

00:00:00 The promise of real estate investing. You've probably seen the ads and can imagine it now, long, lazy days on a beach in the Caribbean, snorkelling today, reading your favorite book again tomorrow. All possible with real estate properties that pay you tens, hundreds of thousands of dollars for doing nothing. Meanwhile, there's the reality of real estate ownership, which is phone calls with property managers,

00:00:23 printing, filling out, scanning and mailing documents back to the bank and your legal team entering expenses into spreadsheets and accounting software, overseeing or potentially doing renovations, negotiating insurance, and managing a team. I know, I know I sound like a real giant Debbie Downer, but while I am an eternal optimist and always will be, I also believe in reality in knowing it and making aligned decisions,

00:00:47 knowing the truth. The truth here, the truth is that not all real estate investing is passive. In fact, a lot of it isn't, especially when we're talking about ownership. Today I'm joined by my husband and business partner, Troy Michaud, talk about the realities of real estate investing. Before we go too far, I've gotta read this official disclaimer here.

00:01:07 So just bear with me. The views and opinions expressed in this podcast are provided for informational purposes only and should not be construed as an offer to buy or sell any securities or to make and consider any investment or course of action for more information. What you hear today is not financial advice. We're not licensed financial advisors, lawyers, mortgage brokers, or real estate professionals.

00:01:28 This is not a substitute for professional legal, real estate or financial advice. And in a platform like this where we speak to many individuals each with your own journey and circumstances, it's very important to get personalized advice. I encourage you to build a trusted team of professionals and consult with them to help support you in your personal situation and your individual goals. All right,

00:01:49 that's outta the way. So let's get into the meat of this episode. Today you're gonna learn about the myth of passive real estate investing ownership. You're gonna learn about our real estate investing strategy and why it's not passive and why we do it anyways, You're gonna hear about what our day to day and week to week workload looks like as real estate investors.

00:02:06 You're gonna hear what are some of the things that we do to keep our investing as possible as possible? And what are the pieces of work that we are still doing to this day, even though we still have jobs and families and all those things. You're also gonna hear a couple of principles and tips to keep in mind as you build your portfolio that will help you to keep it successful and as passive as possible.

00:02:26 All right, my friend listening here is the real talk of real estate investing as we bust BUST that myth of passive and tell you the good, the bad, and mostly just the truth. Welcome to the Golden Girls Podcast, where we believe you can have it all. I'm your host Lisa Michaud, and I'm spilling tangible tips, goal getting strategies and real life stories to inspire you to tackle your biggest dreams.

00:02:54 You're a woman who knows you're made for more. Get ready to leave the excuses and self-doubt behind by being vulnerable, sharing your truth and having honest conversations so you can succeed on your terms. Together we'll set goals you'll actually achieve by staying motivated, having fun, and building a community of women, empowering women. It's time to tap into your best self,

00:03:16 get confident and truly have it all. Golden girl. Let's dive in. Hello golden girls and welcome to another episode about real estate by popular demand. I've brought back my husband Troy Michaud. Troy, thanks for being here today. Thank you for having me.

I am feeling a little bit sick, as you can probably hear me know is still stuffed up and I'm still coughing so I'm gonna do my best to get through this and honestly I'm just gonna ask you some questions because you're not sick so you could do a little more talking today.

00:03:48 All right, So we wanted to do this episode for a couple reasons. We've obviously been doing real estate for 12 years now and have a lot of conversations with people, especially lately in our courses, in our networking events. And we see a lot of people have been sold this dream of passive income through real estate and we see a lot of people that have invested money in real estate,

00:04:09 in real estate courses and then they find out it's a lot of work, a lot of time and it's not necessarily what they had in mind for a quote, passive investment or that they maybe don't even have time for it cuz they're entrepreneurs or they have young kids, their demanding jobs or flat out they just wanna travel and want something more passive. And so, 00:04:26 you know, you and I, we've talked to people that start to grow their portfolio and then they get really overwhelmed with the work and end up having to, you know, either fire sale properties at reduced prices or just end up kind of stuck. So that's why we really wanted to have this real talk about, about how much work it actually is to be an investor in real estate.

00:04:44 And we're talking about our business model, which is 100% ownership long term holds in real estate at at least right now. And obviously there's lots of strategies out there today we're talking about ownership and specifically the BRRRR strategy, which is what we do. I think you'll agree with me Troy, that real estate investing is very much a spectrum. You can be really hands off,

00:05:04 for example, investing in like our real estate income trust or reach or as we talked about on episode 71 with Marinella, you can be a private lender or you could be super, super hands on, which is, you know, ownership all the way down to doing your own renovations and doing your own flips and even hosting and managing your Airbnb all by yourself.

00:05:23 But we're kind of somewhere maybe in the middle of that and we do the BRRRR strategy. So can you give a little bit of an overview of our business and the BRRRR strategy? Sure. So as you mentioned, we we'd use the BRRRR strategies, which is buy renovate, rent, refinance and repeat. So essentially look for underutilized or not, not maximized properties in terms of rents and perhaps maintenance as well.

00:05:52 So find, find these properties that are a little distressed, turn them around sometimes over a shorter period of time, sometimes longer, maybe a year or two. And then get them rented at market rates, get the tenant profile cleaned up sometimes and then take it to the bank and refinance it so that we can repeat do do it again on another building.

00:06:20 So why is that not passive? Well, I mean there's a lot to, to do in there buying, well, well I guess maybe you can start with finding these properties. So you'll have to look on market and off market for properties. It's not just as simple as popping into realtor.ca or realtor.com and saying I want to distress property multifamily in this neighborhood for this amount.

00:06:50 I mean it, it does take some networking and, and research and you know, knowing different streets and different areas and what to look for. So a lot of work just in sourcing it. And then once you actually get it under contract, the work really just begins where you have to get your insurance, your financing lined up, whether it's conventional,

00:07:15 you know, and a lot of times a lot of these buildings are not conventionally financed so you're looking at private lenders or different strategies to be able to, to close it,

fund it. And then, then again the work really begins once you take it, take possession of it. Cuz now you have a building, perhaps it's vacant, perhaps you just have some bad tenants, 00:07:42 there's probably a deferred maintenance, there's lots to consider. So again, the work begins and then you're funding the, the re the renovations rather on it holding it until such time as you can refinance it and you know, get it appraised, change up your insurance cuz now maybe you have occupied versus a non occupied building. There's just so many things that happen along the way that,

00:08:10 you know, I'm, I'm rattling all this stuff off and I'm missing stuff and I'm certainly not going into depth about what needs to be done, but there's a lot of management along the way to make this eventually hopefully a passive income property. However, we still have sort of stabilized properties that have reached the final R of the BRRRR, but every year we,

00:08:38 you know, you still need to renew your insurance and there can be huge rate hikes on insurance policies year to year, even with very little change in your coverage. And we've, you know, for example, we're doing this right now on one of our, our properties. We've been with an insurance company for seven years I think with them. And we just got a quote that was probably 40% less for better coverage with a different company.

00:09:08 Now that's taken days I would say, of back and forth with insurance brokers getting all the stuff you need from your existing insurer who doesn't necessarily like to give it up cuz they sense that something is coming that they're, they're they're about to miss out on your business so they're less than cooperative and anyway, yeah, so it, it's, I don't know that it ever truly becomes completely passive unless you're willing to,

00:09:39 you know, pay more for someone to completely manage it for you or to just kinda forego some of those savings, whether it be in insurance or utilities is another one management of the building where maybe you're installing low flow water devices to, to offset or, or reduce rather your utility expenses. Like there can always be something that needs to happen and maybe you'll have one property that's quiet for a couple of years and then then something else comes up,

00:10:15 right. So I think there's, in this business model it's certainly not passive even when it is. Yeah, I mean we've talked a little bit about, and I wanna expand a bit on some of the misconceptions that we hear because if you look at like ads or listen to certain podcasts or look at influencers like real estate influencers, I mean there's a lot of it about how passive it is,

00:10:37 but I think a lot of it is kind of misconceptions. Like you were just talking to someone the other day on the phone who was hoping to buy four doors and be able to replace their full like professional salary. And maybe that's possible in some situations, but I wouldn't say it's what we're seeing in the market these days. Generally, No, if you can bur it a bur property,

00:10:58 you can usually end up with higher cash flow because you've added value to the, to the building. If you're buying turnkey properties, you're probably not getting much, if any cash flow I would say. And you're, yeah, you're, you're not doing the work but you're also not really getting the cash flow. So it's tough to replace, like you said,

00:11:22 a professional income with a four unit building, I guess unless your income is very, very low Or it's huge, like a very like luxury or some sort of Yeah. Like, which would require a huge investment of capital up front. Yeah and there is some strategies, like I've seen duplex conversions from some family houses that some people have been able to make good cash flow a month on it.

00:11:53 However, you kind of run into like financing limitations in my experience where you can only qualify for so many residential loans and a lot of those models don't really support a commercial loan. So I think there's kind of a, a finite runway on some of those other strategies unless you start joint venturing or, or things of that nature. I just had this feeling like we're standing or sitting here mom and papa real estate having a hard conversation and being like,

00:12:28 look, the reality is like you either need to put in the work or you have to have the capital to make it truly, truly passive and then you may not be able to make that much income. Like I almost feel like we're mom and papa are trying to have a tough, give some tough love here. Well I I think it's just open your eyes to the reality of the situation that,

00:12:45 and don't be discouraged if you wanna invest and it's something that you're really passionate about and something that you enjoy like I do. But it's it's, it's still work. I mean even bookkeeping, right? Like I thought you loved that. No, no. I think we've even mentioned that on previous episodes that, you know, keeping their book straight and,

00:13:06 and we've tried to outsource it a bit, but there's, you know, some limitations with what you can do again, unless you're paying for it, right. And we have had a year or two where we spent thousands of dollars on bookkeeping and I didn't really see the value in it because we still ended up having to speak to a lot of the expenses and change them and enter them,

00:13:28 you know accordingly. So it there you, you still have to be a part of it, right? Only you knew what that one strange looking transaction was or, or how you, you know, borrowed money from a share shareholder loan situation into your corporation. Things like that, you know, that are, yeah, you still have to manually input some of this stuff.

00:13:49 So I guess at our level anyways, we're 64 units now. Is that right? Thereabouts yet Like you haven't bought anything without telling me. Have you? Or I try not to. Try not to. There might be some offers out there so you know, I mean obviously if you get to 640 units you have to outsource more of this stuff, right?

00:14:07 But I do think that that, that's actually one of the things I did wanna touch on is this, this trade off. I guess I think we, you do have to really understand like that trade off of like the more work you do, the more money you'll probably be able to keep in your business and vice versa. The more that you outsource,

00:14:28 the less money that you're gonna keep. And I think, I just wanna quickly make one more discernment here that I think fully passive income in like doesn't exist anywhere, but what I think real estate allows you to do is generally disconnect trading time for money in a direct sense, but it doesn't mean it's passive and it's not like an exact number. So there's been some things that we,

00:14:51 we do outsource consistently and have outsourced from the beginning and there's things like bookkeeping that 12 years later we're still doing. So it's kind of an interesting thing. Like I, I think about, you know, you and I, when we first started, we kind of joked that we were accidental landlords but we were, I think one thing we did do right is we were smart about realizing we didn't wanna just buy ourselves another job.

00:15:12 Like now we maybe almost done that, but yes, we have bigger goals though now different goals back then we didn't really know what we were doing and now, yeah we have, we have ambition, we have some big ambitions and things to do. But yeah, anyways, one of wanted to say about that is that one of the things we were very intentional from the beginning is we don't wanna be property managing.

00:15:32 And so every single deal we've ever looked at, we've always had to factor in property management costs and that means that there's a lot of deals we'd probably say no to that other people who are self-managing might say yes to, but we did this because we knew that there'd be a ceiling where one day we'd no longer be able to do the management, we'd have to outsource it anyways.

00:15:51 So we may as well buy the properties where that's already factored in. Yeah, and to go back to what you said about economies of scale, like our very first two rental units, we did self-manage, right? And then after that it again we, we've said, well this, I've had enough of this, let's let someone else do it. And to your point,

00:16:15 yeah, when you get to 10 times the units of what we have now, if should we do that, there's no way that either of us would be doing the bookkeeping, you know, you'd have a financial controller, but until then it's, it's not necessarily cost efficient for us to hire that financial controller and there's probably other tasks that you can hire out long before you,

00:16:38 you get to that point. So yeah, I guess keep that in mind. If you're buying a duplex, maybe you're managing it, maybe you're not and but probably your bookkeeping, probably your, you know, dealing with all of the transactions that have to happen around that Property trust brokers and financials and all those things. Yeah. Yep. So what are some,

00:17:00 what trade offs do you see or what are some of the general principles you think we follow to try and make it slightly more passive or how we, how we balance those things? Automation I think is a big one. Like I still talk to people that do their, their books in Excel spreadsheet. I just talked to one the other day and she was not a inexperienced investor by any means,

00:17:20 but she was literally doing her books in Excel and I kind of said, Hey, are you interested in a program for this? And she, she was currently looking at it, yeah it, you can set up recurring transactions to automatically just kind of be accepted and it codes them correctly in QuickBooks or xero is another one I think very similar, even just like pulling in the information,

00:17:48 it'll automatically pull it from your bank account so you can have them linked right into the program and it saves time cause you know, maybe one or two clicks you can process a transaction and if you do it frequently enough, Lisa, that it's easy to remember what the transaction was for. So if you did it on a monthly basis, you might only have to spend an hour maybe less kind of doing it depending on how many transactions you have.

00:18:17 Of course I feel like you secretly love bookkeeping and I dunno if anybody picked up on that dig there that I definitely do not do bookkeeping on a regular basis point taking my dear point taken. I gotcha, I gotcha. Yeah, QuickBooks it is game changer. I think we also have an affiliate code for some sort of a discount, so I'll drop that in the show notes as well because QuickBooks we definitely,

00:18:42 we started with like one account now I think we've got three for all the different companies. Yes, excuse me. But we do it is I think make a big difference and does help. Yeah, I think also in terms of, you know, that's pretty specific but I think like zooming out a little bit in terms of like a principle, I think,

00:19:02 you know, we've talked about this, your profitability declines as your passivity increases. Yep. Do you wanna speak to that a little bit? Like property management is, is that what you're referring to? Just generally like the more work you do or the less work you do? Yeah, The less money you make. Definitely. I mean, property management was one we offloaded early and that's,

00:19:24 that's a huge part of it. I think sourcing tenants, doing background checks, even just knowing tenants, you know, good property managers who have been doing it a while just know that oh yeah, I've had that tenant before and I will not rent to them ever again. You know, because of disturbances or damage or whatever. But you know, if you,

00:19:46 you don't have to do that. If you can pay someone to do it for you, you don't get a call, you know that a toilet needed to be snaked, you don't get a call that, which it's funny cuz you talk to some people and they're like, I've never heard of a tenant calling with a toilet plugging. And I'll get a statement,

00:20:05 you know, say that represents 25 doors for a month and I might have like two or three callouts, some of them even like after hours calls for, you know, sneaking a toilet. So it is a real thing people, but, but yeah, so we, we've outsourced that task and it really unlocks a lot of time for you that you're not trying to call the plumber,

00:20:29 trying to call the gas fitter, trying to call an electrician or, or even just a handyman or a carpenter to, to fix little things. If you have a property manager that has a team on staff and not necessarily all trades like, you know, you don't necessarily know plumber or an electrician to be, be a part of the property management staff,

00:20:49 but if they have a kind of handyman carpenter on staff that can just run over and, and fix the, the door, right, like the main entry door maybe to your building is not latching and security issue or you're blowing heat outside in the wintertime while they can just rip over there as soon as the tenant calls it in and, and have a look at it versus calling you,

00:21:09 then you gotta find someone who's capable and willing and you know, again, you can, there's people that have those handy people on speed dial and they call them up and me, I just get a bill at the end of the month. That's a statement rather that shows, ah, this individual went over and fixed the door and it cost me 28 bucks for his time.

00:21:31 So yeah, I I think offloading those property management, property management is, is one of the biggest ones for us. And I can't really think of any other major. Having a VA I guess is helpful in yeah, many areas of our business, but Okay, here's kind of some different ones or different one like wholesalers. Yeah, I mean that's a way of outsourcing it too,

00:22:00 right? Like definitely, yeah. That means that you, you spoke about all the things about procuring a deal that takes a lot of work. Yeah, and I mean there's, there's also we'll have to do a future episode on like being remote landlords or, and kind of what that looks like, but we cannot, you know, drive up to people and say,

00:22:20 Hey, do you wanna sell this building? Or we don't necessarily have the same local connections as somebody would. Same thing with, you know, if we cut calls for toilets and be an expensive flight to put down and snake it. So some things are just not practical, but talk about wholesaling. Like how, how do you see that helping and how does that,

00:22:35 how does that all work? So wholesalers basically go out and find properties, whether the distressed or not, but find sellers who are looking to sell off market for whatever reason they may have. And then they get it under contract and then they will assign the contract to you for a fee. So usually there's a wholesale fee that is not, usually there's a wholesale fee that's included on top of the purchase price and you're essentially paying them for their marketing and their time to source and,

00:23:14 and get, get these deals. And we've done that before. Yes. Yep. Yeah, so that's another thing that kinda a different way of outsourcing, making it slightly more quote

passive. But yeah, I think the vast majority of the deals you've sourced them. Not better around, but I guess it's another way you could make it more passive. Yeah,

00:23:33 I think we've only bought one wholesale deal, but Yeah, just one I think so far too trying to do I, we, I didn't think about that ahead of time to talk about that, but it came up. I'm like, this is, that's such a good example too. You know, we talk about, we outsourced property management outsource,

00:23:48 well make bookkeeping simpler, but then we also like, it's, it's all balancing, right? Cause then we also buy, I don't wanna say like headache buildings, but we buy buildings that are unstable, buildings that are a lot of work. So I feel like that's a very intentional trade off that we've made there. We don't do the toilets, we do the whole bathroom,

00:24:08 we renovate the whole thing. You know what I mean? Yeah, yeah. Do you wanna speak to that a little bit? Like what does that mean? You know, what does it look like? Why are we, why are we buying crappy, not crappy under maintained building or buildings with opportunities or, and how does that make sense for our business?

00:24:26 Well we try and force the appreciation of the building. So doing strategic renovations, like you said, managing tenants, getting less desirable tenants out perhaps, and just making the building safer and more desirable for other tenants to live in, right? Like we, we've kept tenants in a building that we've owned for, you know, two, almost three years now that are paying significantly under market rents.

00:24:57 We could have either evicted them or increased their rents long ago, but they're, they pay their rent on time. You know, they have had some modest increases but they, it's still affordable for them to stay there and their units would have to be renovated once they left. So, you know, for now we're just keeping them there. But the profile of the entire building has increased significantly.

00:25:26 We've evicted, I think at least one drug dealer from that building. We've just made it more habitable and made it a place where people want to go and not a place where they, it was their only option perhaps before. So it's warm, dry, comfortable, you know, freshly renovated and yeah, a nice, nice building. Now You're doing a great job selling them,

00:25:59 but it's a lot of, I guess what I wanted to say was that it's a lot of work to get at that point. Yeah. You don't buy them in that state and that's the difference between a turn key versus what we're doing. Yeah. And we've made that strategic decision that we're going to outsource property management once in a while, do a wholesale deal where we can outsource some of the buying.

00:26:18 But a lot of the work comes in in terms of finding the right deal and managing the renovations and there's a lot of that goes into that, even though you're not physically doing the renovations. A lot of work goes into making sure we know what's going on with it, right, Yeah. And just getting approvals for the contractors to kind of do the larger chunks of work,

00:26:40 making sure that that's kind of staying on track, managing the managers essentially. And, and that's, yeah, how we've, I mean we've probably tripled or quadrupled the, the, I don't wanna say price, the building, so we haven't sold it, but the value of the building from what we've purchased it from till today and, and with a fair bit of renovation,

00:27:08 but not, definitely not, not even, not even one times the original purchase price. You know what I mean? Break that down a little bit better. Well, okay, so like if we, if we bought it for, or we did five, her 242,000, I think we ended up putting maybe around 130,000 into it. So we're into it for say three 70.

00:27:36 It's probably worth, I would guess a million, 1,000,002 maybe somewhere in that neighborhood. So that's kind of what we've been able to achieve, I guess with adding value to some of these buildings. It, it took a lot of work and it took a year to kind of get it all turned over and get all the, the units brushed up, but yeah,

00:28:04 now it's, now it's good. That was also like the crown jewel. Not every single deal is that, that? No, that one wasn't, but I mean, so another one we just did, we bought it when everyone said there was no deals in, you know, kind of this, I think it was October of 2021 we purchased it.

00:28:27 There's three units, so it's not even like a massive building. We paid 117,000 for it. We put, I think it was around 50,000 into it and now it's worth, geez, I forget the appraisal, I just got it back recently, but I think it was around 260 or 270,000. So, you know, even if we're into it for 167,

00:29:00 let's call it, so there's a hundred thousand dollars in kind of forced appreciation right there. So it's, you know, it's, it's still, still possible I guess. And, and it's not, it's not like a million dollar building either. Right? Yeah. Yeah. I feel like we're getting into deal talk, which is like, I feel like a whole other episode,

00:29:19 but it's interesting to hear and, and this is, I think the question at all, everyone has to determine when they're investing is like, what are obviously goals, first of all, what are you trying to get out of it? And then also balancing, you know, what, what strategy's gonna meet that, and then how much time and capacity do you have and where are your skills and where's your interest and how can you match all of that up?

00:29:38 And I feel like BRRRR's been a good, good mishmash for us on That. Well, I guess another part of passive or, or what, what, what have I done to make it more passive and and to offload work is say that deal I just spoke about where we put 50,000 in renovations in, I, I haven't added it up, but I would guess we're probably in the \$10,000 of that \$50,000 was used or was,

00:30:05 was spent for the gc for the general contractor who oversaw essentially all of the renovations. So I interfaced with them to make sure that work was happening and on track and that sort of thing. But as far as managing which electrician came in when and which plumber came in and which drywaller and painter, no idea. You know, so we paid for that,

00:30:35 that passiveness because at the same time we had probably four or five other projects on the go in the last year. So This is, yeah, so it's almost sounding like we outsource almost everything, you know, assistant property manager, general contractor, the actual innovation. But I think that this is kind of where we wanted to have the conversation about that can,

00:30:55 there can be a misconception that okay, you're still not doing anything, but that's not the reality. So what is the reality of real estate investing you think that most people don't know? I would say it's work. That's, that's the biggest one. That's Okay. Real estate dad, That it is, right. And it becomes more passive as you kind of get more into it and,

00:31:15 and as a building is stabilized, but, but definitely it's, yeah, it's work. What is your day to day, week to week look like? Yeah. Cause it's not just that. Like you buy it and then money rolls in. You don't just buy a building, insert money here, get money out. I would say every day, if not every day,

00:31:36 every other day that I reviews coming in, you know, I have multiple sources from either wholesalers or I mean even just mls or work with realtors. Work with realtors, Yeah. Who find stuff off market or sometimes you get an advanced preview before it hits the

market. Facebook groups. Facebook groups, yeah. So you're constantly on the prowl looking for deals and then,

00:32:05 you know, underwriting one or if you have a, a, a deal that you're going after writing the offers and then all the due diligence steps after that. If once you get an accepted offer, then it's making sure your contractor can run through it, Getting your appraisal, getting your ins inspection, which again kind of goes hand in hand with contractor going through there.

00:32:28 But all your legals, making sure your lawyer can support it. Having an alternative if they can't getting your financing, that's a big hurdle. If you're, you know, know if you're financing privately, you gotta get the capital, get the structure set up with the lender or if you're doing it through a bank, then you know, that's So, Well Yeah,

00:32:53 they wanna know your whole life story. And on some of these commercial deals, you know, can take me like a full day, day and a half to provide a complete financial picture of all of our corporations. They always wanna see, you know, in income expenses for individual properties held within each corporation. Stuff that's held personally, you know, you're,

00:33:13 they wanna know everything, right? So getting all that together and of course you could compile all this information and then three months later it's outdated and or it rolls over the next year and you gotta get everything back together again for, for another deal. So yeah, I would say it's, it's doing that and then keeping an eye on the running business.

00:33:34 So checking in with property managers usually depends on what's happening but you know, the stabilized stuff sometimes once a month. The non stabilized stuff, the stuff that's in the midst of renovations, just probably weekly I would say. I talk to property managers and, and are people doing construction and make sure that everything's on track. Making sure that they, they're keeping my timelines in in mind.

00:34:05 So sometimes there's, you know, they're pulled in other directions, right? They have other jobs they wanna do for other customers. So, But You definitely try and keep a top of mind. Yeah, yeah. I think it's not always just pestering them either. Like sometimes even like realtors, if I get an appraisal done, my realtor that I work with,

00:34:25 I'll always kinda share appraised value with them just so that they can get a better sense of what appraisers looking at in the market helps them price, you know, things for their clients if they, if they list stuff. And also, you know, if they're putting out offers they can kind of know what appraisers are thinking and seeing at that point in time.

00:34:46 And it gives you kind of some, you know, good rapport with them and they're willing to help you out too if you want. If you need help evaluating a unit or sorry a building, they're more apt to, to help you if you're helping them too. Right. So We have a list of tasks here, but it doesn't include relationship management,

00:35:06 which is super important. And networking. Yes, networking is a big one and I try and do that more and more cuz some of our best deals have come just through our network, you know, even that's how we've met private lenders, that's how we've met everyone really. That's, that's integral to our team right now is usually comes through some sort of referral.

00:35:27 So. So you also, on top of all of this, have a full-time job. Yes. You work like 90 hours a week at your job? Yes. For two weeks and then come home. And how much time are you still working on real estate? Yeah, so I guess to preface what Lisa just said, I work two weeks on,

00:35:49 usually about, probably averages out to 13 hours a day. So yeah, around 90 hours a week for two weeks and then I'm off for two weeks. Usually I would say I work Monday to Friday, six to eight hours a day for my two weeks off. I would say like 35 to 40 hours a week. And I probably do 10 to 20 depending on what's going on between investors,

00:36:17 networking, creating win-wins, repayments, while you've been doing some of the repayments, which is great legal structures, liability policies, estate planning, like they're so hasn't really said, I'm like, why? Why do we do this? Why are we doing this? And I feel like if I'm thinking this, I'm sure that somebody else is listening to this thinking this sounds really hard and potentially discouraging.

00:36:41 So why do you do this and what is it about real estate that still makes it worth it for you? And might maybe undss discourage somebody who's listening. It's fun for me.

Like I know you loved bookkeeping, Not bookkeeping, but just generally, you know, when I, this summer for example, she's rolling her eyes at me, but this summer for example,

00:37:07 we were gonna take the summer off and not purchase anything, just kind of get through our existing projects that we, that we have on the go And enjoy the summer and enjoy life and have a bit of a Break. Yes, yes. That's why. But yes, so what we weren't going to do was purchase anything. And I did buy another,

00:37:29 oh yes, two buildings. I was gonna say one, but yes, two. And I'm over here flashing the two, two signal. I thought it was a peace sign. But yeah, and I think that over time, like when you do this enough and you've underwritten enough deals and you kind of get to know what's a good deal and I actually even tried to talk myself out of buying at least one of them and I,

00:37:59 I'm so curious. I feel like I missed out on that conversation. Well like, so when I was underwriting it, I looked at it and said, okay, what if I had to pay like eight and a half or I think even maybe I went up to 10% interest rate on this property. Cuz you know, this was in the middle of the bank of Canada hiking the prime rate.

00:38:19 We're still in the middle of that I think Hopefully we're at the tail end of it, but we were like in the midst of like three quarter point and then three weeks later, three quarters point and half a point or whatever it was. So I was like, oh man, what if rates like really go up? So I think I put in like eight and a half and I looked at it and said,

00:38:37 I actually still make sense to buy this. And I was like, but 10 it won't. Okay, no, no, it makes sense at 10. So I was, I was sort of, I felt like it was obligated to buy it. So, and then we've worked with our awesome mortgage broker who got us financing for it. So it was kind of quick and painless.

00:38:57 But I, so why I do it I guess is back to the question is like, It's not for a summer vacation. No, it's, yeah, it, i I guess it just becomes like almost like a hobby. Like I don't, I don't build model trains. I don't, you know, play volleyball, I don't, don't have a car that I work on in my garage.

00:39:22 I don't have, you know, that sort of thing that I do. But I guess I do this, so this is maybe my hobby. We were doing this so you could one day have a hobby, Right? But in the meantime, well, I mean, so like organized sports for example, anything that I need to be there every Thursday at seven,

00:39:43 like best case scenarios I can make half of them and quite likely with travel and other things I can make fewer or you know, vacation, that sort of thing make fewer than half. So it's hard to commit to something like that. And this I can kind of do from anywhere at any time and yeah, it's makes me feel alive Lisa. So wait,

00:40:09 should we trust the high of real estate? There we go. Maybe we trust the high of real estate. I'll tell you. Okay. I'll tell you that why I'm saying trust the high. So before we record every episode, I always pull a Danielle Laporte, truth bomb card. Troy now is, Troy's trying to roll his eyes, but he pulled the card and he said,

00:40:27 trust the high. And he was like, I don't even know what this means. Like it'll come up, but there'll be a way that it weaves itself into the conversation and I feel very validated. And that's exactly it. Like you, you enjoy it and you're having fun with it. And so much so that we couldn't even have a summer vacation.

00:40:44 I mean, I don't know that we didn't, we still were on vacation, we just happened to have to run into town one day to sign some documents. But the, I would say that's one reason to do it. One, the other one is like passive income. So as the kind of snowball rolls down the hill, metaphorically speaking it, it picks up more snow and it picks up more mass and it becomes easier to,

00:41:06 to do these things. So this deal, for example, it was almost too easy. I, I don't, I don't wanna, you know, sound conceited or anything, but it was just very, No, no, this is the part where we're trying not to discourage anybody. So You're, it was like mechanics, right? It's like muscle memory.

00:41:23 So the more you do things, the more that you do the same task over and over, you kinda look at it and it just becomes, okay, yeah, I just have to do this, this, this. I call this guy, I call this person. I, I get that that's done. And I've actually, I, long ago I made it a closing checklist for example.

00:41:42 And I, every time that I start compiling all of the, you know, purchase and sale agreement, you know, digital documents into kind of one folder, then I always inevitably pull in this checklist as I'm getting close to closing and I'm like, Oh yeah, I should pull up the checklist and make sure that I actually have all this stuff done that I need to do.

00:41:59 And, and I just like, oh yeah, done, done, done, done, done, done, done. Okay great. Nothing really left to do on this list. So I guess that's, again, I don't wanna sound conceded, but like that's where I'm at. It gets easier, it gets Easier is what I'm hearing. That's, that's the message here is that you,

00:42:18 you get your systems, you, you learn a lot along the way. You, you, yeah, you get best practices, you create systems, lots of your episode two in the future about systems and maybe you can share that closing checklist with everybody too. But yeah, I think that's, those are really good points. So like you're enjoying it and I think that's a really big part of like just life,

00:42:36 like you said, you're having fun, it's good trusting the high of real estate, you know, you've got your checklists and systems to make it easier for you and does get easier because you've done it. You remember, you've got the, you've got the connections, you've got those things that already kind of going, which is awesome. I think too,

00:42:56 like you haven't talked about this, but this isn't like, we're not in this for the get rich quick thing. We're looking to, to build wealth over many years and I, I'm not sure about you but I know I'm hoping to have a little bit more freedom because of it. And it kind of feels like, I was talking to a friend the other day who they are,

00:43:15 they both have full-time jobs and they're looking to get into real estate and she was like, and so that eventually her partner can, can stop doing the shift work that he's doing. And she was like, it's gonna get harder before it gets easier. And I felt like when she said that I was like, oh, we're in the hard, like we're in the harder before it gets easier.

00:43:36 Would you agree? Yeah. I mean, yeah, it's a relative term I guess hard, but there's sort of like a learning curve, right? Where it's, it's hard at first and then it becomes easier. It's, and then again it goes back to it's more work, right? It's not necessarily difficult to do what you do once you understand what you're doing.

00:43:57 Right. And it's, yeah, so I think maybe hard's the wrong term, but for, for what I'm experiencing it's, it's more just work. Okay. It's felt hard for me at times. I think being the other person and picking up some of the other things in our life around that. But I think, yeah, I don't know, it feels like it,

00:44:18 it's harder now than hopefully it will be in 10 years. I guess depending on, depending on what it looks like, I think it's not for everybody. I do think it's really important to find something that's interesting. I, you and I have even before we bought real estate before, before we really got into more investing, we've always been interested in it.

00:44:38 Whenever we go anywhere we always look at properties, we've always like, we just have that genuine appetite for it. But I know some people are interested in stocks so some people are interested in Amazon shops and other people are interested in crypto and I think it is important to kind of follow that. So I don't necessarily think that real estate investing is the only strategy or the best strategy or the best investment,

00:44:58 but it definitely seems to work for us. And I think even though there is a learning curve, even though it is work, even though it can be really scary sometimes, all of those things, I think it's, it's really great for us to build freedom down the road. I wanna ask you a question on, on cashflow, cuz I know we target kind of that like 100 to 200 per door ish that and that's,

00:45:22 I'm gonna call it like relatively hands off once that's stabilized. Yep. Do you have any sense of what that number would be if you were more hands on or like what that range might like? What if we also had a financial control or like how much, what would that look like? You know, If you're, well I don't know if you're hands and I don't really ever look at it,

00:45:43 but I think you, what you can do is expect 10% of your gross rents to be going to property management. So I, if your grants are \$2,000 a month, well then that's another 200 bucks a month that you would either spend property management or keep if you're doing yourself and you know, but if you're building generates \$10,000 a month, well then that's a thousand dollars a month,

00:46:08 that's yours versus the property managers. So it's really, it's up to your rent role I guess, and how many doors you have and that would be my general expectation I guess. Cool. So what is the, what's the least glamorous part do you think ever estate investing? I don't know if it's glamorous. Like I, I'm trying to think of what is really glamorous about,

00:46:29 it's my Second question. Oh, First one is, what's the least glamorous? Well I'm just trying to say like put it into perspective. I mean it's, it's, it's work number one, I dunno how many times I'll say that, but someone will go back and, and write it to Searchie Searchie, we'll just put the work in and they'll tell there You Drop it in the show note.

00:46:54 I think eventually it probably will be glamorous, maybe not even glamorous, I'll call it glorious, where we won't be doing a lot cuz the stabilized properties take a lot less work each month. Right. You're not necessarily concerned about renovations that are happening or you know, sourcing it more deals if you're in sustainment mode versus acquisition, acquisition mode, you're not looking for them,

00:47:22 you're not analyzing them. I you can just shut that part out. Yeah, there's a big difference. For example, I'm thinking renovations on like our stabilized six blocks. If like our tenant moves out and we do some renovations, we think a lot less about that versus the fire rebuild. We're all six units are vacant and it's been a almost two years now and like we're,
00:47:43 we're relatively focused on that and following up on that because all six units, there's no income coming in on that property. So it's got a different, different urgency to it. Yes. And different, different work and focus required on it. Yeah. How much time, I don't know if you've ever thought about this, so you know, doesn't have to be a perfect answer,
00:48:03 but I'm just curious, how much time percentage wise would you say you spend on stabilized properties versus unstabilized properties? The ones that are still in the bur the first couple stages of bur Like 10 to one. 10 to one. Okay. And then let's also now just take this cuz I just seem to love math today. How many of our properties are stabilized versus not stabilized?

00:48:28 Let's do some quick math here. I would say we're probably say four. Wait, one, two, I don't know. There's, there's a bit of a, it depends what you consider in the midst of a bur, right? Like there's some that are more, much more extensive work required and then there's some that are the rents are just low and we're just waiting for the opportunity to increase rents.

00:48:54 There might be, you know, five, six, \$7,000 worth of, you know, flooring me out to put down and, and paint it out. But, so it's not really that substantial of a renovation. So like we have, I feel like, okay, so it's only like three categories was like, there's like stabilized and then there's like the ones that really are time sucks that are like deep in like the renovations and there's some urgency and then there was the ones that are sort of in waiting.

00:49:21 Would you say there's a spectrum there? Yeah, I have to look at, You don't have to like perfect it. Okay. I'm Just probably Remember like 30%, 30%, 30%. Yeah. I'd say we're, we're over half are probably Stabilized. Stabilized. So Six or seven or Close to, Yeah. Okay. So six ish are, okay,

00:49:43 so half the portfolio takes up 90% of the time. Yeah, Just like, I think that's an interesting, I don't think we've ever kind of reflected on that or thought about that, but that, that gives a little bit of an understanding as well in terms of like what you're getting into, right? Would you say? Yeah. Yeah. Okay.

00:50:04 So people who are listening to this can take some comfort in knowing that. And I think that's what I mean about when I say like, I feel like we're in the hard, like 90% of the time is those that stabilization, But I think we're also planning to also have a couple three, four projects on the go at all times for the foreseeable future,

00:50:25 Right. And totally, But foreseeable future doesn't mean forever and ever, right? No, but then you get to the point where the, We are gonna Hold on. Well I feel like I need to get some sort of a commitment from you that there's gonna be some sort of a break one point Yes. But then you still have like the existing properties that have,

00:50:44 you know, totally crept up on you that you still have to One hour to compared to nine is I guess the point. Yeah. And that's where we're trying to get to. Yes. Would you say that's the, you said glorious part of it. Is that like looking ahead to that future? Yeah, that's, that's I think what we're all striving for.

00:51:02 However, it's to, to get there is not, and, and I, I guess if you're sitting on a whack of money and you wanna just put 25% down on a bunch of kind of stabilized

properties and, and just buy them, even the acquisition part and the sourcing of them, you know, is probably a little bit easier. But you're,

00:51:25 you know, you're, you're not necessarily then getting any cash flow if, if some maybe, I don't know. So what you're saying is that Ferrari and timeless vacations don't come without a lot of work and probably years of it. And if you have all that money, just go buy your Ferrari now. You don't need to buy a bunch of properties.

00:51:46 True. So true. It makes me think of the, it makes me think of the old parable. There's a story of like a, a businessman that goes on vacation and he sees a fisherman on, on the beach every day and he says to the guy like, Oh, it's so amazing. Like, look at you, you know, you're,

00:52:03 you're here every day and you're fishing in the morning and then he's off at like three o'clock and he's barbecuing his fish on the beach and he's having lunch at a dinner with his wife on the beach and enjoying the sunset. And the guy's like, oh man, like that's so nice. Like what a lovely life. And, but he goes up to the fishermen,

00:52:22 he's like, Oh, you know, you could, you could, why don't you buy three boats and why don't you then you could hire people for all your boats. And the fisherman's kinda like, yeah like then what, what I do? And he's like, well then you could maybe open up a different location. The fisherman's like, okay, well like then what the,

00:52:38 the businessmen's like okay, well then you could also, you know, package these for sale and you could sell 'em around the world and you can make even more money. The fisherman's like, well then what? And he's like, then you could be on your boat all day in fishing. You could, you know, have sunset on the beach and cook your,

00:52:52 your fish and have dinner with your wife every night. And the whole point of the story is, you know, if you could already just live your dream life now, why would you put in all that work to just to buy yourself the freedom later. Yeah. Buy your Ferrari now, I think is what you're telling me. I'm more men. You have two weeks off now.

00:53:11 Well, I mean yeah, devil's advocate there like why don't you just take your two weeks now and have that freedom? I think it, it goes back to like how hard is your job for how, what you're compensated for, right? Similar to this, like when I was supposed to be on vacation and bought a property, cuz it's easy enough to do,

00:53:28 it's just work. And I think my job, I've sort of reached a point in my career where I, I enjoy what I do. I like working with people that I work with and I make good money at it and it's, I don't know, just some, it's just work, right? So, and it's challenging and it's different every day or can be different every day and I don't,

00:53:54 I don't know what I I would be doing if I was not doing that job. Like I don't, well probably real estate, but, and Like you're definitely your real estate hobby for sure, For sure. But I don't know if my real estate hobby quite pays me as well just yet. But I guess that's the, that's the goal that I can have two weeks on at real estate and two weeks off at home.

00:54:20 You kill me, you killed. Okay. Other devil's not good question. Why don't you just buy the Ferrari now? I think that maintaining a Ferrari is quite expensive. I don't even think it is very expensive. I mean, it's all relative, I guess how much money you have and how much you wanna spend on Ferrari maintenance. But yeah, I,

00:54:40 I would say to, to have it and to maintain it and ensure it is quite expensive and I don't know if I'm to the point where I want that or would afford could afford that. Hmm, okay. So I'm hearing there's not a Ferrari that's gonna surprise me. No. Maybe one day just Buildings. Maybe one day just buildings for now. Okay.

00:55:04 Okay, so before you go I, we, there's so much out there, we get a lot of amazing feedback and questions and things are shifting a lot right now with interest rates going up and markets changing a a lot and we're obviously still actively investing. What are a couple things, you know, knowing that things are, I feel like I, how many times can we say uncertain and unpredictable and in,

00:55:29 but they really are. And also knowing everything we've just talked about here in terms of like why we still love investing, the fact that it's still work. What are three tips that you think are really important to keep in mind for anyone who is, wants to be successful in real estate right now and, and moving forward? I would say know how to underrate a deal.

00:55:48 What does that mean? Make sure that you understand the income and expenses associated with the property. So how to analyze it, How to analyze it and make sure you're including maintenance management, management and vacancy. Because even if you're not considering these, your financing institution likely will interest rates. I think that's one that needs to be considered very deeply. I don't know where interest interest rates are gonna go.

00:56:23 I'm not an economist by any means, so make sure you're stress testing yourself. Right. I I think that for residential rates, the, the mortgage broker or the lender will do that for you. I think they add a couple percent to whatever today's rate is. Make sure you can still afford that so that in five years when you go to renew that you're not,

00:56:45 you know, unable to afford your payments. But I don't know that commercial lenders do that for you. So, you know, when we are looking out, you know, two, three years into the future, even, you know, before all of these rate hikes, I wanna say I was underwriting at like five and a half or 6% for a future refinance.

00:57:06 So to give you perspective today, I think we're at about six and a half to 7% for commercial rates. And on top of that, rents have gone up quite a bit. So I think it's, it's conservatively underwriting your deal and factoring in maintenance management vacancy and potential fewer, or sorry, higher interest rates. So that's like several extra percentages, seeing if the deal still makes sense of that.

00:57:32 Yeah, like I said, the one we bought in August, I think I pushed it up to 10 cuz I was looking for a reason not to buy this. I was gonna like, you're almost literally doubling the interest rate. Cause back then it would've been around five. Yeah. Right. So yeah, you're at least doubling it to see how it,

00:57:48 what'll do Yeah, I don't know if, Yeah, I don't know if you need to double it, That's pretty extreme. I think, like I said, I was just kind of looking for a reason not to buy it. But yeah, I, I would, I would say a couple points for sure, if not, if not more, Property taxes.

00:58:05 Property taxes, that's a big one I think people overlook where if you purchase a property that has a very low assessment on it and the, let's say you're buying a property for \$500,000 will say, and it's currently assessed at like \$200,000. I mean you can add a zero to both of those to, you know, play with whatever scale you wanna play with.

00:58:29 But for easy numbers, let's do, let's use that. Consider that the taxing authority that you are buying in is likely going to reassess your property once a sale has happened. That is, has such a disparity between the assessed value and the actual market value. So you'll probably see a property tax rate hike and it could be significant. And I've seen a lot of investors actually,

00:58:58 we invested in New Brunswick as most of you probably know, and at October, I think third yesterday was they released all the assessment values for 2023. Not the actual tax values but the actual building assessment values. And I think people are collectively

losing their minds because some of of them have gone up substantially, you know, considering they purchased a build, like exactly what I just described,

00:59:28 Right. Purchased a building for a lot more than it was assessed at and it was reassessed at 450,000 and Your taxes go from 5,000 to 9,000. Yeah. Or again, add some zeros on there. Yeah, that makes a big difference. Okay. So that's number one. Make sure you're underwriting your deals. All I, I feel like all inclusively you're analyzing all these,

00:59:53 all these pieces. Amber two, what else would you say to be successful to really keep in mind to be successful right now? Building systems. I think may we, we talked a little bit about what we do and, and some of that is, you know, programs and then some of that is, we'll call them procedures or checklists so that you don't have to think about it and you don't forget about it.

01:00:17 I also like using Asana, which kind of all the running tasks I can just set the due dates out in the future and then that prompts me to check up on things, you know, a week or a month or whenever I need to. Same with, you know, insurance renewals that are a year out that you might wanna consider getting another quote so you can set that for 10 or 11 months in advance.

01:00:39 Things like that, that it takes kind of a mental day to day of trying to remember everything off of you and then you can just work with whatever's actually assigned to you at that time. So I think that's helpful In QuickBooks. And QuickBooks. Yeah, You love it. Okay, we'll do another episode I think all about systems and maybe share some of your checklists.

01:01:01 What's the third thing you would say? Work. This is prepare for some work, right? Like roll up your sleeves. It's, it's not that hard. I, I, I don't know, I maybe shouldn't say that. It's, initially it might be hard and there's a big learning curve and, but you can, you know, pay for mentorship programs to,

01:01:26 to gain that experience or that knowledge rather. And then you get the experience kind of as you do it. So prepare to, to work. What do you feel like you've given up? Do you feel like you've given up anything? Cause like you don't, you know, do sports. You're, you're not taking summers off, you're not, you are hardly even getting your days off.

01:01:48 So like do you feel like you're sacrificing? Not really. I think that I, well I've never done organized sports my entire well after childhood. I guess I, you know, my adult life I've been working shift work so it's, I've never really experienced that and that I miss it. Okay. Maybe not organized sports but like, you know, there's other things you probably could be doing fun that you could be having or,

01:02:14 you know, pa beach days or lounging or Netflix shows to catch up on, hanging out with friends. Like do you feel like you're missing out on those things? I, we still go to the beach like, well we got, we're four year old so we go to the beach as much as, as much as we can to entertain her. But yeah,

01:02:33 I don't know. I, I don't feel like I'm missing out on anything. Like I can still, I can still take off whatever time I want, right? I can choose to in the summer we did, I know that you say we didn't, but we did, you know, we'll call it disconnect a bit from real estate and I wasn't working that much and I did take time off and sometimes like when I'm home for two weeks,

01:02:59 I'll just, I'll only work from maybe nine till 11 or nine till noon every day or, or not at all if I wanna go do something. So I, I think it becomes flexible in, in when you wanna work and I do, I would say I usually try and load myself up more so in the wintertime when it's, you know, cold and raining here in Vancouver and then take more time off in the summer despite Lisa saying otherwise I just gotta tease you.

01:03:29 I know we did, we, we have actually figured out some more balance and I'm mostly, I'm mostly bugging you. I am glad though that I got away to Europe cause I, that was definitely, that was the disconnect on you. I feel like I need to be on another continent, otherwise you still show up with deals and bang. Alright babe,

01:03:52 any last thoughts you wanna share? No, I don't think so. Thank you so much for being here and doing this episode. Before we go let's quickly, let's do shameless plug here about our networking events. We just did one last week with Marinella Nicolosi. It's amazing. All about private lending. Oh, I mean that's actually probably a good segue too,

01:04:11 just to mention that there are ways to invest possibly in real estate. Episode 71 of Golden Girls podcast is with Marinella Nicolosi. So go is into that. Those also joint ventures and REITs and other things. So we'll probably do a future episode diving in a little bit more on those things. But definitely goal list in episode 71. We also did have Marinella at one of our networking events and it was fantastic.

01:04:35 We just find that like real estate, like you said, like a lot of the value that we've been able to create has come from our network and so we wanted to bring people together and start connecting the great people that we know. So we've been hosting events both virtually and in person in Vancouver. If you're interested, I'll put the link to our Facebook group below and our email list so you can find out more of a events we don't spam at all.

01:04:57 Like I actually secret here, not so secret. I hate sending emails like I just don't do it. But we do send you an email, let you know that there's an invite, let you know that we're hosting an event and that way we can stay in touch and we have guest speakers, we do hot seats or friendly seats if you will break our groups.

01:05:15 And it's just an amazing way to get inspired and connect with other investors and create those partnerships to help you grow your business and portfolio. So we'd love for you to join in. Thanks for being here, Troy. I always get a barrage of comments afterwards saying how much people love having you here and it's always fun for me. So thanks babe. You're welcome.

01:05:32 Don't worry, I'll have you back for many, many more. I'm sure you will. Have a great day everyone. Thank you so much for listening. Thanks for being here. Feel free to share this episode that helps us reach more people. If you've got a colleague, a friend, a fellow investor or family member neighbor who you thinks needs to hear this,

01:05:48 we would love for you to share it with them. And if you've got a minute, make sure you go ahead and leave us a review as well so that we can reach more people. Thank you for being here. Hope you have a wonderful day and I feel like I need to sign this off with the Brittany Spears work bitch song. Cause I, all we did was talk about work.

01:06:05 Have Fun. Please don't do that. Thank you so much for listening. If something spoke to you, send me a message by sharing this episode and tagging me on social media. If you know someone who'd love to hear this episode, please share it with them too because I love surprises. Make sure you subscribe to Golden Girls Podcast today. It's the only way to find out about bonus surprise episodes.

01:06:28 And make sure you don't miss a single beat on your golden journey. Thanks again for listening and I will talk to you in the next episode of the Golden Girls Podcast.