eisenstein:** What's your noi that you're going off of.

**Dan Breslin:** I don't have that on the screen right now, but 74,000 divided by point oh, 8 5.

**Dan Breslin:** It's like 870 grand.

**Henry Eisenstein:** Here, I'll share.

**Dan Breslin:** And then, you know 6 divided by 6, a hundred 45,000 a unit.

**Dan Breslin:** My! My quick napkin math before I did. That would have been like 1,600. And then I would have just said that was, you know, 1% rule. Maybe the top end of that range is like 160,000, a unit, low end, 1 45, maybe come in and start them at like 1 35, 1 38 to land at 1 50 ish or so

**Dan Breslin:** that assumes I want to own the property.

**Henry Eisenstein:** Yeah, yeah, for sure. I mean, I was, I was gonna be around like the 7 50 mark to start to make. That would be my initial offer.

**Henry Eisenstein:** But I know that I could probably sell this all day long for probably 909, 50, right? A \$70,000 net divided into an A cap. 8, 75. I mean, you could probably even sell it for a 7 and a half today.

**Henry Eisenstein:** So that would be divided by 7.5% probably could sell for 9, 33.

**Dan Breslin:** Okay.

**Henry Eisenstein:** All day long, this 5 and a half cap deal. This is exactly what I was talking about the very beginning. This is like, if the seller stuck, which, by the way, I always find interesting, right? So you can kind of sometimes look at numbers. And you're like, okay, 1.3 million times 6% is 80 grand. So the seller wants to net 1.3 million, and the broker wants to make 80 grand.



**Henry Eisenstein:** right? It's like, oh, how did you come up with 1, 3, 8? 0, well, I just tacked on my 6% commission to what the seller said they wanted to net. And that's how we came up with it. Right? So I just find hilarious because that happens way more often than people realize. So anyways, you and I, okay, fine. We could be offering this person. I'll actually make a note. I'll offer this person. You said, 850 is your number.

**Dan Breslin:** Yeah, you need to offer from 750, though. So like the other takeaway is, if you're gonna underwrite deals, it's best to do that with 2 people who are gonna put their cash in together, having a conversation so like you and I are buying this together.

**Dan Breslin:** we would have this conversation. You know the market better than me. So your number at 750, I'm always going to choose the lower number. It's gonna be pretty freaking rare that I'm like, no, no, let's go in at the 840 that I penciled out. So I think that the magic in underwriting with multiple people involved on the deal is critical.

**Dan Breslin:** I think that's 1 of the reasons our our company at Diamond Equity has managed to make a profit on more than we've lost money on is because more than one of us are weighing in on every single green light on a deal that we ever have, and I think that investors who are

**Dan Breslin:** working on their own to buy for their own portfolio, or at a bit of a disadvantage. Hopefully they have a husband or a wife or somebody that they can bounce the deal off of a little bit to get to the right number that works.

**Henry Eisenstein:** 100%. And I would even say, I actually love the idea of having multiple people underwrite it. I always try to ask my agents like, where do you think it's actually like? Where would you make an offer at if you were? You know, if you were to make an offer, because I always like to get a gauge from them. But I agree with you 100%. I always like to say, like, Okay, we'll both come up with a number. Let's go with the lowest one to start. I think that always makes the most sense for sure. Like you can't go, you can always go up right. You don't want to offer too much.

**Dan Breslin:** And I would.

**Dan Breslin:** Yeah, I would caution against the other person underwriting with you being the broker, even if they're representing your side.

**Dan Breslin:** I would still want to have. I can't tell you how many brokers are trying to buy a rep me, and they're just like

**Dan Breslin:** their vested interest is in earning the Commission and getting the deal to settlement. So they're working

**Dan Breslin:** against your interest, even though they're supposed to have a fiduciary. They're not the ones who are going to put the commitment on the line, and if the building court comes in and they have to tear down half your building, or there's an oil tank in the ground brokers out of the deal. They made their money. So it's way more

helpful if it's somebody who's got actual cash going into the deal to take or put more weight on their opinion in the deal I remember in the early days.

**Dan Breslin:** Sometimes people with lower experience will advocate, for you know. Oh, we should, you know, pay higher. We should do this. We should do that. They they're unaware of the risk that they're taking on, so I'd be very cautious.

**Dan Breslin:** You sometimes have to back down the junior partner in the experience, level a little bit and help them to understand all the real risks in a deal. It's not that Henry and I are being cheap here at 7 50. It's not that we're being greedy, and we want to hit some colossal home run. It's that we understand the risk that's involved in taking the deal on. Now we may talk ourselves into buying this at a higher price

**Dan Breslin:** after the negotiations going on, and you know we took a much deeper dive in. We discover it's a better street. The rents can be pushed higher. There may be reasons why it works at the higher number.

**Dan Breslin:** But

**Dan Breslin:** yeah, being being cautious with someone else putting the money in the deals is a critical piece here.

**Henry Eisenstein:** For sure, and like I mean as a broker, I've also been the kind of person where like, especially because I've been on every side of this coin where I'm like, I don't feel comfortable having you pay anything over X. And if you, if you want to buy this deal because the seller is only willing to sell it at X price, which I might not believe is a great deal I want to let you know, like I'm not going to tell you to overpay if you don't like. If maybe this isn't the right deal for you, and I'll talk myself out of a deal because it's not about that for me. I want to make sure

**Henry Eisenstein:** the rest of them

**Henry Eisenstein:** right, and I'll be like. And then you, you know, I I want to make sure you don't lose money

**Henry Eisenstein:** right, and you will lose money if you buy your deal at X price. But if you're okay with maybe putting down more money and having a lower rate of return on investment. Then, okay, I can respect it. But I want to be very clear. So anyways, this is the next one here, 25 unit deal, a little bit larger than the 6 unit we're just dealing with. We're dealing with 2 multifamilies. Maybe we can try a

**Henry Eisenstein:** something else afterwards, and maybe but anyways, this is a 25 unit. Let's see if there's any income. Can I click here to access.

**Henry Eisenstein:** They're gonna make me download something.

**Henry Eisenstein:** Let's see if I can quickly get a a duck.

**Henry Eisenstein:** Alright. There you go.

**Henry Eisenstein:** So 25 units each apartment, a new estimated income after rental increases. Okay, total expenses here down below. Total income, 513 grand a year.

**Henry Eisenstein:** I like that. They actually have a vacancy rate of 5% actually mentioned on here very rare to see. Let's try to underwrite this deal real quick. By the way, this area, let's go back to the property real fast. I'll bring up the numbers in a second.

**Henry Eisenstein:** This property, by the way, is probably A. B market as well. Property looks like in great condition again, pretty similar to the last 1 7, 7, and probably 7 and a half cap all day long, I mean on market value here, especially for this size of a deal.

**Dan Breslin:** In there like close to New York bedroom community in New York.

**Henry Eisenstein:** No. The last one was definitely much closer to Manhattan. Like much closer to the city, but this one is much further inland

**Henry Eisenstein:** but still a good, you know. Still a good location, I mean.

**Henry Eisenstein:** This type of deal here.

**Henry Eisenstein:** I'm looking at this, where they have

**Henry Eisenstein:** only a hundred 26 expenses. They have plow maintenance water. Let's see, I don't see any repair budget whatsoever.

**Dan Breslin:** Do they.

**Henry Eisenstein:** You can see they don't have management.

**Dan Breslin:** Or I'm sorry management. Yeah, no man.

**Henry Eisenstein:** Yeah, they don't. No management expense here. Obviously for 25 units. You're gonna have management costs, whether you're doing it yourself or not. The 5 13 a year.

**Henry Eisenstein:** You know they have a net income of 386. I'm looking at a net income of probably closer to 300, maybe 325

**Henry Eisenstein:** and they want a 5.6 cap, you know. Again, 6.9 million in this area. Let's say here, price per door divided by 25 units. It's 276, a door which is an absolute insanity of a number.

**Henry Eisenstein:** I would never in this market ever pay more than 200 a door. Maybe

**Henry Eisenstein:** maybe if it was all 2 bedrooms right, I would pay, you know, 205, 210, maybe, but as you can, because you can clearly see, they know the price per unit, which is nice.

**Henry Eisenstein:** You know the rents you're getting. But

**Henry Eisenstein:** let's see here, if there's any other details. Oh, here you go.

**Henry Eisenstein:** It's trying to say that they're trying to say that you can get every unit to over 2 grand. Get your net income up to 5.8 and have a future performer. How much do you take into consideration Dan, the potential cap rate that we see every single freaking broker on planet Earth trying to sell us.

**Dan Breslin:** I don't.

**Dan Breslin:** I think it does help guide me. So if I saw this information here and say, Okay, well, then, they're 2 grand with the apartment. I'd probably go verify that I could raise the rents.

**Dan Breslin:** So maybe if you've got \$300 per unit without doing any of the full renovations in low rent. Maybe that justifies like a 6 and a half cap on a 300,310 of real Noi after you back out the

**Dan Breslin:** The management cost. I think the insurance cost is also light here. I think the insurance is a major issue in commercial real estate, and I think 22 grand for something that probably is going to cost 5 to 6 million dollars to replace those buildings. If they had a total loss.

**Dan Breslin:** My guess is that that insurance probably is going to be closer to \$35,000 off to tell. You'll find out during due diligence.

**Henry Eisenstein:** 1,400, I'd say 1,400 ish a door times 2535 grand! You're right on the money, Buddy.

**Dan Breslin:** Yeah.

**Dan Breslin:** yeah, it feels like a little more, right? A lot of times old owners will have old insurance. So they're underinsured. Maybe they bought this thing 20 years ago, and they insured it for 2.5 million bucks.

**Dan Breslin:** and they only have a replacement value now, after modest increases by the insurance company taking action at \$22,720 reinsurance. They're probably like a replacement value of 2.8, maybe 3.1 million, and if that whole thing burned down it's going to cost 5, 6 million dollars to rebuild it.

**Henry Eisenstein:** 100%. Yeah. And it's actually kind of funny that you point that out. It's like, Oh, it's like, you know, because they secretly like, it's like these are the things that they don't notice. But we would notice we're like, Hey, you know, it's like, you're actually only really evaluating this deal at 3 million bucks, maybe 3.5 million.

**Henry Eisenstein:** Right? So it's like, you know, you want 6.9 million. But like you're not even paying. This is nowhere near the adequate insurance to have it actually valued at 6.9. And between you and I like, even though like this area is never going to trade a 300 a door unless it's absolute brand new construction. And it's, you know. So asking 276, for you know this type of product is absolute. You know, it's crazy to me. It's nuts like I

wouldn't. I would never pay that so 300 grand. To be honest with you, I'm probably offering somewhere close to

**Henry Eisenstein:** yeah, I mean a 7 and a half cap. Today is 4 million. Maybe you can stretch it to a 7 at 300,000 actual Truenet, right? So 4.2 8 5.

**Henry Eisenstein:** But that's really it. I mean, this is, I believe, that this will still be sitting on the market, you know, until interest rates come down to 4%. So could be a couple of years.

**Dan Breslin:** Yeah. My number on my calculator was 3,750,000.

**Henry Eisenstein:** I guess now I'm offering more than you this time.

**Dan Breslin:** And I probably would start there.

**Dan Breslin:** And maybe you land at like 4 million. You sign the contract, and in due diligence on this deal. Specifically, I would ask, for you know, the insurance would be part of the

**Dan Breslin:** due diligence package, and I would see how much they actually had as the replacement cost on the insurance, and then that might be a retrade later in the deal, if that was unacceptable. I mean, some of them literally are coming back

**Dan Breslin:** 150% higher. You you underwrite 25 grand, and it comes back at 45,000. What are you going to do with the deal.

**Dan Breslin:** Some people are just moving forward and buying them.

**Henry Eisenstein:** I know, which is actually an interesting point you bring up, you know, like, keep in mind that like, even if you miss out on a deal, and they go with somebody else. The amount of people are not only retrading, but can't get financing right now like it is. You know, this is actually a very interesting time, a very high likelihood that the deal might come back to you like. I just had a deal where the guy said. He agreed to another guy's offer literally same exact, identical terms. But the other guy

**Henry Eisenstein:** got to me him first. I guess he took that deal, and I'm like no problem. I'll match his terms if he can't get financing right. So it just. And if it comes back to me great, but like I think there's a very high likelihood that it will.

**Dan Breslin:** Nice yeah work to follow up. This is that season where

**Dan Breslin:** the the seller and the bro, their broker, are often humbled by the realities of the market.

**Henry Eisenstein:** Open it up.

**Henry Eisenstein:** So sorry my Internet keeps going in and out again.

**Dan Breslin:** So, Henry, I know we're getting to the top of our time together. I do have 2 or 3 quick questions here as we close. 1st you did mention. We both mentioned what it takes and how to make a billion Dollars, by Steve Schwartzman and Brad Jacobs respectively. Are there one or 2 other books that you feel like might be impactful for the listeners check out.

**Henry Eisenstein:** Those are actually some of my favorite books of all time. I think that some of you, if you haven't read any

**Henry Eisenstein:** those books. I've been a huge fan of Tony for a very long time. It's helped like more of the mindset side of things.

**Henry Eisenstein:** Like. He just came up with unshakable and even a newer book, now on private equity, which I think was very interesting, as well as some of his mindset books from before, and then the only real books that have really hit home for me other than that were really like winning by Tim Grover.

**Henry Eisenstein:** Great book, Relentless by Tim Grover, you know. I think you know the guy who was Kobe Kobe Bryant's Michael Jordan's coach

**Henry Eisenstein:** really helped me a lot.

**Dan Breslin:** Nice where can listeners go to find more information about you, or maybe reach out.

**Henry Eisenstein:** Yeah, best place would probably be emailing me at the info at Henry eisenstein.com, or just Google my name. I'm literally on every single platform you can possibly find me on Youtube. I do a ton of content with over a thousand videos, everything about commercial, real estate, from underwriting to lead generation to everything in between. Or literally, you can just DM me on Instagram. Just say, Hey.

**Dan Breslin:** Nice and my final question, Henry, what is the kindest thing anyone has ever done for you?

**Henry Eisenstein:** Well, kindest thing anyone's ever done for me.

**Henry Eisenstein:** Probably the relentless love that my wife gives me. You know, I just. I knew she was someone different. And

**Henry Eisenstein:** I've never had someone care so much like, you know, even before we got married, just this woman has cared so much about me and my well-being. I've never experienced that before, and I

**Henry Eisenstein:** knew that from that moment on I was like, I gotta marry this woman, and this is it would be weird if I did.

**Dan Breslin:** Very cool. I could say the same thing about my wife of 4 months now. So yeah.

**Dan Breslin:** cool. Well, Henry, hey? I appreciate your time. I got a page and a half of notes over here on the side. Yeah, I really appreciate you coming on the show.

**Henry Eisenstein:** Yeah, thanks so much for having me, man. Thank you.