Aaron Goldberg ([00:00](https://www.rev.com/transcript-editor/Edit?token=BOOZzqnVxppfd6a_MCve_FSmgcf6JILopXkZSJocGQOjNQwkQjuwx33ChDCwzIW3gcijs_EHG88ATmIWghyfVwhc7PA&loadFrom=DocumentDeeplink&ts=0.34)):

Hey everyone. Welcome back to the PGA Players Podcast. This is your host, Aaron Goldberg, certified financial planner and private wealth advisor at AWM Capital. Today we got a good podcast, we're going to go into private real estate investing and lucky for you you don't have to listen to me the whole time. We got two great guests, Dan Kennedy and Peter Tomasulo, who are in the real estate industry and are going to walk us through some of the best practices when it comes to learning about new investments in private real estate, finding the best opportunity for yourself in your situation, and then finding a partner that you can trust, not only now but in the future and make sure that you're finding the right deals for what you're looking for. So guys, thanks for joining us. Both are former professional athletes that have gone into real estate. So I'm going to let them do their introductions, tell us a little bit about themselves and how they got into real estate. So Dan, why don't you lead us off?

Dan Kennedy ([01:00](https://www.rev.com/transcript-editor/Edit?token=MPcSDOMOYlvMMvNgjF5HFgU-MJnMpCT_oBYR4GktTcxOwc16zkiT3D_V3TJ7bvrAKsPi1VOyvZ574UaoDtxRcWQyrnc&loadFrom=DocumentDeeplink&ts=60.68)):

Well, Aaron, thanks for having us on. Dan Kennedy, I have a real estate investment shop called Driven Capital Partners. And this, as Aaron mentioned, I played professional soccer for 12 years. And as a soccer player you don't make that much money and I was always focused on what my transition looked like out of the game. And at the time what I wanted to do was create a small real estate portfolio that created passive income for me. And it was really that simple. And so I use real estate as an investment vehicle to try to free up myself. So when I retired, I didn't have to go take a job. I could be a little bit more selective on what I wanted to do. So I was predominantly buying, fix and flip single-family homes, rent it, fixing them, and then renting them out and just creating a couple of hundred bucks of cashflow every month on every deal that I did.

Dan Kennedy ([02:05](https://www.rev.com/transcript-editor/Edit?token=5lbe7Dn7cK1lACOlPL6YzprzSjZQxXr9OqSaYlwd2qwAL9QEOZCsNeFIBOa6FhmGwA3InjlNViGZh-POuT7p6CMVpxE&loadFrom=DocumentDeeplink&ts=125.16)):

Fortunately I played longer than I expected to, for being a pretty average soccer player. But the reality is you never make as much money as you probably deserve to make, and your career goes really quick. So that's why I was excited to jump on with you, Aaron, and just speak to your audience a little bit about what are you doing today in order to prepare for tomorrow or next year? And for athletes in particular, it's quite tricky when you retire and you're in your 30s and now you need to go reestablish yourself in some new career if you decide to get out of the game. And you go from making great money to going into some entry-level job. And that is the trickiest thing you can do. So with good planning and investing, you can make that transition seamless.

Dan Kennedy ([02:58](https://www.rev.com/transcript-editor/Edit?token=Vmxwh6GROJ1unMQuKlgLz259BOqNI69ZHwv9OcPz6syU92fX776KQVF5h40z74XDWtYoGh7VAY7yJFqYTZYuUKxTEgc&loadFrom=DocumentDeeplink&ts=178.97)):

And the great comparison for the person that's not a professional athlete is just thinking about retirement in general. And when you retire at 55 or 60, whenever it may be, what you want is some consistent income or some fixed income that you can lean on in retirement and not necessarily drop your quality of life. You're allowed to go out and continue to do the things that you want to go do and you enjoy.

Aaron Goldberg ([03:29](https://www.rev.com/transcript-editor/Edit?token=GurAbQPNLBJbAqRBC7c31ePBLdaaK_2msGrPF3ExSzrpYpLD9rBZaUDZQgLBO4jeJIZenDWKHXAxey6aWLs-z6TAZYU&loadFrom=DocumentDeeplink&ts=209.98)):

Yeah, I mean, I think that's, when we look at helping professional athletes, not only map out their current situation, but more importantly, their future situation, it's really identifying ways that we can take advantage of the opportunities they have now and leverage that into income sources in the future. Because it's such a unique income pattern that athletes have compared to the general public.

Dan Kennedy ([03:55](https://www.rev.com/transcript-editor/Edit?token=Io-iSlNTILQv2ULTURPoszpbNWsR3NOVSM1fzJYvMDCvf0S3WViiDz2SGvowe4ETHnHL_x_xtAz3I8K-EgCDYZ74oMY&loadFrom=DocumentDeeplink&ts=235.01)):

Right.

Aaron Goldberg ([03:55](https://www.rev.com/transcript-editor/Edit?token=yGQtHdqzFflRudwI_Z915JjzFlUPY0CGh2FwppvF3wseMoJh_6a7oVSXg1UPfG8R49f1_y3pJ7YC3mq3ZCCwRFKIqhY&loadFrom=DocumentDeeplink&ts=235.16)):

So you, you have to find those solutions that are completely different than the general public, may be used to finding for themselves. So Pete, we have a little bit more in common from the golf course. So why don't you, tell us a little bit about kinda your background and how you got into real estate as well?

Peter Tomasulo ([04:14](https://www.rev.com/transcript-editor/Edit?token=UeLSrnYl9M5fLB7kRsxzUYWQJjvCttCo0hhIC_jXJPN3PEBZbJKEMYWEoWwOLBEbyNjAndqlCZ1K6erG8XuT6KqGTyY&loadFrom=DocumentDeeplink&ts=254.88)):

Yeah. Well, first of all thanks for having me. It's always good to reconnect from our prior careers. I think Dan echoed a lot of the same or said the same stuff that I want to kind of repeat, I guess, we've kind of ended up in a similar spot, but it's kind of gone a different round way to get there. Dan was a little bit self-deprecating there talking about how, he didn't think his career was going to be as long as it is. I'm going to go the other way. I thought I was going to have this long, super successful career on the PGA tour. So I grew up in Long Beach, California, I went to Berkeley and played college golf up at Cal.

Aaron Goldberg ([04:58](https://www.rev.com/transcript-editor/Edit?token=Hn-yWmg0770MKyDsovLAGmZS1QsWwmRGkHOK5MCCajw2K4NPIYWsMIl4fUB32w3ACM3uaMqd3wPkPUsdbd7-Q91GlEM&loadFrom=DocumentDeeplink&ts=298.01)):

Got you. I'm got you.

Peter Tomasulo ([04:58](https://www.rev.com/transcript-editor/Edit?token=dClgFw7TDXDWzNX7QPSNq5ujJiwV7cogSAQ0G6cAJEXQ-lSLKC7IU7o-Sz1x8HmnsCAzDQh8OY6EnQb0pC8XPzGRDeo&loadFrom=DocumentDeeplink&ts=298.96)):

I know, yeah.

Aaron Goldberg ([04:59](https://www.rev.com/transcript-editor/Edit?token=Ah2sj4JcFavl7I6i0ktVMpkIzD9qReKpIwuCJ6xjqplig2po3Z2RvXE54QRqF0lIijZoukQ5UtbBRK1yzSMP_KrEHhs&loadFrom=DocumentDeeplink&ts=299.73)):

Yeah. Ask there coach about why I didn't go to Cal?

Peter Tomasulo ([05:05](https://www.rev.com/transcript-editor/Edit?token=K1H9iv3QWMm3n4FERv-hqLVC5-p9w7d9RmLB0a4z5-cg5dvRXeG8c_4BEnno_XAiz1pSN2B3KrdjZ8S_QAzZ7IQZbtQ&loadFrom=DocumentDeeplink&ts=305.12)):

Oh man, we're going to go there.

Aaron Goldberg ([05:06](https://www.rev.com/transcript-editor/Edit?token=vEwkq6CVEd2vKZDTjUgU9ibI7qFAjLvwrmYrmy0lix2I63149iySrTh__OPDCp5iitL3gRAwyI8xFpj_sj8kbgEJVpA&loadFrom=DocumentDeeplink&ts=306.58)):

No, I got it. Because Peter was already there.

Peter Tomasulo ([05:09](https://www.rev.com/transcript-editor/Edit?token=fZzzV9PreFZ1C2mA61M5wkYVHwM22fUBeTgRjJDmsVvGt0y3xXQ5uQbiPyUZcesiVyleJymL6UKCtG2bccD8hvY6QYo&loadFrom=DocumentDeeplink&ts=309.58)):

Yeah. And so-

Aaron Goldberg ([05:12](https://www.rev.com/transcript-editor/Edit?token=fLlCj4WFwdHExolC4ymaUgYfZ5Yd2-xW2kftYgawG1R5moe10E5XMeOSD1SC6qKDB-NlqI8cpbkB5YW_AoeedP66xMY&loadFrom=DocumentDeeplink&ts=312.42)):

Plead the fifth.

Peter Tomasulo ([05:14](https://www.rev.com/transcript-editor/Edit?token=Dug04aiE6aV8gZ4di04OXzxE9hSBud6xB9RgH3bYr8aWLyC0NV1jj4HfZjKxIWVuCnlKejZT3mCSACfDyAmsRpZEz7E&loadFrom=DocumentDeeplink&ts=314.75)):

After Cal, I kind of thought I was going to have this really long career on the PGA tour. And I really didn't honestly think that much about what life looked like after golf. I didn't know when it was going to happen, I thought I was going to play till I was 50 years old. And then I was just going to be able to do whatever I wanted. I had some injuries I didn't compete as well as I thought I would once I got to the top level, I played a few years on the PGA tour and didn't do as well as I thought I would. And then all of a sudden I got to my late 30s, I still have a family. And I was just in a little bit of shock, it's over a long period of time, it's not just like the sudden moment, but I got to a point life after golf looked like it was going to be more intriguing to me than life in golf.

Peter Tomasulo ([06:02](https://www.rev.com/transcript-editor/Edit?token=XLMfTo_QNQDfAJpSfLFynN5XFBzfjgadJ4nyRdGZ4HhBne03cvz0-IL73r5EE4uSXXbsGvqQ0c7O7ZsXIwZK3tFvt-I&loadFrom=DocumentDeeplink&ts=362.77)):

But at that point I didn't have a lot of real world experience in a career, in a job, I did not want to go teach golf for a living. So I was in this position where I had to find a path that I was genuinely interested and excited about, because I do know you have to have some excitement and some passion for what you're doing in order to be successful. So real estate was like a... It was an easy path for me. I wanted to go down that road in some capacity. I was always interested in, I think even from the college days, I rented a place for my buddy at mine's parents.

Peter Tomasulo ([06:40](https://www.rev.com/transcript-editor/Edit?token=VSRWiwsboFAw1FMaHId5yHk4qX4yXE5t8Y02aifjhH9x6X7WNqsBKWiHtDZeW9fBFjSVcs5MkDw2L_unvIcfpbFBddg&loadFrom=DocumentDeeplink&ts=400.56)):

And kind of everybody did that up in Berkeley. And we paid this exorbitant amount of rent to the landlord for a place to live. And I was always fascinated just with that model, I didn't know what it looked like as a career, but I was fascinated with it. And through kind of missed opportunities over my earning years, of making investments, or I thought about buying a duplex and never pulled the trigger in Long Beach. And, there's a kind of missed opportunities, kind of led me down this path of, I really should have gone down there earlier. So I'm going to dive head first in now.

Peter Tomasulo ([07:15](https://www.rev.com/transcript-editor/Edit?token=5Az1OKOSoBdt22UkZL-lQcISISXUcLQUPH3F0tHjRWLM2AboQHSjMw5zh8MgzFn_6tdq3FnLygYpVDd3kLYEXHrNmuk&loadFrom=DocumentDeeplink&ts=435.07)):

So I talked to one of the most successful guys I know in the real estate world that I've met through golf and talk to him about a career path at his firm and he gave me an opportunity. So I work for a guy named Frank Serene, company's called Lion Living, a private real estate shop that owns and operates and develops, multi-family properties mostly in Southern California and all over the country. But it's a great shop and, really excited to be kind of diving into this new career.

Aaron Goldberg ([07:48](https://www.rev.com/transcript-editor/Edit?token=bI2zTEJVKV9o7-vY196ZhPlPvr-83vp0nDBK-f3GWRr38SHiw_8Q0d4ZXV5h7wb41spRTZzV6Xg1iCyK7PiugQ2CjPc&loadFrom=DocumentDeeplink&ts=468.37)):

Yeah, that's awesome. A few points that I want to bring out of that is, I think Dan, what you said with, hey, I feel like I was just making it or to use Peter's words, self-deprecating. I think you're in the minority in terms of a lot of professional athletes, whether it's outward or not have this inner confidence, that's what helps get them there. And so they think they're going to be at the top of their game for a long, long time. So what we tend to see is more what Peter was saying, where, hey, you know what? I thought I was going to be a star. I thought I was going to make a bunch of money, and I really wasn't going to have to worry about it. I'd get the 50 and would have made millions of dollars. I'd have plenty in the bank and really wouldn't have to worry about retirement.

Aaron Goldberg ([08:32](https://www.rev.com/transcript-editor/Edit?token=v3HcSlqrKExpIydFKaer_Rgwc9AYfj-vKdEnQrGQ7KoSjTkBjxASDpD4zUCRe-orxtfYz2e0hBW1wIf0SxH3RxNbyx4&loadFrom=DocumentDeeplink&ts=512.63)):

When in reality it may not be the talent that gets in the way, sometimes it's an injury, sometimes it's just life, sometimes we just don't perform the way we expect to, and we do need to have something to fall back on. So I think it's an important, takeaway to understand that it's never too early to think about your future, because not only is that going to help maximize now in the present and give you more confidence to perform at your best right now, but it also is a good backup plan. So you don't have to worry about it as much, if that does happen. You know, same thing happened to me, I didn't get to quite to the level that Peter did, but I got hurt. And all of a sudden my world was turned upside down and I didn't have anything to fall back on.

Aaron Goldberg ([09:13](https://www.rev.com/transcript-editor/Edit?token=Flv0GGU8EEO7L4LOF4MVmdEto9BUvAzJFUgYloxgKEgd8dOK9WnTtrRua71kvuwMlIlyKWG63kUuHXVkBK2hmZtzK_A&loadFrom=DocumentDeeplink&ts=553.94)):

So it starting from square one and figuring out, what is that new passion? Because I think the other thing that I want to take away from that is, you didn't want to go coach golf and neither did I. We were seen as experts in our field there, and all of a sudden you take a step back and you have to become an expert in your field again. That is a new field usually, for myself it's wealth management, for you guys it's real estate. And so that takes not only time, but some learning and the right mentors, and it's almost like you're starting over. And so you have to figure that out and have the right people to work with.

Aaron Goldberg ([09:49](https://www.rev.com/transcript-editor/Edit?token=29nrmU9wVkOZOlVp0znteuVTwau1SPMOHGMCZvFtrPJjEO6Fnyp7BGaMjynYdgUBavnBVX6WqBApIU3f9_NTmWk0Ph4&loadFrom=DocumentDeeplink&ts=589.24)):

And I think that's, what's so unique about you guys is, Peter, like you said, you found your mentor and started to work for him because you knew how successful he was. Dan in previous conversations we've talked about the people that you worked with in the past, whether fully as business partners or just under or gaining knowledge from. So I think that's a really, really important takeaway for the guys listening, whether it's guys that are just getting into professional golf, whether they're towards the end of their careers, or whether they're in the prime of their careers, or whether they're a different professional athlete.

Dan Kennedy ([10:22](https://www.rev.com/transcript-editor/Edit?token=EdCb02RtzWCaZ-z3efvjADTfTjWRxPnailG-I5zzVeD4YH2xWy3w3dQyFXi-IUYePwzKdguIsbQxTa5Flx0jwg8RcSM&loadFrom=DocumentDeeplink&ts=622.24)):

I get these calls way too frequently where it's a friend who was an ex teammate, a colleague that they're like, I can play one more year and just kind of extend it and be on a team and make some money, but I got to pick up my family and move, and I don't know what I'm going to do next. So this was for me, I was at the Galaxy and they were just like, you're not going to play here anymore, you can go to Minnesota. And I was 34 years old as a goalkeeper, really young, really young as a goalkeeper. And I was getting my MBA at USC, while I was playing, and I was like, yeah, I'm done. And this is about taking control of the big decisions in your life really.

Dan Kennedy ([11:15](https://www.rev.com/transcript-editor/Edit?token=R4ZQDHHBs4GX7svBw69O3YH9ylkYDlhQOAwy-TQoY_hlV2dBK58JND3Pdsf9T625BwyxjpjVjPa9VSz6-P40ydDJZJA&loadFrom=DocumentDeeplink&ts=675.31)):

And a big component of that is financial control and what you can now go and do, because you've been smart with your money. So, I mean, that's where Peter and I are in our business world today, is trying to educate folks that we've been in their shoes before and say, "Hey, this is a great avenue to start investing or continue to invest in." That's going to generate some reoccurring income, it's going to be a great store of wealth. And we're in a very uncertain world. And it's actually a quite exciting world to work in as well. So if your career does not lie within the sport that you are living in every single day, then there's also great opportunity for a little bit of education while you invest and maybe a future opportunity when you're done playing.

Aaron Goldberg ([12:11](https://www.rev.com/transcript-editor/Edit?token=l0ce82tZ8r32MDbnTsu2isoBReZg5iLZvXpTzAWyR7xg5XlsxqkI-1hPNA_tWRN0LhzaWa_QCDDr1nCu2YUudLzfppE&loadFrom=DocumentDeeplink&ts=731.76)):

Yeah, absolutely. I think the amount of calls, I'm sure you get, I'm sure Peter gets, and I know I've gotten from our peers that are starting to come into this situation. We all find ourselves in the same boat, it's the very few percentages, guys that make a long-term career out of it where they don't have to do anything afterwards and they're set for life. And even those guys, they need to find these types of investments to maximize their impact, whether it's on their family or their community. So they may not be involved in terms of the day-to-day operations, but they sure need to find the right partners to invest with. So as you hit on, one of the big things we pride ourselves on not only on the podcast but just as a wealth advisors is educating our colleagues and our peers.

Aaron Goldberg ([13:05](https://www.rev.com/transcript-editor/Edit?token=X3bdAmOZvbhm-aZnTSKgqRxed4MpXc7mBHLWfbB7J7_VLUqqF3bvSkcmAsQKhx4fGWssWvbTYtefa9HESwJFp6nq83Q&loadFrom=DocumentDeeplink&ts=785.01)):

So let's get into, this is a series that we're doing right now in the private investment world. So we've been talking about not only real estate, but venture capital, private equity, hedge funds as well. Let's get into some of the terms and education behind real estate. So the people listening can start to learn a little bit more about not only what they should be looking for, what types of deals are out there, and what may be right for them. So, Peter, why don't you lead us off? If you can let us know, what are the different types of private real estate ventures that they can get into, and maybe kind of a brief synopsis of what they each entail in terms of timeline and how risky they may be or what their return potential may be?

Peter Tomasulo ([13:59](https://www.rev.com/transcript-editor/Edit?token=9fnoNCDWIwnZdl0W7DpN6fClAjn9Gy4RuPNK19CXXX7QTx4cUzbcKgAHah3zOjHpBTnJGgJEGyg6Ckk-AJ5tQjdu1Q4&loadFrom=DocumentDeeplink&ts=839.48)):

Okay. Well, so my expertise or my knowledge over the last couple of years, I'd say is mainly in the multi-family space because that's where we're operating. So, I'm not going to try to entertain that I know everything about all the different asset classes, but the multi-family space has been, the apartment space is kind of considered one of the most consistent, reliable, safe, real estate investment asset classes. Within multi-family there is a lot of different avenues, or, there's kind of four specific ones I'd kind of touch on. The first one would be core asset, a core investment I should say, then value add, development, and then land entitlement.

Peter Tomasulo ([14:51](https://www.rev.com/transcript-editor/Edit?token=V5qK69V9dPwcvtBQlk1R7yG62wOkOC9g9mNAe0SAzgnE7T_pUmwmuFoRBtYPBFja7k2APjnBjXn_dxSgTCU2Da0Jpqs&loadFrom=DocumentDeeplink&ts=891.78)):

Core investment if you are going to think of it, would kind of be a nice, safe, reliable, maybe a high barrier at entry market, you know, a Newport beach or, and a already stabilized property, there's already residents living there. There's not a lot of value add that you can create, there's not a lot of improvements you need to make at the property. But it's a nice, safe place that you know is always going to be a desirable place to live. Those investments you might not have as great a rate of return as it like cash on cash investment, which would just be defined as the, what you earn in cashflow based on divided by your initial investment. So the core investment is the most stable and safe asset class, but it also provides kind of the limited returns in that same field.

Peter Tomasulo ([15:45](https://www.rev.com/transcript-editor/Edit?token=Whvn9ULBwiy04geOedawp2nsjUMrTnbPmqOxkFOJHmjD5Z8oB6DraR589u5mAsqqT6XKJ0kztAojNMJaWLOgCTUxGKc&loadFrom=DocumentDeeplink&ts=945.37)):

Value add, a little bit more capital intensive than the core investment. But it's usually a property that needs some cleaning up, needs some fixing up. And as you do that, you're going to raise rents associated with how you have renovated the property or improve the property. And then, you're going to target a higher rate of return on those investments, but there's more capital that needs to be invested to go into those. And you expect a higher return.

Peter Tomasulo ([16:21](https://www.rev.com/transcript-editor/Edit?token=MgqDP4F_COSgXD5594cVyxWGKCLzLjZTe0SZzx4ukDsZnBYtxg9y8Ybj9mOB-HGKxZwjaxaLsG70DtloA6ZCBZbLvAY&loadFrom=DocumentDeeplink&ts=981.05)):

And then the next scale up would be development. Little bit higher risk, you're going to see less, you're not going to see any return for a few years as the project is being built, but you're looking to see... Any developer going into a project thinks they can build it for cheaper than they can buy and renovate for. So you're going to see a bigger pop once you are able to operate the property and you're able to get residents in, but you're not going to see value for a couple of years, and you're going to see a return for a couple of years.

Peter Tomasulo ([16:54](https://www.rev.com/transcript-editor/Edit?token=v0vnMt7YEnzFO2pdANN0YT5QAPkMYWm9oZ9U5LDaBjaPtXfuYwyHm109pNuzsQxPSvZH8iPMBy4x0ZOjqR5yw2-CzD0&loadFrom=DocumentDeeplink&ts=1014.8)):

And then the land entitlement phase gets a little bit more complicated, but, every city has zoning restrictions, whether they want their properties to be retail, hospitality, multi-family, just single family residential. And you can create a lot of value with re entitling certain pieces of land. And so those pieces of land, when you do that, it's risky because you don't know if you're going to get through those process, but they can provide quick upside returns, that are more significant than the stable operating assets. So I know that's a kind of, it's a brief summary of four different asset types or investment types within our asset classes. But I think it's important for someone that's kind of venturing down the private real estate investment path to really understand what each of them, what they're getting into. The risks associated with each ones and kind of the upsides returns associated with the risk.

Aaron Goldberg ([17:57](https://www.rev.com/transcript-editor/Edit?token=wa-ChlXfC6YN7TmIxTwEZtWXO24dXTtfGqrFcJoVj3pdTKglBxrnW6iQCOaDRFiEfkY0VTjE0x4IcK6SeLp7DQUGjXw&loadFrom=DocumentDeeplink&ts=1077.07)):

Yeah.

Dan Kennedy ([17:58](https://www.rev.com/transcript-editor/Edit?token=MfFJSrG2uThWEAgaBGHyfXwlGEfXW4eClWYvjsCoNKmcznR5qoG4pVtqYkGXqmWrIYTKMAjpxHJCkY2eOU5Sky1dkKI&loadFrom=DocumentDeeplink&ts=1078.02)):

Aaron just to... Let me piggyback on that real quick.

Aaron Goldberg ([18:00](https://www.rev.com/transcript-editor/Edit?token=Wd_8D3UoWEH4dQNXYI6gxpFNTmVFFYIFGDuktUkJAyiwaGwr3LmRoXhE7n7o7HYillBNVDa_p46tuJ3oeJisCtl-y9k&loadFrom=DocumentDeeplink&ts=1080.75)):

Please.

Dan Kennedy ([18:00](https://www.rev.com/transcript-editor/Edit?token=fx5A94pKnzWlH88hTcMWAmzKWtEg29BvWahWJcnU5qbwGGg85r4H1ASCb8HlhWG7oKukxF0V4W76r8SwH5pcnvF-enc&loadFrom=DocumentDeeplink&ts=1080.93)):

So what Peter said about the apartment space is spot on. And for an entry-level investor, how we try to explain it is think about investing in real estate. And if when you purchase that piece of property, you're expecting some type of cash flow out of it, then that is a stabilized investment, right? If upon the acquisition you're expecting cash reoccurring cashflow immediately, that is very stable. If you are purchasing a piece of land that has nothing on it, and you want to build it, that's a pretty risky proposition because you don't know how long the entitlement process is going to take.

Dan Kennedy ([18:47](https://www.rev.com/transcript-editor/Edit?token=0vVd578yu1gAd-K1oVpXyvRW3d-2XCQ9wtv9BDQHLGigOhRNb0dlFtMDv-ylsnD-Gd9tYaF8x-H0FvDjBXvIGILEi_M&loadFrom=DocumentDeeplink&ts=1127.27)):

And so you should expect a higher return because you're going to invest in this land, you're going to incur some planning costs. So nothing on that land is making you money. So that's why you should as an investor, expect a higher return, you're taking on bigger risk. And then you have development, which is some period of pause while you build it and eventually a large windfall of return. So it's really, really well explained. And I always tried to like break it down very simply of just think about, if you are going to go make an investment in real estate, how are you getting paid? It's all about the focusing on how the cash flows back into the investor pocket.

Aaron Goldberg ([19:31](https://www.rev.com/transcript-editor/Edit?token=AcQIWxRf-K-p4JZkHYUN_D7dvbd65Hy8t9mq3_wiUog9JEHB4XAc94MprfFG6s5mFFnSx_ZXSsOOdxPJcQLWFqQbx_A&loadFrom=DocumentDeeplink&ts=1171.26)):

Yeah, now that's a great breakdown. And I think, we keep throwing around the word risk, another word for that, or another way you could phrase that is uncertainty. So if there's any amount or whatever amount of uncertainty is going on in the investment, you ideally or you should be compensated for that. So obviously, a core asset or a core investment, like a fully functioning turnkey type of property, there's less uncertainty than a development or even entitlement. And so for more uncertainty if you do get compensated, if it does pan out, you're going to get compensated with much more return. So I think that makes a... It gives everybody an idea of where these returns are going to come from, because that's really important. What other, Dan, what other types of private real estate investments are out there, besides the multi-family space, and we don't have to get into all of them, but maybe just a quick hit list of what's out there, what are people investing in? I think the multi-family space is probably the most common and most familiar to most, to the general public.

Dan Kennedy ([20:40](https://www.rev.com/transcript-editor/Edit?token=Pvkm4JShwRTN0ldpaXuRReewHqlFW6zXf2QjwXny5Of7DuZBiiPMvPpZcnHbm2Z-sZadIOFa0YyD95ZBp-btd4ehj7s&loadFrom=DocumentDeeplink&ts=1240.18)):

Yeah.

Aaron Goldberg ([20:40](https://www.rev.com/transcript-editor/Edit?token=xvsEX1mSv5SGdiL7H9GyAONq8BpZu-KjDvX3D8zhxKZCFOuhGDn4aW7b99GeqraWOnAPPq4Tql8L-k2z1Tm2IfLpJ_U&loadFrom=DocumentDeeplink&ts=1240.43)):

Yeah. But I know you've been involved with some other-

Dan Kennedy ([20:43](https://www.rev.com/transcript-editor/Edit?token=LmhCcN3Doead9EFYSqEKsnRXPvw0OeNlyY9GrlrrOz66zbCgUTB7nDWjh4nrbZ630j-wePkQ-mNN6kCp8Ye7SnWOhR0&loadFrom=DocumentDeeplink&ts=1243.59)):

It's presence is definitely the most popular. Yeah. I think apartments are the easiest for people to understand. And if you talk about core location, as Pete referenced, people are always going to need a place to live in San Diego and Santa Barbara. Like you can get into these markets where there's just no other place to build. So owning apartments can be just a very safe place to park your money. But we look, Driven Capital Partners is what we call ourselves an opportunistic investment shop. We're not going to hang our hat on doing one thing, like building a couple of hundred apartments in Reno, Nevada, like lion living there. We don't have the ability, we don't have the expertise, the experience to do that.

Dan Kennedy ([21:31](https://www.rev.com/transcript-editor/Edit?token=MGQxsaZ2UxKbyjQxMucpBMVFZfEfUURGRVH7vMZ5nc73IwSpNdcF1xFJdTlZkqE6tFkK4fjREq2UX86gb-cHWFAUQ64&loadFrom=DocumentDeeplink&ts=1291.14)):

But what we want to look at is kind of trends in the marketplace what's happening? If you think about the impacts of COVID, on real estate, well, let's talk about asset classes. Hospitality is an asset class, hotels, motels, that industry has been hit extremely hard. Well, maybe there's opportunity, or we're starting to see it in that space now. I'm not dipping my toe in the water yet. But the next asset class that's been hit really hard is office space and office space is pretty broad. And Pete can talk about all the different types of apartments that we were willing to invest in. I mean, office, now you have the we work of the world, you have traditional office space, you have small retail and restaurants and this type of office space, right?

Dan Kennedy ([22:21](https://www.rev.com/transcript-editor/Edit?token=9ILQYO-mhbHpnznL7C37oq5FH23hIHB0ZmGnPCISZxM1QYicYJRtnMODyLKEvZ6CttG4ZktTT3LjEUR0_-jFNm7GJLM&loadFrom=DocumentDeeplink&ts=1341.08)):

So pretty broad range. And then industrial warehouse sits in a asset class of its own as well. And then storage units has become a really safe investment, that there's expert operators. So if I'm advising somebody what I would say is what you want to do is go find somebody that has a built in track record in whatever asset class you're looking to invest in. Apartments, industrial warehouse have been historically the most consistent performers across all of those asset classes.

Aaron Goldberg ([22:57](https://www.rev.com/transcript-editor/Edit?token=w9vp5mx8Drf8NF8LD6o7k-XYFxWZhtd9TB5hq3IxOa2LZg4WLH2qLi-ajptCY4jtt3Z00GfVtyXBKepLRC43odo7Vzg&loadFrom=DocumentDeeplink&ts=1377.51)):

Perfect. Yeah. Thanks for telling us about the other asset classes that are out there. Dan, what are some of the advantages or reasons that like a high net worth individual or family is using private real estate and I'll touch on why athletes that fits in for them, but you can also touch on that as well, since, as we talked about all three of us were athletes and then got in this space and that's why you're you're here so?

Dan Kennedy ([23:28](https://www.rev.com/transcript-editor/Edit?token=_iLTpEC5gWAPX9ch7n2uHkQr4DfeHeOlLS7ktfxwEQKbMTMWSmadICTCp2loJ-VctgBg7696TIuOCZgWnDvgZZhgfAo&loadFrom=DocumentDeeplink&ts=1408.35)):

Yeah, well, so we work with a lot of high net worth individuals. That's just the nature of how we're going to always do business. We need investors to allow us to go and invest in deals and buy new opportunities. Why would they choose a private shop rather than say going and investing in a REIT, right?

Aaron Goldberg ([23:54](https://www.rev.com/transcript-editor/Edit?token=RlGVgCYrvxGccw7dcC42pZ1Wg764umAqbCSdSioRjKoF9ibRmtQcaMg4_2ZLcePohCj5lV8wUW0Jc1r3O_BTi4Mtnyc&loadFrom=DocumentDeeplink&ts=1434.12)):

Yeah.

Dan Kennedy ([23:54](https://www.rev.com/transcript-editor/Edit?token=oMDsBvQJ7SXmRO1LMAHwaSSP1qvGO_wdv72-_P9TKnVEtP2qMVJC-eooPd1Uaa0a1Psv0wFUiS9mq-r9TU2jg4SYf5w&loadFrom=DocumentDeeplink&ts=1434.3)):

Well, I have, 20% of my portfolio is invested in a REIT, well, what's that REIT invested in, right? Well, I don't know. I mean, they say they're a retail REIT. And so this is where you as the investor, as a high net worth individual, you have a say, you can dive in and you can go meet with the team. You can build a relationship with the sponsor and look at what they've done in the past. And you can actually go tangibly touch those assets that they've already built, already own. And then you can kind of start to get a sense of, okay, I think I understand this business plan. It's not rocket science, we're buying a really rundown apartment complex and in a really good location and we're going to invest $20,000 per unit to reposition it so that those units are now some of the nicest units in town. Okay, I think I can wrap my head around that, right?

Dan Kennedy ([24:54](https://www.rev.com/transcript-editor/Edit?token=55xrQfuLKzg-mLyMYwLg4dZCaEOmdt6XWczPIMZb8jLxQUxabCNuPPi0-8Jv6IMX84j7YYjIKpKklUzHBiZBy8oNtcA&loadFrom=DocumentDeeplink&ts=1494.4)):

The other reason, high net worth individuals invest with groups like us is because of the tax benefits. And real estate is a fantastic, the IRS incentivizes people to invest in real estate. And when you acquire a property you may invest a $100, 000. What we typically see is if we have a $100,000 investor, their year one depreciation is sometimes 60 to $75,000 in losses. Well, those losses offset the incomes of the property and so we call them Phantom losses, disclaimer I'm not a CPA, we're not tax advisors. But the benefits of investing in real estate are real and they allow for really consistent returns. And then when you layer in the tax benefits of it, it becomes really attractive.

Dan Kennedy ([25:47](https://www.rev.com/transcript-editor/Edit?token=1VrRFc1ph91koGiNhhK_Vp-RK71dhrx35ivwy1TOuP5s0-neGEGktcBticYekheoUvQguupK2NzEDrzFl-1jr4p3KI8&loadFrom=DocumentDeeplink&ts=1547.18)):

And so we could have another podcast just about the tax benefits of investing in real estate. And, but this is the layer. It's like, well, why would I go instead of investing in the equity markets and owning a REIT? Well, you can now build rapport and trust with a sponsor. And if something goes right, something goes wrong you have somebody to call, right? If something goes wrong at the REIT, well, sorry. There's, you're out of the deal or you've just lost a lot of money. so this is it, it's, we're relationship business. It's how we buy properties, we work with brokers and work on that relationship. We work on the relationship the same way with the investors, and our shops are far more efficient and operation than any big REIT.

Dan Kennedy ([26:42](https://www.rev.com/transcript-editor/Edit?token=A4eam3hsA5uoepLy0jMLVtL9J7V96wC_s-JJU2S2ZWmEVdhkbEppp5byfXjt1afnIrCMQiUVa1aceMwwyEacque5v6s&loadFrom=DocumentDeeplink&ts=1602.18)):

So when you run development and we know, and your shop like Lion Living, you can do more affordably than some big publicly traded REIT that builds market rate housing. That's their specialty, right? So all of that savings and expenses gets passed through to the investor. So really you typically, what this weighs out to is that the investment shops that have a good track record and are successful will always provide a more consistent, higher return than a REIT.

Aaron Goldberg ([27:21](https://www.rev.com/transcript-editor/Edit?token=7cwpcO4GKZEtHRGxUorRSCONJB1CSPFVYMzgZU9jnhHAGZrueIP3r92n2hDGdd72gllQwU7KR-6EcwhIJaHHVdFud7k&loadFrom=DocumentDeeplink&ts=1641.4)):

Got it. Yeah. No, I think that's a good.

Peter Tomasulo ([27:22](https://www.rev.com/transcript-editor/Edit?token=IZDCw0miInky4SXSbgwSxwyBxsoDg_4o0uzTQWhY8BMgMNF06vmwK0TAQWCxjJBemRsQc86G_riPOzdhkxdruFqPcsc&loadFrom=DocumentDeeplink&ts=1642.22)):

I think Dan could help.

Aaron Goldberg ([27:26](https://www.rev.com/transcript-editor/Edit?token=NgU5VYVwdBWBHvb77ALL-yAGIWlwc0DvOVQ-Hj0vrEdlyK0opFFJ328HwqXzd5b_Jla2xKhM0azNg7GfYBj3_Z2zFmw&loadFrom=DocumentDeeplink&ts=1646.4)):

No, you're good. I was just saying, I think that's a good comparison to the REIT.

Peter Tomasulo ([27:33](https://www.rev.com/transcript-editor/Edit?token=2kcLZE78x0_gvaH_9yh9ULerdf4B_bVQ-M9ZNk_Vpyy9zwkn5391qQgv4tUnb1zivGXb38ViouECpgM1YGzTLvVAl3k&loadFrom=DocumentDeeplink&ts=1653.36)):

Yeah, it definitely is. And one of the things that Dan touched on that I think is really important is the idea that you are investing in a large REIT you might not know a specific location that they're targeting or a specific deal that they're intrigued by it, right? And as we invest and we present opportunities to our investors, you can pick and choose which one you want to get involved in like Dan saying, we've got a big project up in Reno, but if a particular investor isn't interested in getting involved in Reno, well, we've got another one in San Diego, actually that might be more intriguing to you.

Peter Tomasulo ([28:10](https://www.rev.com/transcript-editor/Edit?token=VimlE381-Qyc82DdP-WUwImTdHGeUAqt5T6-dEVuwP8L8pV8sGiTrgKc6NzLL8KDkk7zN_Sc_x0A2sarAKiQtg7CxXI&loadFrom=DocumentDeeplink&ts=1690.48)):

And you're able to pick and choose as you go and invest the amounts that you want to invest, and you've got a trustworthy sponsor that is kind of is picking and choosing these for you. We're not just blindly going into Reno or blindly going into San Diego. There's a story behind each one of those and a story behind why we think what we're building is going to be very valuable. We don't decide to deploy X amount of dollars a year, or we don't decide to, we're going to do Y amount of deals in a year. We're going to pick and choose and find which ones we think are going to be lucrative for the investor and lucrative for the company to go dive into. And I think that's, the transparency and the ability to understand the deals and talk to people that are involved in them, I think is really important if you're curious or interested in investing in private real estate.

Aaron Goldberg ([29:08](https://www.rev.com/transcript-editor/Edit?token=2IPojNNu2RLhVCjb9GbU0sRSn6aOyT7Rsawg7GQJRewXhOSA8H67CxR5ccg4Va4zcZS1IBaCXLSglCeDMMo_-uQb8mk&loadFrom=DocumentDeeplink&ts=1748.02)):

Yeah, absolutely. And I think two main things there. One, if you've listened to our podcasts you understand that, our belief on the public markets is, we're going to get the most out of them that we can, but we don't believe that active management and high fee funds are going to be the way to do that. We just, the markets are efficient because everybody has the same information and we're not over time as a long-term investor, we want to position ourselves in the right way so that we can maximize our returns on a risk adjusted basis. But we're not going to be able to find anomalies in the stock market because it's public and everybody has that information. On the flip side we do think that we can find value on the private side. And so that's where working with experts in their field, whether it be venture capital or real estate, they're able to find these deals and source these deals based on not only the relationships, but actual access.

Aaron Goldberg ([30:06](https://www.rev.com/transcript-editor/Edit?token=MO1VNUpo69QIYypBjoG8XDQb4-NvQgAdyveDDvTbvICh_RUN0cm_4K1_oPq0zGGatlgyf1qx9sfh-IcaBTAIGFHnhQM&loadFrom=DocumentDeeplink&ts=1806.3)):

And that's where being a professional athlete can make a difference. We're starting to see athletes get access to some of these funds that 10, even five years ago, but 10, 15 years ago, the only people that could get into them were billionaires or the huge hedge funds or the endowment funds of Yale or Stanford, stuff like that. Now athletes are the ones that they want because they know that they'll get some publicity out of it, but it also creates a good opportunity for you to get in on some of these deals that everyone, or I shouldn't say everybody, but the people that look at them know it's a great deal, but it's too late for everybody else because the private deals already gotten it. I know I've talked to both of you about you're able to source deals off market that don't even hit the public market.

Aaron Goldberg ([30:47](https://www.rev.com/transcript-editor/Edit?token=fb20HUC6UVhghZwT4_3_jLYBI4hR34uzfL2uH-MTnF8OyQSVN-55zC12QVLQ7_Da8UX6WZCF7nmoivCHZtmPO6DuxuI&loadFrom=DocumentDeeplink&ts=1847.05)):

So it's already done. You've already been able to source a deal, get the terms that you think are preferable to not only you, but your investors. And one of the things that you both have mentioned is a lot of these general partners in the real estate deals, you're investing with the other partners, you're investing your own dollars in it. So it's not like it's, hey, we're going to take on investor money and we're going to go find something to invest it in. It's hey, if we believe in it enough that we're going to put all our dollars into it then we're going to find other people to invest with us so that we can do a better job of it.

Peter Tomasulo ([31:20](https://www.rev.com/transcript-editor/Edit?token=U-WbDXFEy5l_BXQiJSRXbSEkJwI8guYu_Nn-zvgEO7YOhIeyk8klN__sLrWnuFu-iF40JY3vNf5AMAosjRjX_qTMm-4&loadFrom=DocumentDeeplink&ts=1880.69)):

Yeah. So you said, the publicly traded markets are very efficient, right?

Aaron Goldberg ([31:28](https://www.rev.com/transcript-editor/Edit?token=KouxBArQCyvrqb_uN0U3l1Mv6hFbI7UuvbUCS5MMf0PSTO7HZixzAjNAXpRMKzNd05mfwzHRovNmqKyRf_gfzy_51ks&loadFrom=DocumentDeeplink&ts=1888.33)):

Yeah.

Peter Tomasulo ([31:28](https://www.rev.com/transcript-editor/Edit?token=5d8vOqN9nI-ot-IedGGTJi2UntVUPQfebPDCRDfwbExlZ4nzjYoyyUXCxJ_yBCxoIxTc81py-MulNgKN-YfZ1LLX1Pg&loadFrom=DocumentDeeplink&ts=1888.87)):

Everybody has the same information, it's happening in real time. Real estate is the complete opposite. It's very inefficient, right? So we look, we operate a lot of apartments out of Santa Barbara. This is a market niche that we have a strong hold on because of relationships. So we talk about off market deals all the time, right? Well, there's an estate they're liquidating all of their apartment deals. Dan, we're not going to take seven apartment deals to market at the same time in roughly the same neighborhood, right? Look at these deals, let me know which ones you want to go tour and if you want to buy any of them. And when I talk about in it, so this is a informational advantage through relationship, right?

Peter Tomasulo ([32:16](https://www.rev.com/transcript-editor/Edit?token=zRilfHR90uAec6slcMaOVenpzJ9b3oYg0bCsEFIlVn4bhZvjH1ryXWNzP4GspvhnMb8hEmAERMvtYcTXZMoAY2HexnI&loadFrom=DocumentDeeplink&ts=1936.14)):

Like I have the opportunity to go buy seven apartment buildings that Peter doesn't have. He doesn't have that advantage, right? So this is how we compete, right? And then when we talk about the inefficiencies in the marketplace, there can be an apartment right next door to the one that I'm looking at, that's identical structure of the building, but has twice the net operating income and they're right next door. And so this is our perfect storm, right? And this where a good sponsor makes money on the purchase. And to your point, our money is always the first money in the deal. And so typically that says, there's no way Peter and his team, me and my team are presenting a deal to any investor unless we think it's a winner.

Aaron Goldberg ([33:06](https://www.rev.com/transcript-editor/Edit?token=srFNpeopVBPrtu1JsGqAgIJ3gOyTdn6f3DrV0oK0B9efCmSaRGTVMVh-Huz729t6qkHlICTwG8bJURs9-4rmY7rkowI&loadFrom=DocumentDeeplink&ts=1986.11)):

Yeah, I know, that's great. The other thing that you hit on was the tax benefits. And I think it's really important for people to understand that there are a lot of tax benefits that go into real estate. And it's really important that you understand how it affects you. You mentioned you're not a CPA, you aren't the tax team.

Dan Kennedy ([33:25](https://www.rev.com/transcript-editor/Edit?token=gC5iJDmQlYzrIDvMS-fsMpJXTOvA1_kcFgh-7rfNKhAu9aoxAwld077dZCBk_53KEG3rD4Uj-OO_ByAPD1-ZOpc6n6s&loadFrom=DocumentDeeplink&ts=2005.55)):

Not yet.

Aaron Goldberg ([33:26](https://www.rev.com/transcript-editor/Edit?token=tmwi0Z_EABWS7DdH0XppB6S2-A4kblD40EiUpEioIOJQJT_M_8bze4AG-lQn29PIfwqGY5DSX1kuF0vwUFJEeDPrv2Y&loadFrom=DocumentDeeplink&ts=2006.21)):

Not yet perfect. I mean, and that's why we have CPAs on our team because if we're going to get benefits but then when it sells, we want to make sure that we don't get that recapture of the depreciation. So we want to make sure that we can either 1031 it, or we know that we time it up with, hey, our contracts up in three years so we're okay if this thing comes full cycle in four or five years, or I'm going to retire in two years so I know that's going to happen.

Aaron Goldberg ([33:55](https://www.rev.com/transcript-editor/Edit?token=gEb7mWMfdNHh9dgqaAy-aAGIdhch24-NBY7v0jbYSQ_jQFxahEqQfXbPi0gnGNzjIveoKvP1hkKA6eXsqn4sS6azB8g&loadFrom=DocumentDeeplink&ts=2035)):

So it's really, there are some nuances there. So if you know what you're doing and have a team that can help you with it, you can really take advantage of those tax advantages. But to just go in blind, that's where you really want to make sure you have somebody helping you because it, I don't want to say there's tax traps, but there are. I mean, you could be getting a huge tax advantage up front, but then not realize that you're going to be paying for it on the back end if you don't know what you're doing. So I think it's a important note for people to understand that it's good to know what you're getting yourself into.

Peter Tomasulo ([34:30](https://www.rev.com/transcript-editor/Edit?token=IolAeWwepFsVgsYOHfE-EaTEz4G0MAdEDzu8GyodYWUX64-6VPQm0o2KVbgpM6eayz_TJFreThLQkJEFmD17Pf_Q7Rw&loadFrom=DocumentDeeplink&ts=2070.41)):

Yeah. And then back to the function of educating yourself and when you make your investments. And typically what we do is we have what we call our partner is our, the CPA firm that operates all of our LLCs and all of our entities and kicks out all the K1s to our investors. And so anytime an investor has a question or like, hey, we're not the experts, but you need to go talk to them.

Dan Kennedy ([34:55](https://www.rev.com/transcript-editor/Edit?token=aXPSliLa-4Sb32KiAMH0jJ7lwlrawo7eoJySykChOTVI1LiXlCPpil2jXNq0n5AVtdSAnGgpjPSX5ibRXNcsVfFyeRA&loadFrom=DocumentDeeplink&ts=2095.53)):

Perfect. Yeah.

Aaron Goldberg ([34:57](https://www.rev.com/transcript-editor/Edit?token=ed7qMoXLQMcagKeZHLk0nmVTwE48Rbhfuo-X3uEdjiVIi6tfn-7M3CmzLwdOTrNBM-BmkQADMWq0cZ2WKv4s7u__jBE&loadFrom=DocumentDeeplink&ts=2097.5)):

Important to note that disclaimer, we're talking to any tax stuff. Yeah.

Dan Kennedy ([35:02](https://www.rev.com/transcript-editor/Edit?token=yJOU0O31LXSbo2hVpyLKlZf-UMvrCbCVZdvDlkRAuNueZSvcEqzjKVKcWbgqN3jhrH1ZQfHnf9WOIP53ua9Qsf8Djtk&loadFrom=DocumentDeeplink&ts=2102.01)):

Yeah, absolutely. I'm not a CPA either, that's why we have them on our team instead. So, no, this is great. I think the last thing I want to hit on today, and I mean we talked about this, we can go for probably three hours on this. But is when somebody is looking at a new deal, someone brings it to you as the investor, whether it's a general partner at a real estate firm, whether it's a friend that's getting in on the deal and says, Hey, you should check this out, like I'm putting a bunch of money and you should too. What are the things that an investor should be looking at? So that they make sure that they're at least starting to do their due diligence and then passing it off to whether it's their team, their wealth management team or somebody they trust, whether it's their CPA, or somebody else in their world that can help them really evaluate that investment opportunity?

Peter Tomasulo ([35:57](https://www.rev.com/transcript-editor/Edit?token=VuhZmmxVwReDbq8bDLeSIeL-ZfiexYvHxbOmA-PXH1ohU9xRTN-yORPjTJgKe1FW5i1e9e5JtoRyAAP4w5SZC0TskOk&loadFrom=DocumentDeeplink&ts=2157.14)):

Well, the first thing I think is what we just got done talking about, is if the sponsor is putting in money into the deal. I think it's a very, very important thing to take note of and understand that the sponsor believes in the deals enough that they're putting their own money, they're not just raising your money to buy a project or to build a project. At our firm, our sponsors put in 10 to 20% of every deal, Dan's firm does the same thing. And it's an important component to what you're getting into because they have skin in the game. The other thing is you really have to understand what your risk profile is and understand the way that you're going to get paid off of this investment.

Peter Tomasulo ([36:43](https://www.rev.com/transcript-editor/Edit?token=3JHeVOflvsalYdaCFrYIjKDn4ncB5poklNJUvIFwsMQyXR1_m7mFJm8KK5LyUjEpg0_s6Vcmg85YOTZCTTA_dwSq6Eg&loadFrom=DocumentDeeplink&ts=2203.1)):

Like I said, from the beginning, the development deals might be a little complex and they might take a little while, you have to understand that you're not going to get dollars back for a couple of years and what that expectation looks like. These investments are illiquid investments, that you are not able to realize until a much later point, in a lot of them. And it's very important to understand that. And then as deals are presented to you, I think it's really important to understand that the assumptions that go into the returns that are being presented to you. Anybody, with an Excel spreadsheet can make a deal look good. I didn't actually know what that meant a couple of years ago before I got into the office world. But what I'm trying to say is that you can assume astronomical rents, you can assume very cheap renovation costs, you can assume very cheap development costs. There's all these assumptions that go into a return profile, of a potential investment.

Peter Tomasulo ([37:54](https://www.rev.com/transcript-editor/Edit?token=Zb4ny_ZZOmyIl7--VoWWjm27Eixwoi__sLrbUNk7Yyzfr_vFYkfoSzd6AKqfi-3Z7YknvwMIhNDewMkPDwLLj11N1iI&loadFrom=DocumentDeeplink&ts=2274.16)):

And I think it's, it's important to ask a lot of questions of the sponsor. If you're getting involved in the deal, ask questions, it's your money going into this deal. So there's no dumb questions. Ask how realistic the rents are going to be to achieve, ask how realistic the renovation plan is going to be, ask how realistic the timeline for that's going to be, and the occupancy, and the expenses as you manage this property? There's so much that goes in. There's a lot of little levers that end up getting you to this potential return. And I think it's really important to ask questions about the track record, the history of what you've executed and what assumptions go into what your investment looks like.

Dan Kennedy ([38:33](https://www.rev.com/transcript-editor/Edit?token=CXEszQkVuSgygWSv3BEwlFFuZuEITr1iabz0AZa_biJkhn679PuBu0Bk5QSx9-NzV9-0dDTu8rD0P1dtptbv9zMDxGI&loadFrom=DocumentDeeplink&ts=2313.21)):

Yeah. The track record is probably the first question I'd ask is like, hey, I have guys send me deals. So, Hey Dan, I'm looking at this hospitality play in Tahoe, and I've got my buddies doing it. And I'm like, well, what has he done before? And his like, this a new venture and it's going to be great. I'm like, well, it might be, I don't know. It might be great, but man, I would really want to be like, okay, let's say his name is Ryan. Ryan can I come see something else that you've done before? Or can you show me what you've done before and how it's worked out? Can I get a couple of references of investors that you have that I can talk to? I just want to know, like, how many deals have gone bad and what happened? Right. What happened? I want to know.

Peter Tomasulo ([39:29](https://www.rev.com/transcript-editor/Edit?token=NdJUeCIFGa6SYdssgvN20EXEapmfxk4nwmk75-I7Uc79BueelInZrPDhG8nXufiWtSLrJNBmnVe7FfRJ1KDRaMd0T7Q&loadFrom=DocumentDeeplink&ts=2369.96)):

How are you make sure it's not going to happen again? Yeah.

Dan Kennedy ([39:32](https://www.rev.com/transcript-editor/Edit?token=klbR05Q6_p7lbAgiyESiGOu5sRbtEPojX7wYJMYstcRY_wb3nI2Fb2oeAncjXqkjLOOdmn8sZNQ39452lNCU5YF2A-k&loadFrom=DocumentDeeplink&ts=2372.04)):

Yeah. And what was the recourse to the investor? This is actually one tidbit. when I think about recourse. One of the greatest benefits shops like ours provide investors is that they're completely passive. So they don't sign on the recourse, on the loans, they don't even have to qualify for the loan. So when you apply for a car, you apply for a house, whatever, when you go through the lending process, it is brutal. Well we do that for you. And there's a real valuable service there, right? It's also our job to carve out the business plan and execute it, but we report to you the investor.

Dan Kennedy ([40:12](https://www.rev.com/transcript-editor/Edit?token=J53MP7NVpKYQNbJ6KBOJDrcEZXuLpAscpslFCE13Olr-7qoBAEEGKSEP3IYDpWCRG35XuT_P3wgYjaoSjVuBbFV5e2Q&loadFrom=DocumentDeeplink&ts=2412.16)):

And typically the reports come quarterly for us, distributions come quarterly on the majority of investments we make. But yeah, asking questions, rapport, like, do you trust these people? If you get any inkling that this feels a little bit slippery or slimy abort mission.

Peter Tomasulo ([40:33](https://www.rev.com/transcript-editor/Edit?token=m2gJRPOfAMCjOP98VSxGlsuLL7TMxGPq4th7khbFpi3ivlzsK7OmqZDFlQ0JuO9AQ4GMBv2pSPA5n20NgexK39vbBMY&loadFrom=DocumentDeeplink&ts=2433.83)):

Run away.

Dan Kennedy ([40:35](https://www.rev.com/transcript-editor/Edit?token=IktwFIj_FpfJ1iwXZafTKn17SShLjG-Xf84dt5PCdWTGkXtnTDitGYR9p3CkgLb1ZsdY6M-IhTsGO3u_xW4GAVNOM8c&loadFrom=DocumentDeeplink&ts=2435.13)):

Mission abort.

Aaron Goldberg ([40:35](https://www.rev.com/transcript-editor/Edit?token=YFvfWXhRjLe8EWnEcCTKqzlI_LjxPEcKQ2c7_SP_2sa8phBODuPvTpQFZMdS6gTLD27FmrD65VwjolhFY2bULG5_RbI&loadFrom=DocumentDeeplink&ts=2435.53)):

You mean trust your gut?

Dan Kennedy ([40:36](https://www.rev.com/transcript-editor/Edit?token=UNa42pK2dYAweRpj01-pIEhg1-bRCxkJ8Qm8i2fWpD-HMBfuP-V-arAYiPo1hk6aEGt_ophcog5nqKFLqBlLlmDebpE&loadFrom=DocumentDeeplink&ts=2436.63)):

Yeah. Trust your gut. And it's true, like people typically these types of investments, you're investing 50,000, 250 grand, at a time. And so it's a lot of money and you, you need to be able to call somebody when things seem a little bit awry. So when Pete kicks out an investor update, I want to be like, I don't really understand this, can you give me a call? And then he can explain it.

Peter Tomasulo ([41:02](https://www.rev.com/transcript-editor/Edit?token=Z2cYDeh9V2R8K6MP8SayRtJsEz_rxkDwHOmmx5siib-zvuloHGNbjXw12ApjDFsFtnWcde1LpcyrdCmoHwV3RZ8riYQ&loadFrom=DocumentDeeplink&ts=2462.38)):

Yeah. I think a perfect example is what we're experiences right now in COVID. When COVID hits in March of last year, we had investors calling left and right, asking how this was going to affect their investment. And I was able to answer the phone and talk them through it, what properties we're seeing difficulty with, what properties we didn't think were going to be impacted that hard. And I think it's important to be able to have that transparency and someone who you can talk to when, inevitably over the course of a real estate investment or a real estate private firms career, there's going to be some stuff that goes bad. There just has to be. And there's going to be some unexpected things that you want a trustworthy sponsor to be able to handle and have experienced handling and have the smarts and wits about them to figure it out.

Aaron Goldberg ([41:51](https://www.rev.com/transcript-editor/Edit?token=pcF8uNh23hZTl9NDd77W6iI4G34pveXocbRNmoDMkCW_b-E1fUfvP9KDG79biGZlgMQTarWOvSaBEYLUaXf5DUHhwQU&loadFrom=DocumentDeeplink&ts=2511.2)):

Yeah. I mean, I think what you led off with Peter on the ways that you can first evaluate the investment and then Dan, what you said with going into like, what is their actual track record? It makes a whole lot of sense for guys that are, especially if you're just getting into real estate investing, for you to be able to look and see, to decipher what's what and what should I even spend a little bit of time looking at? Because once you get into this, I mean, you can find thousands of deals if you want to. And that's what the best shops do is they look at hundreds and hundreds of deals and pick one, two, three deals that they want to do because they feel like this is the best opportunity for them. The one thing I'll add is from a overall financial structure standpoint, it's really important to understand where it fits in to.

Aaron Goldberg ([42:37](https://www.rev.com/transcript-editor/Edit?token=hTIYKLRhbQVaBTrrg2KR64RwXQ0-FlYyna-RJUPvVQaoeAUvEZt0S4XWj8WssyDSbsjErVD0QlNH3iamS_RjiubA_40&loadFrom=DocumentDeeplink&ts=2557.86)):

So a lot of that has to do with where you're at in your career, what you have saved up, what you have in terms of your needs. So what we always are looking at is when it comes down to your essential spending, like what do you need to pay the bills, just the little stuff, get by? We want to make sure that's covered before we start investing in anything that's illiquid, risky, stuff that's out of the public markets that we can't easily access. And then as soon as we have that covered, now we're going to look at how do we optimize our returns? How do we make sure that we get out there and not only get the best out of the public markets, but then try to add value with the private markets?

Aaron Goldberg ([43:17](https://www.rev.com/transcript-editor/Edit?token=J4Oas0em92e46U9L8XbNyN2ezjk8YFikxIvfAjb5s_duqSkCAC4aU0mCKEG01R0TD_NXR1mqUTcAUeRohTeZr6ExD5I&loadFrom=DocumentDeeplink&ts=2597.87)):

And that's where, what we've talked about today with real estate investing can be a huge value add to athletes, especially because you find yourself in that position, for the most part pretty early in your life. Much more early than a lot of other people that may find themselves in that high net worth category, where they're going to have more money at some point than they're ever going to spend in their lifetime. But a lot of times they accumulate that by the time they're maybe 60 or 65. And then all of a sudden they have this opportunity. For golfers, for professional athletes that may happen at 30, that may happen at 25 for some of the people we know, it may happen at 35 or 40, but once you get there it's really important to take advantage of that so that you can set yourself up for the future.

Aaron Goldberg ([44:04](https://www.rev.com/transcript-editor/Edit?token=YZV04N465FVGvqgajEiHOQEyNgY2CJbirSOMrc9EJi1Vnn2ZOMLFVNcjpjRC4hdny5zuT8rsxzTfpykp9zU8JPdXrlA&loadFrom=DocumentDeeplink&ts=2644.41)):

And if you aren't going to find yourself in that situation, then you look at what we were talking about earlier. How do we start to make sure that we're going to develop income streams in the future? So when I can't play anymore, whether it's trying to block the ball from getting past you into the net or trying to get the stupid little white ball into the hole then-

Peter Tomasulo ([44:24](https://www.rev.com/transcript-editor/Edit?token=-wSob7-b1jKhSmuvgQQynYP6rZHKrO4eCDD0sXY-EhZVQr67MP2gW1Df0nGrok5I2ClW4B1Ac-0aKwU8-6U_4ebn1KY&loadFrom=DocumentDeeplink&ts=2664.42)):

I wish I did that a little bit better.

Aaron Goldberg ([44:26](https://www.rev.com/transcript-editor/Edit?token=ints7_T7bNDfoyCh3E56r4A1taACb897hUWwP8ajAoFg67wPH5aI8yBZd9vB5sUATMzWnB8LVYTn3CpjTZ-Vk1HWXHk&loadFrom=DocumentDeeplink&ts=2666.92)):

I wish I got the ball in the hole a little bit better. Then you gotta make sure that we know how we're going to derive income and pay for our families and make sure that we get by. So I think it's a super interesting landscape to explore. And I love when my clients and the guys that I advise come to me with new opportunities, because it means it's a new shop, a new team that I get to there and talk with and see what they're all about, what their expertise is, what their niche is? Because there are going to be different niches, there's going to be different expertise on the upside, what they really do well and then stuff that they stay away from, and that may be perfect for this investor and it may be absolutely wrong for another investor and then vice versa. So I think that's where it's really important that as a sponsor, as you said, you stay true to what you do well, and that's what you guys have done really well in the past.

Dan Kennedy ([45:33](https://www.rev.com/transcript-editor/Edit?token=tNupqInzB2C805eM0NGo1ieYmm1xzJh1HvxtwFvMH1Mna8Rsqk_jrEM292DNVIx7SOyPUvCK_I9Ptt9NBEHd528nybU&loadFrom=DocumentDeeplink&ts=2733.61)):

Yeah. Well, thanks, Aaron. This has been great. And you just let us know when we can come back on and I mean, whether it's reviewed deal or get a little bit smarter on the tax benefits of real estate investing, but this has been a productive conversation and just thanks for having us.

Peter Tomasulo ([45:56](https://www.rev.com/transcript-editor/Edit?token=SJpjroOi6cFX2pkTrXDh0snCUMcBBCr1HnPqPrpeNMqgi65FLHtDcA2UMR6zq3qpHMamDJLVSiqbaTrTZjI6BfPYT7w&loadFrom=DocumentDeeplink&ts=2756.56)):

Absolutely. We appreciate you having us Aaron. It's always good to catch up.

Aaron Goldberg ([46:00](https://www.rev.com/transcript-editor/Edit?token=G4XDa_Rn846abDlfLUYkGlFrWYdVyfc8M308upzcdwMH9vIBmOH8ipfoG8MfzA3DtmfO6tWKYU-NKDwnDMqi2QMzmu0&loadFrom=DocumentDeeplink&ts=2760.92)):

Yeah, no, it's been great to have you guys on. I'm glad everyone didn't have to just listen to me talk. So, and look at me. So I hope everyone enjoyed this. If you're tuning in, if you're on YouTube give us a like, if you're on, listening to the podcast, if you could rate us that really helps get this information in front of your peers and other people that should be hearing it. If you have any direct questions, as I hope some of you have some direct questions after this, you can email me at agoldberg@awmcap.com, and I'll be able to either respond directly to you or route you to Peter or Dan. And we'll circle back with questions and definitely go back and do another podcast on the tax benefits. And like you said, Dan, maybe we rip apart a deal and show you kind of the numbers behind it, and what's good, what's bad, what to look for, what not to look for and take it from there. So appreciate you guys being on and until next time, we will see you then. Thanks.

Peter Tomasulo ([47:08](https://www.rev.com/transcript-editor/Edit?token=dIQXvPIt1V1DyLRLHwRmbQ-lmpm4BxPJqHt0w_CVjUbQjEV8tA8sDbltqXLGjypGJr20zjyaQ_arufXv7XO42usFEuU&loadFrom=DocumentDeeplink&ts=2828.53)):

Thanks Aaron.

Aaron Goldberg ([47:16](https://www.rev.com/transcript-editor/Edit?token=wMa0X0aXAdhYhVLTSr18yhpzwqP4ngbJPDOQWRp3Up8I_U47JTURIh8Yb9jDWkTxS_ZwTeV9b1R_I8yL5IWRTvJL7mE&loadFrom=DocumentDeeplink&ts=2836.16)):

All right.