3 LESSONS PODCAST

Real-Life Monopoly: From Rental Homes to Hotels & Commercial Development with Reign Streiter

Episode #13 Transcript

Matt Bowles: My guest today is Reign Streiter. He has been in real estate for over 25 years, having gone from a typical agent to a multi-family investment property owner to a real estate developer. Reign, welcome to the show.

Reign Streiter: Hey, man, super fired up to be here. I'm rocking my Knicks hat. All right, we got our first win the new season, but I'm still on cloud nine. Got my Georgia shirt on. I'm living in Athens, Georgia, but I'm a native New Yorker and just fired up to be here today to talk to you guys.

Matt Bowles: I love it. I love the hat, man. Big Knicks fan myself. Had such a blast watching them win that final series. That was super amazing. Let's actually start with New York. Can you give us a little background on you? Where exactly in New York did you grow up and then what was your career trajectory like? I know you did years of teaching and coaching before you eventually got into real estate. So, take us a little bit on that journey and what ultimately led you to real estate?

Reign Streiter: Yeah, super-fast. Because people are more interested in how I can help them get better than my life story. But yeah, grew up right in the city, two blocks from Madison Square Garden. I used to go up to the Garden with my brother and the Knicks were crappy and we'd scalp tickets. And part of my early life hustle was, you know, we would buy four tickets, sell two, use two for free, and learn the arbitrage system right there on the corner of 7th Avenue and 32nd Street. Fast-forward, my brother went to Cornell. Smart guy. And I was like, I don't think I want to be that smart. So, I went to University of Georgia, which is on my shirt here. Back then was super easy to get into. Now it's super hard to get into. But I don't tell many people that. I just, you know, I'm proud of the diploma because it means more nowadays than it used to. But I came down here, I got a job in teaching high school, literature, coaching three sports, football, baseball, basketball. And part of my real estate journey was, you know, teachers don't make any money. So back then I was making maybe 25 grand a year. And what I realized was, you know, I'm going to have to do something to supplement my income if I going to do this teaching thing. So, we would buy a house, my wife and I, we were not married at the time, but we would buy a house, live in it for two years. Sell it, keep the appreciation without the capital gains. And we did that maybe two or three times, and that was enough to supplement what my mom called my teaching habit. And, you know, go in the summer, design it, fix it up, run a lot to Home Depot, do different things. And then we'd live in it. And someone's like, that's a cool little house. I say, I'll sell it to you. And then we'd have to find another house. So that's kind of the beginning of the real estate journey. And then it's really just kind of leveled up from there.

Matt Bowles: So, you were doing the strategy where you buy in it, live in it, sell it, take the appreciation of the tax benefits, and then continue to do that. When did you start thinking about owning rental property? How did that transition happen?

Reign Streiter: Yeah, friend of mine was doing it. He said, hey, you know, I got bought some duplexes, and I didn't really understand the concept. I mean, its pretty basic math, but just the idea of, like, so you don't live in this place, but you own it. I thought that was only for big landlords, but, you know, he showed me the way, and I actually bought. He was a realtor and an investor in a different town, and he showed me the math. He said, you know, if you buy this for a hundred thousand, I can rent it for you for 1100. I'll charge you 7%. And so, when I did the math, I said, you know, what am I missing? He's like, you're not missing anything. And I said, okay, here's what I'll do. I'll buy it for a hundred every month. You send me whatever it was, a thousand and thirty dollars, and I'll do it. And he said, what do you mean? I said, well, you just told me that 1100 would be the rent you could get and 7% would be the amount you would charge me. So, if you believe in what you just told me, you back it up. I don't care if it's vacant. I don't care if you can get 1400. You're in charge of sending me a thousand and thirty dollars every month. And so, he took me up on that. I bought one. Then he called me and he's like, I got a duplex. Then I bought three more and three more. So, at some point, I owned like 12 in that town because I just did the same deal with him every time. I said, I don't really care much about it. And I was kind of naive, but I never went and looked at any of those properties. I just trusted him because, A, he was a friend of mine, B, he owned a lot of property himself. But see, when I put it to him about, you know, are these true rents? Then I knew that he was backing it up because he had to send me the rent every month, and he was in charge of that.

Matt Bowles: So up to this point, this is all residential investment properties, one-to-four-unit properties. When did you decide that you wanted to start getting into multifamily investments and how did that transition happen?

Reign Streiter: I think it's a little bit like, if you've ever played poker, you know, you got your friends, and when you start out playing poker, you're like, all right, let's play for a nickel and a dime. And then you play for, you know, a quarter. And then one day you get into a game and it's like, oh, it's a dollar or it's $5 or whatever it is, and the stakes get a little bit higher. It's hard to go back to the smaller stakes game. You know, you're sitting there, you're looking at the value of your time. Someone says, come over on Tuesday night, we're going to play nickel-and-dime. And you start to think, like, at the end of the night, I won $8, but I spent four hours there. Now, granted, that's just an analogy for—it was social stuff. But when I started to think about buying another house or buying a smaller duplex, you know, I realized that it's the same amount of work to work hard on a duplex as it is for a 10-plex or a 20-plex. And even more so, the idea that you buy a house, you spend a lot of time and money and effort and risk, and you fix it up, and the next-door neighbor is changing tires outside in the front yard where they're not cutting their grass or they're not painting their house or something that you have no control over, it affects the value of your property. And so, I thought, if I buy 20 units and I fix each one up and the rents are, you know, $700 a month in this place maybe 20 years ago. And if I fix them all up and I make the landscape nice and I fix the driveway and the parking area and I paint the mailboxes and I get the drug dealer out, that was making everyone uncomfortable or whatever it is, you know, then people are willing to pay a thousand a month for the same property with, you know, just some nice touches added to it. And then you take that $300 a month difference and you multiply it by 20, well, then you really got something there. So, once I kind of got that light bulb moment, I said, not buying any more single-family. I'm just going with bigger stuff. And it. It. It wasn't bravado. It was. Just seemed logical to me.

Matt Bowles: So, did you start liquidating the residential stuff that you had, that portfolio that you had built up, or did you decide to continue to hold that as well?

Reign Streiter: Yeah, I went ahead and liquidated. A lot of people in this area say, like, never, never sell anything. But, you know, sometimes it's just not really worth it to keep it. And then on top of that, sometimes you get an offer and you're like, this makes sense. This is logical to sell it. So, I don't go with the blanket statement of hold everything forever. You know, if I kind of look at it like this. If I would not buy the property for what someone's willing to buy it from me for, then I should sell it to them. Okay? So, if I'm holding an asset and I wouldn't pay $200,000 for the asset, but someone's willing to give me 225, then I sell it, okay? And so, I just use that as a general rule of thumb. And, you know, I don't kind of label things and say, oh, it's getting into the shelf life of the roof or whatever, and I need to sell it now. But I just try to make logical choices. So, I do sell stuff. I don't do a whole lot of flipping. I don't do a whole lot of rinse and repeat. But if the opportunity's there, then I say, sure. This seems like somebody has a need to buy something they're willing to overpay. So, it's just like a Knicks ticket. You know, if you're standing outside the garden and someone's walking in and they got an extra ticket, they just want to get it moved. So as an opportunist, you're sitting there, you're like, look, I know you paid a hundred-dollar face value for it, and I don't want to insult you, but I'll give you 30 bucks. They're like, I want to go inside. And then you got someone else that's coming in, and they're like, hey, I need an extra. We brought the neighbor's kid, and he'll sit with us opportunists. Like, look, it's a hundred-dollar face, but you know, I'll give it to you for 80. So, there's, you know, there's room in there, there's life lessons in scalping tickets, I will say, but you know, on the real estate front, it's the same thing. Just use your logic.

Matt Bowles: So, you mentioned that when you got into the residential investment stuff initially you had someone that you knew, you had a friend who was in the space who you were able to do a lot of the mechanics of it for you and figure a lot of this stuff out. When you moved into the commercial space, did you also have someone there, a mentor, an expert, or did you just figure a lot of that stuff out by yourself?

Reign Streiter: Yeah, it's a good question. I definitely had people that knew more than me and I've surrounded myself all the time with people that are smarter than me. Think the first thing is that I have to trust the person. If I don't trust them, then I don't really want to go down the rabbit hole because I may end up being partners with them. And so, trust is the number one thing by far. Then, you know, their knowledge certainly helps. And I think if you get into real estate investing and your show, I know, has a wide net, it has very experienced investors, it has, you know, newbies, it has a potential teacher in Wichita, Kansas that says, I want to do stuff in the summer. So maybe this resonates with them. But, you know, find people in your community that are solid, not just somebody that pitches you a deal at a real estate meetup. You know, find people, ask around and say, you know, who's the solid person in this neighborhood or this community? And you know, ask them for help because I think a lot of people are willing to help you. It's just, you have to show them that, you know, you're bringing something to the table. When people say to me, I want to pick your brain. And, like, I don't really want my brain to be picked, but I'm willing to help you if you can do the legwork and show me that you want it. And I oftentimes give people books to read and I say, read these two books and come back to me and I'll tell you everything I know. And that's the gatekeeper. And honestly, like 90% of them never come back to me because they don't want to read two books. So, I learned from people, but they gave me some assignments, and I did them, and I think that was good for both of us.

Matt Bowles: So, once you unlock this multifamily investing model and these economies of scale, and you're able to make that investment strategy work for you, how did you then eventually get into real estate development? And what types of projects did you develop?

Reign Streiter: You know, the expression, you hang around the barbershop long enough, you're going to get a haircut. All right. You know, and I've been hanging around a lot of barbershops. Okay, all right, so I got a lot of haircuts. But when you're in the space, especially if you're in a smaller town, you know, not New York City, but I live in Athens, Georgia. It's a college town. And, you know, we're 150,000 people-ish.

Well, you know, there's people in the space, but not a ton of people. So, you start owning a few multifamily. I make phone calls every month. I'm like, hey, what do you have? What do you need? What do you have? What do you need? And people hear from me all the time. And, you know, you hang around the barbershop long enough, somebody says, well, I got this multifamily. I got this development, thinking about this or this or this. And then you have these discussions. And if you bring value to the table, not just money, but if you bring energy, you bring ideas, you bring experience, you bring legwork. You know, like, I'll go change the air filter, I'll clean the toilet, whatever it is. You know, sometimes people are like, I could use a guy like that. You know? And so, for those people listening who say, well, I don't have big money. I can't do these deals that Reign's talking about, it's like, you don't have to necessarily have the money. If you bring something to the table, you can potentially be part of a deal on a small percentage basis. You know, I tell other realtors, I say, you know, I have a real estate license, but I tell realtors, if you bring me a deal, I will be your client. I don't need the commission. You find me the deal, and I'll just be a regular customer and I'll pay you. And, you know, if you want to get involved in real estate, you don't have to have a real estate license. You can make phone calls, you can do drive arounds, you can look at properties. And then people call me and say, I see this abandoned duplex on Fourth Street, you know, and I found the owner and they live in Mississippi and they got deeded it, they don't want it. And if they get $50,000 or something, it'll make their Christmas. And I'm like, okay, do you want to be part of the deal or do you want to get a commission up front? So, you know, a lot of times they just want the commission. It's the old marshmallow psychology test with kids. You know, the one marshmallow now or three later. But I would just say to people, don't reject the idea that you can't be part of a big deal. If you insert yourself at the table and you have a value that you bring, then maybe you own 5%. Maybe, you know, maybe you get residuals from every month rent. But you can be creative without having to have the money. It's just, you know, you have to believe in yourself, do the legwork and not be afraid to, you know, get a lot of no's if you do one deal out of a hundred, that seems like 99 no's, but one deal out of a hundred can change your life.

Matt Bowles: Can you share some of the examples of some of the types of development projects that you've been involved with?

Reign Streiter: So, we did a cool project here. It's taken the last six years of my life, but we bought an abandoned manufacturing facility that produced half the wire that is made in America. I don't know why it was in our town. It's just on the outskirts of our town. 67 acres, 250,000 square feet, abandoned building. When I walked in, had leaks in the roof, there was water on the ground, there were cables on the ground. It was like a scene out of a Tarantino movie where they were going to interrogate somebody and beat the crap out of him in a chair. You know, it was kind of spooky. But we bought that it had been abandoned for 10 years and now we have 140 residential units on the property. We have over 500 people a day that work on the property in various mixed-use development, retail, office. It's called Wire Park. It's WirePark.net, not a shameless plug. Because I don't know if anyone out there is going to need to visit Wire Park, but you can look at it and see kind of what it looks like now and again. That was a vision. Buddy of mine who you know is in development, we're in the space together, we ended up partnering on it. We brought in other investors that were silent investors and we have all the voting rights, but they like the idea. So again, these are people that wanted to be part of something cool, had a little money to put into it. My partner and I did all the legwork. He did the majority of it, I'll say. But I was the number one financial backer in the whole thing. And so that's been a really cool project. Different partner and I and his wife, we took an old law office downtown near the campus in our town and we converted into an 11-room boutique hotel. And so that's been a cool project. That's called the Athenian. So, if you ever come to Athens, Georgia, check out the Athenian Boutique Inn. I host the podcast out of the lounge there each week, so you could check that out. But those have been some fun projects. You know, they're a little more glamorous and a little

more exciting than just the ham and egg. Hey, I bought a duplex on the east side, which, you know, I did also.

Matt Bowles: Well, I love your story, Reign, because you have been involved with so many different aspects and areas of investing in the real estate business and all of that. So, at this point, I want to ask you to reflect back on your entire real estate investing journey and identify the three most important lessons you learned along the way that you wish you knew starting out. In other words, for somebody beginning their real estate investing journey today, what would be your top three pieces of real estate investing advice that you wish someone had given you when you were starting out? Let's start with lesson number one. What would that be?

Reign Streiter: All right, I would say a little bit like I talked about before, bet on the jockey and not on the horse. So, if somebody comes to you with a deal, you need to really spend time with that person. Deep dive research. You know, you don't have to go FBI, CIA and get hair follicles. But I would say that, you know, if you're going to do a deal with somebody, you have to have utmost trust and belief in that person. It could sound like a great deal. I mean, no one's pitching you, hey, I got this crappy deal, do you want in on it? Everyone who's going to pitch you on being part of a deal is going to tell you all the good things. And, you know, you learn to sift through those things. But really, you know, your belief in the person that you're going to be riding shotgun with is super important. So, if you do a deal or you do get involved in a property or an investment where there's multiple partners, you know, you kind of want to know and feel confident with those people.

Matt Bowles: And do you have any guidelines or best practices that you've developed? Because you have obviously had a lot of different real estate investing partners over the years and so forth. So, as you've learned to do this over the years, are there any particular tips or guidelines that you've developed that you can share with people about best practices for vetting people?

Reign Streiter: I wish I could say there's a super formula that you could lock into AI and put it in there. I guess I go with my gut. So that's going to be what I would suggest to people. If it doesn't feel right, there's other deals out there, and especially if you're just starting out and you're like, hey, I only got 20 grand to invest in something, you know, choose wisely. And it doesn't have to be the first one. It doesn't have to be the fifth one. Again, if you sift through a lot of opportunities to be involved in some sort of real estate deal, you really want to feel like, hey, I chose the right one and it may not work out. I'm not saying they all work out, but going into it, you want to know the jockey. You want to feel super confident in your gut. And, you know, again, if it doesn't work out, at least you say, hey, you know, there's a poker expression, you know, a bad beat. You know, there's no bad beats. It's just sometimes it's 90 to 90% that you're going to win the hand, but 10% of the time you lose it. So, you know, that happens. Georgia football would beat Auburn 90% of the time. Two weekends ago, we lost. So that's one. And I look back, and we beaten nine out of 10 times. So, I would say, you know, know your jockey who you're riding shotgun with, and if it doesn't feel right, then just back up and move on to the next one.

Matt Bowles: All right, Reign, what is lesson number two?

Reign Streiter: Lesson two, I think, is what we were talking about: go bigger from the beginning. I know it seems like people will say, well, I can't do that. I can't do this. I got to start with one. I've talked to a lot of real estate investors who are, you know, trying to get started at age 40 because they're in a cycle of life where they might have some income to spend from their nine to five and so they're like, well, my goal is to buy one house for the next 20 years. Well, then that gets them to age 60. And, you know, my thinking is I would rather buy 20 houses or, I mean, 20 apartments in one complex one time than buy one house for 20 years, if that makes sense. And that kind of goes back to what I was saying is when you own multifamily or you own something larger, your legwork, your efforts, your improvement make everything

around you better. And if you own everything around you, then you're reaping the benefits. So, find a way to buy something or be involved in a group that buys something that's larger. And it may be that you want to exit after three years. If you stabilize the rents from 700 to 1,000, well, your asset just increased exponentially, and your exit may be, hey, guys, this has been great. I want to do something on my own. The three of us, let's sell this. And then at the closing, you know, I won't go into the deep dive of how you can spread that asset out, but you can 1031 yourself. It's, you know, drop and swap, but people can look that up. Then you can be off on your own, and you can do the next one on your own. But I would say think bigger as opposed to just onesie-twosie.

Matt Bowles: All right. And Reign, what would lesson number three be?

Reign Streiter: Lesson number three is don't trust the spreadsheet. So, I say that because people look at property sometimes and say, well, if I get this much, then this is going to cash flow. The spreadsheet will lie to you sometimes, because if you look at a property and you don't kind of do your due diligence and know that the air conditionings on its last legs or the roof is busted up, or this tenant seems dicey, you know, suddenly the spreadsheet is all out of whack. And if you're only charging a thousand a month and you're netting $300 a month, and suddenly there's a $3,000 air conditioning unit, that's 10 months of profit. So, factor those things in. But, you know, I'm not the first to say it, but you're going to make your money on the front side, you have to buy it, right? If you buy it right, your spreadsheet will work itself out. But if your numbers are just based on, if everything goes perfectly, we can make a little profit. Then I would say don't trust your spreadsheet because, you know, dookie happens.

Matt Bowles: So, Reign, at this point in your life, in your business and your investing career, what are your real estate investing priorities moving forward? When you think about the next 10 years in your life, how are you thinking about your real estate priorities?

Reign Streiter: I want my real estate to support my life, and my life is like you. I haven't traveled as much as you. I think your last guest had been to 98 countries. All right? I've been there. I've been to 48. So, I'm pushing up to 50. But I'll give you a cool travel hack because you're a travel guy, and I know your show says we're not a travel hack, but this is what real estate has done for me, okay? You people say, like, how has it changed your life? So, my travel hacks that real estate afforded me is, I only fly one way now, okay? Fly one way. I get to a destination. If I love it, I stay longer. If I don't love it, I leave the next day. All right? And in my head, it's people. I always say that to people, and they're like, how do you do that? Like, you have to book round trip. No, you don't. We're programmed to book round trip, right? And people are like, I'm programming. I want to buy one little house and then start from there. And I'm saying, you know, it doesn't have to be that way. So, an example. My wife and I are on the couch watching the World Cup semifinals. France, Spain, three o'clock match. Boom. At five o'clock, it's over. And I turn to my wife and I said, England plays Argentina in Atlanta tomorrow. Atlanta is an hour drive from our house. I said, do you want to go to Atlanta to watch England play? And she said, I kind of would rather watch England play in England than in Atlanta. As a joke, fast forward, we're at the airport at 10 o'clock. We took a red eye, we landed in London, and we watched England play Argentina in the London pub with all the English fans. And I'm like, it would be amazing to be there if they won. And then they were in the finals. Well, they lost. So, we flew one way to Finland, we went one way to Estonia, we went one way to Istanbul, we went one way back to Paris. And each time we were like, if we like it, we stay. So, I say that story because everywhere we went, when I woke up in the morning, real estate was making me money. If you own real estate, people are paying you when you're sleeping. And so, everybody out there that is, you know, I don't want to say tied to a 9 to 5, but I want real estate to keep my life being as happy as I am, because when I wake up, someone is paying my rent, someone is paying an asset down. And then if I turn around and want to sell it, I don't have things that I want to purchase. I want to go places like what you do. I want to see things. I want to experience different cultures, meet different people. And if I'm tied to a desk, I can't

do that. So real estate affords that. And so, when you ask me, like, what are you looking to do? I'm just looking to do enough deals to keep my lifestyle the way I want it, fly one way, not think about it, don't have to be anywhere. And then, you know, obviously I have people that if a faucet breaks, then I'm just texting. But you can do this all over the world now, and you don't have to be, you know, Schneider on Ms. Romano's apartment complex and be there to fix everything. All right, you're in Thailand. One day, I'll tell you an awesome story about when I went up to Chiang Mai and Chiang Rai and the Golden Triangle. And, you know, this is an intense story, but things like that are the memories that I think we all need to, you know, shoot for. Because when you see the world, then you learn so much, and you can't do it sitting at the desk.

Matt Bowles: Reign, I think that is the perfect place to end this interview if people would like to learn more about you, find you, follow you, connect with you, check out what you're up to with your business. How would you like people to come into your world?

Reign Streiter: I'm easy to find. I'm Reign. I'm in Athens, Georgia. If you click on that on the innerwebs, you can track me down. I figure if I make it too easy, then it's too easy. So, anyone that wants to talk to me about it, I have a real estate company. Just as a side thing, I'm not pushing the real estate company, but just a little separate idea. We donate 10% of every commission to local nonprofits here in Athens, and we let the client choose which nonprofit it is. And to date, we've raised $1.6 million for nonprofits in Athens. So, I'm super proud of that, pumped about that. But I'm easy to find and love to talk to people about their journey and they have to take the steps. All right, they got to read the two books. But if anyone contacts me, be ready. And then after that, I'm all yours.

Matt Bowles: Well, we are also going to link all of that up in the show notes so folks could just find it there in one place as well. Reign, thank you for being on the show.

Reign Streiter: All right. Hey. Go Dawgs! Go Knicks! Safe travels, brother.

Matt Bowles: All right.

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