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What's Working Today and Why Robert Heyder Also Does Commercial Deals

Hosted by: Joe McCall

Guest: Richard Heyder

Joe: Hey everybody... Welcome! This is the Real Estate Investing Mastery podcast and you're in for a special treat. Today we're interviewing a local investor here in the St Louis market who's doing big things all over the country and we're going to be talking to Robert Heyder from Core properties and I'm glad he's here.

First things first. Guys, I got a couple of books I want to give away, I want to give away to you for free. One of them is Wholesaling Lease options and the other one is called REI Secrets: Daily nuggets of real estate investing wisdom to help you get more leads, close more deals. Each of these chapters are about two to three pages long, all killer, no filler. And you can read one each day like this one: "How to wholesale deals as an agent". What's that all about?

So, I designed these things to just be quick little daily nuggets of wisdom that you can read, get some inspiration, get some ideas on how you can actually get out there and close more deals, get more leads, close more deals. And this one tells you how to flip lease options. You can get both of them for free. If you go to WLObook.com, get this one WLObook.com and you can get this one at REIsecrets.com. Highly recommended and they're free. Just pay a little bit of shipping and handling and I'll send them out to you. Okay?

And if you're listening to this on iTunes, I appreciate you guys leaving a review. Subscribe to the show, leave a review, love to see how it's going, what you like about the show, what you don't like about the show. I think you can also leave reviews on Stitcher. I'm not sure if there's any other podcasts platform that lets you leave reviews, but I really, really appreciate you leaving some reviews. And one more thing for you. I just announced this to some people on my list who have some of my courses the other day. I have a book I did called Making Extra Money Flipping Houses While On Vacation. That came from a video I did from a mutual friend of ours, Jason Medley. You know him, Robert, don't you?

Robert: Oh yeah, yeah.



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Joe: He interviewed me. I did this video.... I just got back from either Prague or RV drive, I think it was Prague. And he just interviewed me and I opened up my everything to say this is how I do deals while traveling. And he turned it into a book called Making Extra Money Flipping Houses While On Vacation. And I also did an all-day Saturday workshop on how to do lease options. And I'm giving those away for free for anybody who wants to leave me a review. And this is how it works. You have to get your phone, get your smartphone, and go to ReviewJoe.net if you're from your phone, go to ReviewJoe.net and it'll open up a window where you can record just a quick video testimonial. And let me know what you think of the podcast, of the books, of the courses, of the coaching, of the whatever, like if anything I've done has helped you, I'd love to hear about it. And if you go to ReviewJoe.net from your smartphone or iPhone doesn't matter, go to ReviewJoe.net you'll leave me a video review. I'd really, really appreciate it and as a way to say thank you, I'm going to send you access to that book and also the all-day Saturday workshop video series on how to flip lease options. Alright.

Joe: Sorry for the long introduction. Robert, how are you?

Robert: I'm good. I'm good man. Thanks for having me on the podcast.

Joe: I'm glad you're here, man. It looks like you're in a hotel room. You're in a, where are you right now?

Robert: I'm in Las Vegas. Yeah, Las Vegas, here for a mastermind. Yeah.

Joe: Oh, I love masterminds. And we used to be in one together... Collective Genius, right?

Robert: Kind of. I was, I went to a few of the different events. I was never really in the group, but I did go to a few of the events and then we met at, I think, Sean Terry's event a while back too.

Joe: That's right. Yeah. I'm not in Collective Genius anymore either. Not for any bad reason. I just got tired of traveling so much and I like St Louis, you know, don't you?

Robert: Yeah, yeah. St Louis is great. You know, it's I'm still at that phase where I kind like traveling from time to time, but now I definitely do like St Louis. I like that you got your Cardinals hat on. Big Cardinals fan.



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Joe: Yeah. Well, here's the crazy thing too. Like I just went, I was just in New York City a couple of weeks ago with my family. I went to Tampa just the other day for a workshop and I've been, I could literally say almost all 50 States and I do travel a lot. And I'm telling you, there's something really, really nice about the Midwest. It's simpler. You know, I was in rush hour traffic the other day and I couldn't believe how much space was in between the cars. When you're coming from New York City, it's just like, you know, everybody's blaring their horns. Tampa's crazy also. Cause it's just, anyway, I'm not complaining, I'm just saying I love the Midwest. I love St Louis and it's a great place to raise a family. It's a great place to invest as well.

Joe: So, can you talk about Robert, tell us your story. How did you get started in real estate? What were you doing before that?

Robert: Yeah, so I was in banking and really wanting to get kind of lightly involved in real estate. I had the goal of owning a two family and leasing one of the units out and having '04 and moved back to St Louis and I think late '05, maybe '06 and so the market was just on fire. It was crazy. So, that time I was just really frustrated. I couldn't find any deals. I couldn't find anything that made sense. I really didn't know where to go to even look for, you know, to find deals. I was just kind of, you know, ticking along there looking for sale by owner signs and whatnot and really kind of, kind of put a damper on the jumpstart cause I really didn't start investing until, I think probably late '08, early '09... after the recession kind of hit and things were, you know, banks were dumping properties and things like that. So, yeah, started doing that and I was doing it on the side while I was in banking. And then I quit banking in 2013, full time into real estate investing.

Joe: Okay, 2013. And what kind of banking were you doing?

Robert: I was kind of doing commercial real estate lending, so larger commercial real estate projects. I lived in Chicago for a while out of college and worked for a bank called LaSalle Bank, which was the North American arm of, of the seventh largest bank in the world at the time. I don't know if you remember the old LaSalle Bank Chicago Marathon back in the day? It's like a big run but, but yeah, so I was there for a, about a year in Chicago, moved back to St Louis. There was an office in St Louis so I came back and was working there and like our average deal size would have been about, I think, \$10 million or so, \$10 million plus. And then we got bought by Bank of America. Everyone left and I followed one of the



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senior folks from LaSalle to a bank called The Business Bank of St Louis and was there for about five and a half years. Yeah, back in St Louis.

Joe: Okay, cool. Are you a Cardinals fan or a Cubs fan?

Robert: Cardinals fan. Yeah. Big Cardinals fan, right?

Joe: Okay, we can, we can continue the interview now.

Robert: Yeah, well I was only in Chicago for a year and even if I was there for 10 years, it wouldn't have changed. I'll tell you what though. I was, lived in Chicago when the White Sox won the World Series. That was interesting. Yeah, that's good. They had a, the Ticker Tape parade and if you ever heard of those, but like in the big city, but like in Chicago, the old buildings, the windows open and ticker tape, like, you know, stock exchange and ticker tape, you know, they would give all the folks like this confetti and you'd throw it out the window... Like 30, 40, 50 stories up. It was crazy! It was something

Joe: Even in Chicago, like when the White Sox won the world series, were, were people as excited about it, you know, like, was there, did anybody even show up to the ticker tape parade?

Robert: I mean, yeah, turn turns out it was a pretty crazy crowd. But you know, I think maybe it was just pent up for so long.

Joe: I was in Chicago speaking at a REIA, talking about real estate and it was like the week after the Cardinals won the World Series and it was 2011 and I was very, very happy and I definitely rubbed it in and I didn't do that well in sales that day when I was selling my course, but I didn't care. Anyway. Robert... So, I'm sure that that banking experience helps you, has helped you a lot in real estate.

Robert: Yeah, absolutely. I mean it helped as we scaled into commercial real estate lending and as we looked at kind of building a rental portfolio and things like that, obviously having the banking knowledge helped on that, in that level. it almost maybe stifled me a little bit on the wholesaling side. You know, I'm trying to get my mind around that. And you know, it's just that, you know, wholesaling is more of a sales and marketing business and, and it took me a long time to realize that you didn't have to add value to create the income. Like, it



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seemed like you had to be doing something and that might be a Midwestern thing, you know, kind of gotta have broad shoulders, you gotta work to make it. So, but, but overall, yeah, it did, it absolutely helped.

Joe: Alright, so talk about, you started doing houses at first, right? And this was around 2013, 2014.

Robert: Yeah, I mean, I was buying, I was rehabbing houses from about 2009 forward and was building a rental portfolio while I was in banking, but in 2013 I left banking. I had about 20 rental properties or so, and was rehabbing a couple of houses a year on the side.

Joe: Did you have enough income from the rental properties to cover your daily expenses?

Robert: No, I didn't. You know, I mean, rental properties are, you know, it's, it's tough to get that income up to enough to really make it work until you get, get up to a good quantity. And, you know, it's kind of hot and cold in summer degree too with, with repairs and whatnot. But I did... back then I was listening to Sean Terry's Flip2Freedom podcast a lot. So, I was able to kind of set aside enough income to, to withhold for a year. So, I kind of had that... Yeah, that was the goal.

Joe: And, that's fantastic. A lot of people try to get started wholesaling while they're still working their jobs and I understand you've got to do that, but it's sure is nice when you can have a little nest egg to protect yourself. Right? While your kind of learning the business. How quickly did you pick up the whole wholesaling concept? Was it kind of foreign to you, you said a little bit, you didn't understand it as it needed to be, as much of a sales and marketing business, a people business, you know, negotiating the sellers who are in difficult situations sometimes. How was that transition for you?

Robert: Initially? Like I said, I was doing mostly rehabs and honestly, I didn't really even know what wholesaling was until maybe early 2012. And when I started listening to Sean Terry's podcast and kind of got some understanding through that and I really quit banking before I'd ever really wholesaled a deal. I was just, you know, I was rehabbing, I thought I could make enough money rehabbing houses, I could do, you know, four or so a year. And then had some passive income coming in from the rentals and was trying to grow that. And then when I learned about wholesaling through, through Sean's podcast and started digging into it more, then I realized, okay, well if all these people can do it, I'm sure I can figure it out.



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And, and just wanted to build that as an avenue. I'll tell you what, I did struggle a bit out of the gate, finding the right marketing channels and keeping up with the consistency of, you know, mailing and some of those aspects. So, it took me probably 18 months to really kind of get in a groove and start getting some legs with it.

Joe: What were you trying to do at the time in terms of marketing, getting leads?

Robert: At that time I had been primarily paper mail, you know, just been just flat out paper mail, you know, trying to figure out the right lists and then kind of understanding the consistency of it, of mailing at least five, six, seven times before kind of evaluating too deep... Tracking your numbers so you really know what's going on and you know, getting the KPIs lined up. And I think my expectations maybe were a little out of line. It took me a long time to realize that, you know, 1% response rate or half of 1% was, was a pretty good rate. I expected it to be a little higher.

Joe: Yeah, that's frustrating, you know? And it's still right about there today, isn't it... The same?

Robert: Yeah. Well for me it's gone down on the paper mail side. I've seen some other channels have worked better, but you know, we're at about point... about a third of a percent on response rate on paper mail. But I think we've gotten a lot better and I say that and we track it on an annual basis. Right? So, I bet you if we actually went back and now that we've gotten a lot better over the years at follow up, I bet you if I went back and tracked it on a multiyear basis, you know, some of the marketing from three years ago, you know, that produces today, I don't go back and compare to a previous campaign. So, it probably could be higher if I went and looked at it a different way.

Joe: Would you agree... If somebody was wanting to get started in the business and they weren't committed to at least three to six months of consistent direct mail, then you shouldn't even start. Like just save your money and do something else.

Robert: Absolutely. 100%. And that was a big piece that to get my mind around back then and now I absolutely realize that. I mean, we get called on mailers, like I said, that are two or three years old that folks saved, which blows my mind because I'm sure they've gotten hundreds and hundreds of mailers that they saved, you know? But yeah, I mean it's just you've got to hit the folks at the right time and you never know when that right time is going to be. And it really, you know, obviously there are, what I've realized now you know, being in it for, for



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a fair amount of time now is that, you know, you kind of have your niche lists of folks that would typically be a little bit more motivated or be in a position they'd want to sell sooner and you kind of have your broad lists that you're kind of blanket mailing and really just kind of understanding the difference of those and the quantity of mailers that you need to put out and timing and all of that. But if you're not going to do it, I would say well over three times... If you're not gonna do it, six, I probably wouldn't, wouldn't jump into it

Joe: Cause it's a game of momentum isn't it? Because a lot of the deals we're doing today are not from the new marketing that we're doing today. It's from the marketing we started three, six months ago with that seller. Okay. So, talk about the, because the response rate is so slow or small on direct mail, what are you doing to what the leads as when they do come in? Are you answering the phones live? Are they going to voicemail?

Robert: Yeah, we answer them live and honestly, we've been digging this really deep because with, with quantity and as we've been scaling, so we'll buy, our goal was 200 houses this year. We're gonna come up a little bit short, I think, when it really shakes out by year end. It will be about...

Joe: Congratulations! That's amazing.

Robert: Well, thank you. So, it will be about 180 or so, 182, you know how it really shakes out a year end. So, we're doing a pretty good amount of volume. So, we've been answering the phones live for a long, long time. But now we're of getting to the point where, where the, we realized that there are peak times where the quantity of calls coming in exceed who we have available. And we've been digging deeper into kind of what those backup channels for answering live are.

Robert: But, but to answer your question, yes. I think when you're going to spend the money on mailing, do everything you can to answer it live. And I think it's as simple as this... your good competitors are answering live.... so, you need to, you know, whether you, whether you want to or not. I mean from 99% of the channels. You know, you're probably not for the folks that are doing bandit signs, probably not answering those live; from the folks that are doing RBMs, you know, probably not answering those live. But your real standardized mail marketing channels, you need to answer those live. Because we are, and I know the other good folks around the country are doing everything they can to answer them live. I



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mean, so much so that we're lining up secondary and tertiary live answering sources to make sure that things don't slip through the cracks.

Joe: Very good. About how much mail are you sending a month?

Robert: You know, not as much as you think. Maybe about eight to 10,000 pieces a month. You know, we've been, we've been experimenting on a lot of other marketing channels. We've always been big on the web. You know, just PPC has been a channel that's worked well for us. It is an expensive channel, but we've had good success with it. We've got, I think, more exit strategies on, on properties than most folks are able to, are able to capitalize on leads differently than a lot of people and so on and so forth. Organic web leads. I know that's not something that a lot of folks in our industry dig into, but at scale I think it's a really, really good avenue to be in, especially if you're in it for the long game. You know, social media marketing and whatnot. But so only about 10,000 mail pieces because we do a lot of other marketing channels.

Joe: What are some of your favorites? You've mentioned PPC. Is that still...

Robert: PPC still works well for us. It's one of our more expensive channels like I said, but you know it's a follow-up game too. I think follow is one of the biggest things that people drop the ball on that will make up so much of your, of your deal flow. But PPC has been good for us. Social media marketing these days is really starting to work. A year and a half ago...

Joe: When you say that, what do you mean? Social media marketing?

Robert: Facebook marketing, primarily. You know, we're dabbling in the Instagram but haven't had it work too terribly well yet. But I think it will at some point. You know, I think if you dig deep into like what channels your avatar seller is, you know, age group and demographic, then just kind of find the avenue. I think LinkedIn will work well. We haven't got it up and going yet, but it seems to me with the aging population, folks who are moving to senior living, that'll be a good avenue with kind of targeting their kids... targeting that most responsible children of the aging parents, things of that nature. But Facebook primarily has been our avenue on social.

Joe: You've done a really good job of getting, leveraging organic with Google. And you know, like on your website, if you Google or if you just Google your company name, you see really



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good reviews from Google, you've got a physical location, it shows your reviews from Facebook, reviews from your Better Business Bureau reviews are really, really good. It seems like you guys are doing a good job with, you know, asking for testimonials and getting reviews from people. And that probably helps a little bit too, doesn't it?

- Robert: It does. It does. Cause, I mean, to be totally honest, just like anything, whether it be a restaurant or any other kind of venue, you know, majority of the folks that organically go and put reviews in are the people that were upset about something, you know. And more times than not, whether it's true or not, but people just are more likely to talk negative than they are positive. So yeah, we go out and ask for the folks that are happy, as much as possible to, you know, just let people know because especially in the industry, I think a lot of folks kind of think of it as, you know, kind of used car salesman or fly by night kind of stuff or you know, the folks that, the roofing companies that come into town every time a hailstorm hits and things like that. So, you know, it's like, Hey, if we helped you and you feel good about it and you were happy with the transaction and the relationship, you know, just say that. We definitely go through waves of being active and actively asking and then six months ago by and we forgot to ask them and we'll have to go back and, and kind of build it back up. But, but yeah, it's something that we actively do.
- Joe: You know, it's funny. Do you know how long you've had that domain, STLwholesaleHomes?
- Robert: At least five years.
- Joe: Oh, yes. I think I used to own it.
- Robert: Is that right?
- Joe: Yeah, I think I used to own it like back 10 years ago or something. But I was doing mainly lease options, you know, so I just kind of let the domain die. But it's a good domain. So, that's, that's your main website where you're selling your properties, right? It looks like you have Join Our VIP Buyers List, View Inventory...
- Robert: Yes, yes, absolutely. That's it then. Yeah, I sale wholesale homes. Yup. Yup, yup, yup.
- Joe: I want to ask you about like, what kind of homes are, do you target? What kind of areas or neighborhoods do you like to go after?



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Robert: Well, I mean the easiest properties to, to deal with or to sell on a wholesale basis are the high rental areas. The areas where, you know, you know that you can wholesale property to a rental, a rental buyer, that's an easier transaction in most cases. You know, they buy it for quantity, they know exactly what they want. They don't have to pay a sales commission on the backside. So, the spread can be a little bit, you know, a little bit thinner, a little bit easier to wholesale because they don't, you know, you cut 5% out of the, the expenses for the buyer. And so, you know, for St Louis, North County is a good spot. South City is a good spot. St Charles County, even parts of South County that, that still work, you know, like Lemay and Afton and, and those areas, although like any of them, the better areas then start to turn and then, you know, maybe it makes more sense to start rehabbing those homes when you see prices start to escalate. But overall those are primary areas in St Louis. But I think that that strategy works nationally. Just the areas where you have more rental buyers, little bit easier to, to sell quantity.

Joe: Yeah. So, and you're not targeting the really bad areas, like where the properties are selling for five, 10 grand?

Robert: No, not really. That's not really our niche. You know, we'll do some areas where they sell for \$20k or \$25k, but you know Bell Fountain and Haney Hills in certain areas in St Louis. But yes, below that we're not doing a whole lot. I mean, if a deal sneaks in as, as you probably know with social media and with, with PPC and web, you can't be quite as targeted to specific areas. So, if a deal comes in and it could be something and we'll go and look at it with the exclusion of North city, we try and stay out of the really high crime scary areas. But you know, if a deal for five grand sneak in, we'll probably do it from time to time.

Joe: I'm looking at your website here. Is it a REI Blackbook website or do you even know?

Robert: I do know. The STL Wholesale Homes... So, we kind of have it, you know, Core Properties. STL is our buy side, right? That's where, that's where sellers are going. STL Wholesale Homes is our sell side. So that STL Wholesale Homes is a REI Blackbook website. Yeah. Josh Harris built it for us when he was kind of working on a consulting basis. So, it's, the back end is REI Blackbook but it's customized and with our color scheme and some of that. So, a little bit different than most of them but, but it does definitely work off REI Blackbook.

Joe: Yeah. Very good. And so, is that your main CRM?



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- Robert: It's, it's starting to be. We've had Podio for a long, long time and I think we're starting to kind of get worn out with it. Then working with Damon and Josh quite a bit more and currently working with them to do something to, to kind of incorporate some of the, some of the things that we need at scale into what REI Blackbook can do and they're receiving it well. And I think, I think in the near future we might have something worked out and kind of rolled out. We're kind of bouncing between both right now, which is not ideal. And REI Blackbook is a St Louis based company, I'd love to make that work and kind of keep it in town. You know?
- Joe: Damon's a good guy. I like REI Blackbook a lot. Absolutely. Okay, so talk about Core Wholesaling. You get a lot of guys bring you deals, don't they? Because you've got a good buyers list, you're an active investor. What percentage of your deals you wholesale come from other investors, other wholesalers?
- Robert: You know what, not as many as I'd like. You know, we've been making a big push to do more of that and it's starting to work. So, I'd say right now maybe 5% but I would think, you know, going into 2020 we're going to be making a much bigger push to do, to do more of that. You know, our buyer list is growing, especially the more national exposure we get and the more events that we go to. And we've meeting folks from the West coast in particular that are coming out and looking and getting, you know... A lot of the hedge funds that are buying these days, you know, they kind of, they kind of are starting to work more like commercial real estate companies where they kind of have preferred groups to go through so that they're not just kind of getting onesies and twosies and building some pretty good relationships with some of the funds they're still buying actively in St Louis. And, and I think that'll be a much bigger avenue on the Core Wholesaling side than we've been able to kind of leverage in the past.
- Joe: You know, if you like to travel, it reminds me of a guy I met and I forget who they were. They were St Louis investors and they would hold these meetups every month in California. So, they would start a meetup and they would, the title would be different every month, but it was usually along the lines of how to find profitable out of town deals that cashflow, you know, how to manage rental properties virtually or across the country or in other states, or how to find good cash flowing rentals that give you eight to 10% on your money or whatever. Right?



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Joe: They would go and do these meetups in California. They'd go for a week and do like four or five of them or more. And they would just teach investors in California how to pick a property manager, how to find the deals, how to rehab them, how to manage them, how to manage the manager. And by the way, if you're looking for somebody to do all this for you, here's a brochure, here's a pamphlet.

Joe: You know, they had a really nice professionally done booklet talking about the houses they have currently, the inventory that they've sold in the past and, and all is really good. And so that's how they would get their buyers is bringing, doing these live events. Yeah. That's something to be said about that. Once you're in the business and you've got good buyers, you start spreading the word around. That's how we were doing... When I was doing the most deals in St Louis Rick Hine and I were working together. That's what we did was we just started telling everybody, Hey, we've got \$1 million burning a hole in our pocket. We need deals. We acted like we were the new hedge fund in town and we kind of were, because we had so many buyers that had money. Right. So, people started bringing us their deals. I wanted to ask you about the, the, the direct mail that you do do. What are some of your favorite mailing lists that you like to get?

Robert: You know vacants. It's always been a pretty good one to some degree, is lame as it sounds. Absentee owners still seems to work really well. You know, I think it's just kind of targeting the right group and the right mail piece. And I think, I think understanding something like absentee, you know, if folks have homes, they don't want to walk tenants, you know, their tenants to know they want to walk you through. So, I've kind of figuring out the right sales phase and then how to handle that. Gosh, let me think through this.

Robert: You know, we still do a fair amount of driving for dollars, you know, actually going out targeting. I don't know why people don't do that more.

Joe: Are you guys doing any cold calling?

Robert: We do a little bit, yeah, that's been an avenue we've been kind of tiptoeing into and figuring it out. We had a couple of folks in house and we've been, we've been experimenting with, you know, kind of out of market cold calling groups like 1000 Calls A Day and some of these different groups that do that. But yeah, it's almost like a paradigm shift. It's an interesting lead. It's a different kind of lead that comes in from those. But I think, I think they work pretty well.



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- Joe: You want some advice to save yourself a lot of money and hassle? Get your own VA from the Philippines who does the cold calling for you. Don't let them work for somebody else. Get them from the Philippines. Post a job on Upwork. We're looking for a telemarketer to do cold calls for us. I don't know what tool you use. Maybe... Mojo sales is what we like and just say you need to have Mojo sales experience or there's, Call Tools is another good one. And just, you know, hire five of them, test them, see which ones are the best and then keep them. Let the other ones go. You need to have somebody work in dedicated just for you.
- Joe: And I wouldn't let them work more than, on the phone, more than three or four hours a day. There's a real efficiency drop after they've been on the phone for longer than three or four hours a day and you know, then you got them, you know, you can listen to their recorded calls, you can help them, train them to have somebody on your team communicate with them every day, you know, checking in. How did it go? Tracking their numbers, listening to the recorded calls. That's what we do.
- Joe: We've got like 45-50 cold callers right now in the Philippines. It's about, we're using about three or four of them for our own deals in Alabama. And the other 40 or so are working for our students. Our coaching clients. And we don't upsell any of that. They pay them directly. But you know, you would think, and this is our fear, like going into Alabama, especially the whole thing of, you know, people down South wouldn't be, wouldn't like to hear a foreign accent on a cold call, you know, that's maybe Asian or Filipino. Right? And it's, it's been unfounded. It's not a big deal at all.
- Joe: And these guys, they're talented, they're hardworking, they do really, really good work, you know, and all they do is, we give them a simple script and they just try to find somebody that has a house to sell and then they give us the lead at that point. Does that make sense?
- Robert: Yeah, yeah, absolutely. I love that.
- Joe: All we're doing is we're calling mainly absentee owners with equity. Yeah. let, let me ask you another question. Do you look, are you doing anything in small towns like around St Louis, Illinois, Missouri?



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- Robert: The short answer is no. Well, I shouldn't say that. If leads sneak in from PPC and non-targeted channels, we'll try and work them. We are not actively, you know, currently, although I realize that there's a hole, and then we should be focusing on it. It's just kind of getting it into timeline to add those new avenues. I mean I think your response rates can be substantially better. I think the folks are gonna have, their expectations are going to be different. I think there's huge, huge benefits to doing it.
- Joe: I'm telling, I'm getting more and more excited about small towns myself. I was even talking to Chris Chico the other day and he does a lot of Facebook ads. He teaches people how to do Facebook ads and he's been testing this in his own market and he's talking about it on his YouTube channel. So, I don't have any problems sharing it, but basically kind of by accident, it's gotten really, really hard to target zip codes for your Facebook ads. Right? Or your Google ads even some times. So, he just did that by accident.
- Joe: He just started targeting the entire state of Florida. Facebook pays, you get Facebook charges you per click, right? So, they want to give you as many clicks as possible. They're going to get more clicks in the smaller areas, the smaller towns with less competition for those keywords. Right. So, we started noticing a lot of leads coming in from small towns in the middle of, in the middle of Florida. And he started talking to the sellers, find out that they, there wasn't as much competition for those leads. He started getting them under contract, started wholesaling them and found it was easier. And then he had started, starts having students that are doing the same thing.
- Joe: And so, something I've not done yet but I really want to look at doing is, you know, instead of just targeting St Louis or Kansas City or Columbia, some of the bigger cities in Missouri, why not just target the whole state and see what happens? And I've been, you know, Larry Goins. Did you ever meet him? I mean, it's crazy what he's doing. He's intentionally ignoring the big MSA of Charlotte and going out three or four counties out all the way around him doing deals in small towns of like three or 4,000 people. He says it's easier. It's so much easier, man.
- Joe: He said all you need, his only criteria is that it has to have a dirt road and it needs to be within 30 minutes of a Walmart or a Piggly wiggly or Dollar General or something like that. Gets bigger discounts, still sells them just as easily to investors to a lot of mattress money in some of these towns. That's something I've been, and he doesn't... You negotiate them on the phone. We use mobile notaries to go to the house or wherever the seller is. And so,



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this is something that we've been doing in Alabama ourselves and what we're seeing, what we're, I'm current encouraging a lot of our coaching students to do as well.

Robert: Oh, it sounds fantastic. And I would guess on the buy side it would be much easier. The sell side is what I would assume would be very difficult. How, how are you guys getting past that?

Joe: You'd think so. Facebook Marketplace, Craigslist, you know, if they have a local newspaper, put an ad in the paper and signs, a sign in the neighborhood and in the yard. And you know, usually if you, it's funny too, you can go and pull absentee owners who have purchased properties in those counties in the last year. Right? And you can send them as, you can send them direct mail, you can look up the phone number and call them. But there are investors buying houses in these small towns. You can find them, you can call landlords, property managers. And worst case, your last resort if you wanted, is just hire a realtor to market the homes for you. But most of these, you know, talking to Larry and what we're seeing, it's like, it's amazing. You would think, who would want to buy a property in this little town of 10,000 people?

Joe: There's people that want to live there and they were looking for another house. So, they have the in-laws living with them and they are there, or their 23-year-old kid and they want to help him get out of the house. So, there's a lot of mattress money and they're buying these properties. You know, typically we're on the lower end, we're looking for homes at \$100,000 or less. Right? It's, it's crazy how well it works and how fast we're selling them. It's, it's pretty amazing. And then just like anywhere market, you start building a buyers list of people, of investors that are looking for properties there. You know, when you get a house, you can mail all the neighbors, you can mail letters to all the neighbors. Anyway. Something to think about.

Robert: Wow. You kind of reverse it, where you start looking for the buyers in those towns first, or do you wait to get a deal and then try and find the buyer?

Joe: Wait to get the deal. Yeah, and we're buying at such ridiculous discounts, it's like you, it's almost, it's hard not to find buyers because you buy them so cheap. It's ridiculous. So, I've learned a lot of this from Larry Goins who's doing this in North Carolina, and so we started doing it in Alabama and Georgia. And I've not done it in Missouri just because I don't have anybody right now to handle these leads for me. And I don't need a, I don't have time to



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train a team or hire another acquisitions manager for wholesaling deals. But something to think about. I think you guys could crush it if you start looking outside of St Louis and the small towns, no competition. The other crazy thing too about that too... A lot of these sellers, they're a lot nicer. You know, they're not getting huge stacks of mail and they're friendlier, you know?

Robert: Yeah. As you're talking, it's just frustrating setting in cause it's like, why, why are we not already doing it? No, I'm with ya. I think it's a fantastic way.

Joe: Even in Illinois, I know, you know there's this, I talked about this, there's kind of like this divide between Illinois and the Missouri side in St Louis, you know? And but yeah, you can still do deals in small towns, Illinois. All right, let's, let's change gears a little bit. You're starting to do bigger and bigger deals, right? And you're starting to actually get into some commercial deals. Talk about that, Robert. Why not just stay with houses for the rest of your life? You know, why go to other types of real estate?

Robert: Well, so on the commercial side there's a hell of a lot less competition, one. And it's hard to get enough rentals, single family rental units or two families and four families to produce enough income to really have a passive income stream. You know, you gotta have quite a bit and then you know, you've got a hundred or 150 and then you've got 150 tenants.

Robert: And you know, we've done everything we could on the single-family side and try and get longer term leases, but it's just harder and harder. So much of the competition, will do one-year lease, so you have all of this roll over all the time and it just creates a pain. And then, so it's, and then if you buy 20 or 30 single family homes, you're kind of up to a dollar amount in which you're in a commercial realm anyway, you know? You just don't really think you are. You have 30 tenants and you know, if you've got, let's say they're \$50,000 houses and you own 30 of them, I mean, you're at a million and a half in exposure, right?

Robert: So, you know, you can kind of get into that commercial realm and when you start looking at the commercial side in that million to 5 million range, you know, you're kind of at a point where the big guys aren't really playing too terribly much. You know, they want to be at, you know, 10 million plus, you know, the funds and the and all of that and then over a million or so, you know, you kind of price out a lot of the mom and pops for the most part, maybe a million and a half, you kind of price out most of the folks. So, there's not a whole lot of folks kind of playing in that ballgame.



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Robert: And the tenants typically are much higher quality. You know, you've got much longer lease terms and, and kind of really build up an income stream coming off of those. That really makes sense over time. So, that's something we've been digging into really deep. And we started buying bigger assets in 2016.

Joe: What kind of asset?

Robert: It was a 25,000 square foot office building. It's in Creve Coeur. Creve Coeur, it's right across from Monsanto's headquarters there. And so, we bought that property in 2016. It was only about half leased. We stabilized it, now it's 100% leased. It's leased for another nine years and pretty big check just comes in every month. And it's essentially triple net for the most part, which means that the tenant reimburses us for a vast majority of the expenses. So, if real estate taxes go up and insurance goes up, the tenant's responsible for paying that increase, which is another nice little thing that you get on the commercial side you don't get on the residential side.

Robert: So, there are some avenues there. There's a little bit more complexity to it, but you know, with a little bit of support and building a good team, just like anything else that you do, if you were going to go in another market, you don't know the market, you'd have to reach out to experts there to kind of help explain that a bit. You do the same thing here, right? Brokers and market research can get you a pretty good amount ramped up pretty quickly. So, yes, we've been focusing on that. Like I said, that first deal came in 2016 and now we own and manage about 110,000 square feet of commercial space, mostly throughout St Louis. We've got a 35,000 square foot retail and office building, well retail office center and Indianapolis under contract right now. We will close in about 60 days on just finishing up due diligence on it right now and that'll bring us up.

Robert: And then we've got, we've got two other properties in St Louis under contract, one's about 21,000 square foot building in Webster Groves and then a 73,000 square foot retail office, kind of pseudo office industrial property in South County, St Louis.

Joe: How do you find these? Are you actively looking for these things or do brokers bring them to you?

Robert: Yeah, absolutely looking, brokers bring them to us, you know, they don't trade quite as easily. Right? And you have a different look so, so yeah, and a lot of deals are traded off



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market, but a lot of the same... So, to answer your question directly, yes, some brokers do, but really how we find them is, is working through bank connections and we've been marketing to specifically to property owners. You know, a lot of the same things that we do on a day to day basis on the residential side work for the commercial side.

Robert: But almost to your exact point earlier on the small towns where they're not getting much mail or that not getting much, they're not getting any on the commercial side. So, you know, I should, I should specify that they probably are on the multifamily side with as, you know, great in demand that they are... many investors that are digging those up. So, but outside of multifamily office, retail, manufacturing, warehouse logistics, they're probably getting none or very, very little reach out. So that's been an avenue and you know, and just figuring out where the value adds are. Like anything else, all that said we have, we are not currently wholesaling much. I think that might change at some point. I think wholesale, it might be a little bit more difficult with the time requirements and finding the buyers and whatnot, but I think it's certainly doable.

Joe: So, for your financing on these, are you, are you just getting bank financing or are you creating like, you know, those special funds to raise private money? You know, you're raising capital?

Robert: Yeah. Thus far we've been mostly using bank financing and we are in the process of building out our first fund, kind of a syndication fund.

Joe: Which by the way, there's like, you know, those guys that used to come to those mastermind meetings I did from Illinois and they're two brothers and they have a dad who's a lawyer?

Robert: Yeah. It's Rick... what are their names? Yeah. And I know exactly you're talking about. The two sons are in the business; they demolish mobile homes and whatnot.

Joe: Yes, yes. Have you talked to their dad about helping you create the, the syndication and all the legal things with that?

Robert: You know, I have not. That's a really good point. I know he helped Nick do his.



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- Joe: Well, he's helped a couple of guys. I think Chris Kleewein, he helped him create a fund. You should definitely reach out to him. And, I know when he was doing it before, very affordable.
- Robert: Interesting. Yeah. Yeah, absolutely. Yeah. I've met him 30 or 40 times, so it's really... I haven't thought of him, but yeah, no, it's a great idea. But
- Joe: Well, I can't believe I forgot their names too. Super cool guys. I interviewed them on my podcast, but I can look it up if you can't find it later. But there's a lot of opportunities out there to raise private money, but you gotta make sure you do it the right way and you need to get an attorney to help you set up the structuring to allow that. Right?
- Robert: Absolutely. Yeah. I mean, you've got to be FCC approved, you know, and all the states, if not a majority of the States, you have to go through the Missouri Division of Finance or whatever. You've got to get state approval as well, long story short, and just make sure you don't get tripped up. You don't... My understanding is you don't really want to ask for forgiveness with the SEC.
- Joe: You just... So, but anyway he can help you. Definitely.
- Robert: Perfect. No, that's fantastic. I've actually sold his son some houses in South City, but long story short, so yeah, so we've been, we've been digging into building a fund, kind of getting that ball rolling and then I, there are a lot of private money groups that will do commercial real estate lending.
- Joe: Really?
- Robert: Yeah. I'm more than I would've ever thought. Yeah. My buddy Greg Herlean, he owns Horizon Trust, but he also owns a private money lending group specifically for commercial real estate lending. It's got about a hundred million out and there are, I think, more of those groups out there than most people think.
- Joe: Those groups then, do you use them to provide the down payment money to get to help you get the bank financing that you need or do they finance the whole thing?



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- Robert: Well it, you know, it's like any hard money lender but they... You structure it however works. I have not used them yet. We've been digging deeper into them. To date, we've just either brought our own money in for the down payment or we've worked with local friends and family that we know that, and then we just create a very simple operating agreement structure. We keep management control and we run the deal, but they come in on a more passive basis with a capital injection.
- Joe: So, the other question I have for you then are, these commercial properties, are you managing them yourself or do you hire a property manager to manage them for you?
- Robert: We made it to them ourselves and they are substantially easier to manage than residential. It's very black and white. You know, there are certain hurdles that come up initially I think, specifically with like HVAC because you know, heating and cooling in commercial properties is very different than residential properties. And once you understand that, and once you just get a good company to go in and do it and give you a good analysis specifically during your due diligence is when you want to want to get through that. You know, it's very simple. You know, the tenants aren't sleeping there, you know, the tenants are there from 7:30-8 AM through seven o'clock at night or so typically. So, it is not as pressing and, and they understand how things work. It's just that their expectations are very often in alignment with what you would think.
- Robert: And most times, if you have relatively good communication and set the right expectations, it's a very clean and easy process. And you know, 25,000 square foot building, I've got one tenant. You know, we've got, we've got a 15,000 square foot building in South County. You know, we've got eight tenants, you know, we've got a 10,000 square foot or in Wing Haven and St Charles County. We've got one tenant. So, you got 110,000 square feet of space and I've got maybe 20 tenants.
- Joe: What do you have in wing Haven? I'm just curious.
- Robert: We just have a, it's a really kind of more of a retail property, but it's actually leased to a, it's a medevac. It's essentially a helicopter ambulance company.
- Joe: Yeah! Do you own that building or just part of that?



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- Robert: Part of it. Wait, wait, wait. Are you talking about... so, the big building where their headquarters are...? Not that building.
- Joe: Okay, I was going to say, dang!
- Robert: We've got an off building.
- Joe: Right. I know what you're talking about.
- Robert: It's kind of like where Luellan's used to be...
- Joe: Good for you. I used to, cause we lived right by there, used to go to Luellen's all the time. They were, they used to be a coffee shop there and an ice cream shop, a little grocery store. Super cool area. You guys own that now?
- Robert: Yeah, yeah.
- Joe: Good for you. Did you buy it? McKeagle used to own it, didn't they?
- Robert: They did and I don't know what happened. I don't know if they sold it and... We ended up buying it through foreclosure.
- Joe: Yeah, there's some, some things happened and it's a disaster, but anyway. Good for you. It's a good solid area.
- Robert: No, I love the area and the tenant, it's a, that's a triple net lease. The tenant's got 13 years left on the lease and just kind of set it on the shelf. Yeah. So that one...
- Joe: Good for you. Small world. I used to work for the guy who owned McKeagle when I worked for Parek Corporation. Yeah. Yeah.
- Robert: Is that Chris?
- Joe: They have two... There's two brothers and a dad, but Joe McKee is the guy who owns Parek now. They're really good family, solid, strong family. I liked the family a lot. Just ran into



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some difficult financial things and not all of them, but mainly, well, I don't want to talk about it. Anyway.

Robert: Sure, sure, sure. Yeah.

Joe: Robert, how can people get ahold of you? You, you know, you're doing deals, you know, I'm sure you're looking for investors, you're looking for people that can bring you deals to buy. How can people reach you guys?

Robert: Yeah, so RobertHeyder.com. You know, RobertHeyder.com. And we just rolled out a new podcast. That's really the website to the podcast, but it has all my contact information, all my, you know, all my information. Yes. So we are, you know, people have deals specifically people that are looking for and want to get into commercial deals and they have contacts and they find deals and they don't quite know what the next steps are. You know, that's a really good avenue. That's something that we're, we're reaching into doing. Indie kind of worked out that exact same way where they found the deal and they thought it'd be a good one and we're kind of helping them get through it and we'll partner with them on the deal.

Joe: It looks like you just started your podcast a few weeks ago.

Robert: Yeah, just I've been, it's been in the works for about six months, but it just went live actually this week. I'm very excited about it. I think it's got some pretty good legs and it's a little bit different than most where it's, it's kind of talking about scaling a business and getting into commercial real estate investing and kind of bigger, bigger picture ideas. But yeah.

Joe: Yeah. And it looks like... What's that? Your podcast is called Level Up Real Estate Investing.

Robert: Correct. Yeah. Take 'em to the next level, baby.

Joe: I love it. Love it. And might actually even be on your show later on. We'll see.

Robert: That's right. Yeah. Get it scheduled. I think you know...

Joe: I keep on canceling it and it's my bad. It's been a couple... It's been a crazy holiday season.



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- Robert: No, I get it. I've been battling a cold for about a month and I mean everyone in my office is, you know, kinda handed it off two or three times now. So, I've been telling...
- Joe: I tell you, you got a good website. CorePropertiesSTL.com and STLWholesaleHomes.com. Thank you for stealing my domain. I let it go intentionally and RobertHeyder.com... R, O, B, E, R, T, Robert, H, E, Y, D E, R. Robert Heyder. He got a great podcast. Got some videos there. It looks like you've got a really cool free commercial real estate analysis tool. You're teaching people how to analyze commercial deals, right?
- Robert: Yeah. You know, our first step, make sure the numbers make sense and then, and then dig into the other aspects. So, kind of the jump start into kind of analyzing it.
- Joe: Well, I'm downloading it right now. Awesome.
- Robert: Yeah. And you know, that's, that's kind of the initial step. Our goal is to add some additional layers. I've got a kind of Excel Google sheet kind of guide to build out some more exciting stuff. So, anyone that signs up, we'll have, we'll have additional layers to that spreadsheet in the very near future here.
- Joe: Very cool. All right, Robert, thanks for being on the podcast, man. I really appreciate it. Best of luck to you. We should have coffee sometime. And when you get back from Vegas, shoot me a text after the holidays. Let's get together.
- Robert: Absolutely. Thanks a lot, Joe. I very appreciate it. And yeah, look forward to having you on ours. And then I'll shoot you a note and we'll get together, my man.
- Joe: Alright. Take care. See ya. Stay out of trouble in Vegas, by the way. It never ends well. It never ends well.
- Robert: I'm with you. We'll do it.
- Joe: See you. Bye.