EPISODE 117

[INTRODUCTION]

Joel Friedland (00:00:00) - You are cocky and arrogant. You don't have any humility. You don't have any vulnerability. We don't invest with people like you because people like you lose money and then they don't know what to do. If you invest with someone who has had the experience of dealing with a challenge, you've got someone who's battle-tested. If they came through it and are still standing.

Tejas Gosai (00:00:21) - Ladies and gentlemen, welcome to Real Estate Investor MBA. My name is Tejas Gosai, and I've had the honor of helping hundreds of investors achieve the American dream by creating generational wealth through real estate. I've spent the past few years interviewing the most knowledgeable experts I could find in the business to cut your learning time and conquer the hardest subjects in the game. Check out rei.mba, which my team and I have packed with over 75 interviews and free access to our real estate roadmap, webinars and publications. If you're listening, I am rooting for you and you're already on your way to financial freedom. Cheers and happy hunting!

[INTERVIEW]

Tejas Gosai (00:01:11) - We're back and you know, I work my butt off to get the best guests on the program, which I think I'm pretty good at. Joel is with us today. Joel, thank you for making it.

Joel Friedland (00:01:19) - Hey Tejas, great to see you.

Tejas Gosai (00:01:21) - For sure. I've amped it up a bit, and I'm trying to counteract the madness by having good conversations and telling people. We've been through some cycles before, but your resume precedes yourself. Can you tell us about yourself and how you got here?

Joel Friedland (00:01:37) - Sure, when I was 22 years old. I lived in Chicago. I'm now 64 to give some perspective. Awesome. When I started in the industrial real estate business right out of college, I graduated from the University of Michigan and I'm a cold caller. As a kid, I had little businesses. I had 30 employees when I was 14 years old cutting lawns.

Tejas Gosai (00:01:56) - Amazing. What were you cold calling at that time?

Joel Friedland (00:01:59) - I went door to door to get people to hire me to cut their lawn and one weekend I got 70 lawns.

Joel Friedland (00:02:05) - Wow. So I cold-called an industrial real estate owner. That was a family, a father, two sons, and a daughter in Chicago. They owned 84 industrial buildings, and they also had a brokerage company, industrial real estate brokerage. And they'd been in business since the 1960s, and they were syndicators, and they had hundreds of investors. And the Podolskis were my mentors, Milt Podolski, the dad who was my age now when he hired me. So here I am, the agent, my original boss and mentor, and his son Steve, who is such a great detail guy and great mentor as well. So they taught me the business. In 1981, there was a recession on interest rates. If you borrowed money, the best deal you could get was 17% at the bank, 17%.

Tejas Gosai (00:02:54) - 17% and people were still borrowing.

Joel Friedland (00:02:58) - Not too many. The economy had sort of come to a stop, full stop. When they hired me, I think the reason that they gave me the chance as a young man was because I told them that if they needed help leasing their ten vacant buildings out of the 84, that I would go to industrial parks and literally, fearlessly walk in the door of every company in the neighborhood and ask, hey, listen, we have a building available down the street for lease.

Joel Friedland (00:03:22) - Would you consider moving as your lease coming up? Can we give you a better deal? And they hired me to do that. In Chicago, there are 16,000 industrial buildings, which is a lot probably the best industrial market in the United States. Also because of where it is central, the rail and the highways all come through here. So industrial is really always been good here. But in those days, early 1980s, it was at a standstill. So I went out and I literally cold-called my head off. As a broker I made 37 deals, leases, all leases as an agent for people, and I filled up nine out of Podolski’s ten vacant buildings by cold calling.

Tejas Gosai (00:04:02) - Congrats. That is awesome.

Joel Friedland (00:04:04) - It was. It was so much fun. I hated school. At school I was sitting there bored in class. I got out in the field. Even in the coldest winter days, I would go door to door, just like freezing. You know, I'd park my car in front of a building and I'd walk up and down the street. You know, when you're so cold that your nostrils stick together. I still went cold calling.

Tejas Gosai (00:04:25) - It's amazing I got to share this because not that many people talk about door-to-door. Actually, you're the first person to talk about door-to-door like that. And cold calling. I got to share this. My job out of college was door-knocking for AT&T in Boston. It was freezing cold. I got my butt handed to me. And then years later, I built my commercial business on cold calling. I was the guy who made hundreds of calls per day and everyone was afraid of it. So was like, what can I do that people my age are just so intimidated by? So it's just very heartwarming to hear you start like this.

Joel Friedland (00:04:58) - I've watched you on other podcasts and I knew that story, so I knew you would like that. We have that in common.

Tejas Gosai (00:05:06) - Yeah. Hard workers.

Joel Friedland (00:05:07) - So I went through okay. So just as an overview, I went through four separate down cycles in the last 42 years in the business.

Joel Friedland (00:05:14) - And I'm predicting that there's going to be one now and it's going to be really severe. The market in all aspects is overbuilt. Interest rates are too high. The national debt is too high. There's too much debt in the corporate world and something bad is going to happen. I just feel it. But the thing that I've done is I've prepared for it in a very unusual way. Almost all of our deals' debt free. We buy properties and syndicate them, and we have 50 or 60 investors per deal. We generally don't borrow any money. And the reason is in 2008, when I hit my third real bad downturn, I was a syndicator already. The Podolski's had taught me how to be a syndicator, and I did my own deals. Even though I worked for them. I did my own deals, and then I opened up my own brokerage company and built it to 26 brokers, and we bought 100 industrial buildings all over the country. Mostly, though, in Chicago. Yeah, and I've got 200 investors.

Joel Friedland (00:06:14) - But that's where I was in 2008 when the global crisis happened. And I had seven banks and I had 100 and something loans, all personally guaranteed. It just crashed. When Lehman Brothers went out of business, by the way, that's a great play The Lehman Trilogy. It's a wonderful play, if anybody hasn't seen it. But the Lehman Brothers, when they came to this country from Europe and started their business in Alabama and then grew it and became this giant, powerhouse financial company in New York. Great story.

Tejas Gosai (00:06:45) - That's cool. I didn't even know they had a play like that.

Joel Friedland (00:06:47) - It's amazing. But behind me you see that couch? I was in a deep hole of a depression that I just spiraled into as a result of losing so much, so fast on paper in 2008. It can happen just like that. And it did.

Tejas Gosai (00:07:04) - Thank you for sharing this. People do not talk about this.

Joel Friedland (00:07:08) - Vulnerability to me is everything. It's funny when I talk to an investor for the first time, someone I've never talked to before.

Joel Friedland (00:07:14) - If you think I'm going to be telling you about all the great things I'm not, I'm going to start with how I lost money, how I had to bring it back from the brink and save the day with perseverance, and how I was literally in a depression and had to take antidepressants and see counselors and do meditation and figure out a way to come out of it and keep working and make things right, extremely hard. But that's why we do these deals with no debt made, because my investors are generally very wealthy. They're not looking to make money. They're not looking to find freedom. So, hey, you can have freedom if you have cash. My people have freedom. The only thing to do is not lose their money. Yeah, they have wealth and their main goal is to pay as low of a tax rate as they can while not losing money.

Tejas Gosai (00:08:02) - Right. It's funny, people also don't say that. It's always about like, hey, returns about this, about that. But that's a neat way to put it.

Tejas Gosai (00:08:08) - And they're accredited investors. They're folks that have these high-class jobs or busy, and they need someone like you.

Joel Friedland (00:08:13) - Or they sold their business. A lot of these people sold their business for $200 million or $40 million. These are people who are sophisticated, wealthy people. They have two homes. They have big families. They had a family business. One of our great investors is a dentist who had a number of offices and did great. And then we've got people who are CEOs of companies. We have doctors, we have lawyers. These are people who are sophisticated and they don't take risks by gambling, something where there's high debt or where the operator, the sponsor, hasn't had a bad experience. I've got a great story for you. Yeah, please. I belonged to a golf club where 200 members, everybody you know to belong to the club cost $30,000 a year. So that's just to play golf in the summer in Chicago. That's a short season. So almost everybody there is pretty wealthy. And it was 2007, and I thought I was a hotshot because I hadn't really lost money.

Joel Friedland (00:09:14) - You know, I've been doing this for a long time. I hadn't hit a great recession. And one of the guys who played golf at the club is one of the biggest suppliers to McDonald's. That's his business. And it was a family business, billionaire with a B. He should go nameless because when I tell you the story, it's a really funny story, not really funny, but interesting. I saw him at the club and I said, hey, I'm a syndicator. I put together industrial real estate investments, I raise money, people put in anywhere from 25,000 to $1 million per deal. And I'd like to see if you might want to invest in my new deal. He said, well, our family has a meeting every Wednesday around our kitchen table and we talk about investments. New ones, old ones, ones in trouble. What our philosophy is. How about you come to my Wednesday meeting and I'll introduce you to my wife and three kids, and you can make a presentation of what you do.

Joel Friedland (00:10:06) - So it's a beautiful sunny day. And I said to my wife, I'm going to meet these people today and they're going to be a big investor. You know what she said, oh, good luck. I hope that goes well. So I arrived at their home and they invite me in and we're sitting at the kitchen table and the father says, so tell us about your worst deal, where you lost money and what you did about it. I said, we've never lost money. We have a track record of having never lost. He said, meeting’s over. He then proceeded to tell me what he thought. He says, you are cocky and arrogant. You don't have any humility. You don't have any vulnerability. We don't invest with people like you because people like you lose money and then they don't know what to do. That was 2007. He was right because the next year when the market just like, hit the wall, I ended up on the couch in a depression and I couldn't even function for the first few months.

Joel Friedland (00:10:56) - He was totally right. If you invest with someone who has had the experience of dealing with a challenge, you've got someone who's battle-tested if they came through it and are still standing.

Tejas Gosai (00:11:07) - Sure, the people that go through the tough stuff make it in the future.

Joel Friedland (00:11:10) - Yeah, that's what I believe. That you want the battle-tested.

Tejas Gosai (00:11:14) - I love that you're sharing this. Bring me past 2008 910. You went through a bunch again in 2020.

Joel Friedland (00:11:21) - Yeah, but 2020 was bad for three months. And then industrial became so hot that industrial rents have gone up between 50% and 100% since then. Industrial as an asset class, is the most favored asset class by institutions and sophisticated investors because it is still booming and will continue to because the internet has changed the way people buy products. And where do you get a product from? If you order from Amazon or from Target Online, the warehouse, that's industrial real estate. And because of the supply chain problems where you couldn't get toilet paper and other products, a lot of companies decided rather than outsourcing their manufacturing to China or Vietnam or India, which is what a lot of them were doing.

Joel Friedland (00:12:07) - A lot of them started to bring back some of their critical manufacturing. It's called on shoring, where they actually start making it here. Even though it's more expensive and the labor is much different, it's a trend that's continuing. In fact, it's interesting something called nearshoring is a big thing. That's where products are made in Mexico, because it's a lot easier to get stuff here from three hours from the border of Texas or Arizona than it is to put it on a ship and go all the way from Asia to here and through the Panama Canal, and then put it on trucks or on a railcar and ship it to New York. So industrial is really hot. And we do what's called B and C-industrial. We do not do A-industrial. A-industrial are those gigantic concrete tilt-up buildings that you see on the highway with just rows of docks, and on each end there's this beautiful glass where they have offices.

Tejas Gosai (00:13:03) - Yeah, yeah, yeah. And it's always a competition on who has the best corners.

Joel Friedland (00:13:09) - Exactly. Yeah. We don't do that. That is a business of pension fund investors because those deals are $100 million deals. Our average deal is 3 million. The B and C stuff is older and smaller and the specs aren't quite as good. Ceilings aren't as high, not as many loading docks, older industrial parks, not as fancy looking, but the country's backbone are entrepreneurial companies that manufacture products.

Tejas Gosai (00:13:34) - Well, let me take a step back then, from the 2008 and nine time, and then you stuck with industrial. From there. You just you worked it all out. You figured it out. It was a good rise after that. And then you had this blip at 2020. So you've just stuck in this category this whole time?

Joel Friedland (00:13:50) - Yeah, I'm laser-focused. Right now, we only do deals in Chicago because it's such a great market for industrial, and we're lucky I was born here. I grew up in Highland Park, a suburb of Chicago, and I have a lot of connections and a lot of people here, and I studied the market from when I was 20.

Joel Friedland (00:14:06) - There's 16,000 buildings I've cold-called or been in, 15,000 of them. Having that kind of laser focus gives us a tremendous edge over everybody else.

Tejas Gosai (00:14:16) - Yeah, well, that makes sense to why you're investors have stuck with you. Can you talk about that for a second? You're hyper-focused in that area, hyper-focused in an asset class. Where are your investors? Are they all over the country? Local?

Joel Friedland (00:14:31) - Yeah. All over the country. You name a state. We have an investor there. Most likely there may be a few where that's not true, but many of them are from Chicago because of my long-time relationships. You know this from your own cold calling. When you meet somebody and they know that you are capable and aggressive and a thinker and a doer, they want to do stuff with you. They're attracted to doing business together. And so all the years that I did my brokerage, where I was helping people who owned buildings to find tenants and helping tenants as a tenant rep, those people have become long-term relationships of mine, and those are the people who have invested with me because they saw me in action, representing them and fighting for them against, if I'm a tenant rep, I'm fighting for them against the landlord who wants the opposite of what they want. Landlord wants the highest rent and the least responsibility, and the tenant wants the lowest rent in the landlord to be responsible for every cost.

Tejas Gosai (00:15:26) - Right. It's always like that, always like that.

Joel Friedland (00:15:28) - And so those have been my people and they invest over and over again because they've watched the horrific downturn and how hard I work to make sure that we didn't go bankrupt and lose all their money. And now they really like because now they're even wealthier than they were before.

Tejas Gosai (00:15:44) - And you don't have any debt stuff going on, which is (inaudible).

Joel Friedland (00:15:48) - I still have some old buildings with debt, and occasionally I will borrow on a deal, but the maximum loan-to-value ratio is 30%.

Tejas Gosai (00:15:59) - Talking about that, no one wants to say, hey, some funds are really suffering or, you know, fund managers. But I've seen some guys with variable rates and a bunch of issues and they went and climbed up this big Google employment track and all this other stuff.

Tejas Gosai (00:16:15) - And just talking about it makes me feel uncomfortable because looking at myself in the mirror and like knowing I'm working as hard as I can, mitigating risks, like, I can't imagine being these guys that are just turned upside down. It is scary. And they're screwing the investors over by asking for capital calls or putting in new shares in front of these guys. That's ludicrous to me.

Joel Friedland (00:16:35) - Yeah, I was there. I know what that feels like. It's the worst. I actually believe that a lot of real estate guys who are investors, flippers, whatever, they're really, if you think about it, many of them are just actually compulsive gamblers and don't know.

Tejas Gosai (00:16:50) - Please expand on that. That was great.

Joel Friedland (00:16:52) - Yeah. So compulsive gambling, which I have studied at length. I actually there is something called Gamblers Anonymous where people devastate themselves by getting addicted to gambling. And there's a lot it's very often connected to alcoholism and drugs. There's a lot of dual-addicted people. But if you study those people and they're great people, they're charming people, they're wonderful people.

Joel Friedland (00:17:16) - But they had a problem. They got addicted to sports betting. They got addicted to the horses or casinos or lottery scratch-offs. There's lots of ways to lose all your money and chase it and keep doing the next thing thinking you're going to make a big hit on the next thing. What I've learned about real estate is that real estate deal junkies, you don't want to be in anything junky. That's not a good word, right? It means you don't pay attention to the details if you're a junkie. You're just like out of control. We know a lot of families, and I'm sure you do too, that have family members who've gone through some really tough times with addiction. It's a major thing. I just feel so terrible for them. They don't know that by buying property after property without doing the details properly and putting a lot of debt on it, they're doing not much more than gambling because the markets go up and down. It's not always up. And so there is a sort of an analogy to betting on sports games.

Joel Friedland (00:18:18) - You think you know, the teams like I all know all the football players and my fantasy league. Yeah, that's gambling. And not everybody has a gambling problem. And not every developer or building syndicator has a gambling problem. But many do, and they haven't got the personal self-awareness to understand that they're really putting everything on the table in a craps game, and that seven out means you lose it all. Because if you read the bank documents, if you're in default on a bank loan, it means that your other loans at other banks are in default, because there's a clause that says that you can't be in default on any other loan. There's eight different parts of loan documents that if you have other deals in trouble, you're in trouble because they can declare you a bank and declare you a risk. They can say that they are insecure. There's called an insecurity clause. I hate loans because they own you. It is a modern form of slavery and the bank always wins.

Tejas Gosai (00:19:17) - Always. They're the biggest gangsters in the world.

Joel Friedland (00:19:20) - Always wins and they're very friendly when they take you out to play golf in the summertime. It's a beautiful summer day. Hey, Joel, let's go to my club.

Tejas Gosai (00:19:28) - Here's a big basket.

Joel Friedland (00:19:29) - And then when something goes bad, it's like, hey, it's not me anymore. I'm turning you over, unfortunately, to the workout department. You know what a workout department is? It's a bunch of killers. They're out to get you. They want to take you down. They do not have patience. So this loan thing, it's really important not to gamble in real estate. And my people know. My investors know that my goal is to due diligence where we ask so many questions. We have a group of eight people that are advisors, are some of our smartest, most interested investors. We don't buy anything without having a meeting on zoom or a phone call with those eight. We call them the eight. What I say to them is throw me your hardest questions about what we might encounter that might be bad about this deal.

Joel Friedland (00:20:14) - We just bought four buildings in the city five minutes from downtown in a neighborhood that's just fantastic. The companies that occupy the buildings produce fruit juice concentrate. One of the companies is called Tampico, and they're in 50 countries. I don't know their financials, but I believe they do $350 million in revenue. We bought these buildings with seven-year leases on this one we borrowed because it was too big of a raise. I couldn't raise all the money fast enough. I had 60 days to raise the money from contract date and it's a $13 million deal. So we raised 9.1 million and we borrowed 3.9 million, which is exactly 30% loan to value.

Tejas Gosai (00:20:54) - That is awesome.

Joel Friedland (00:20:55) - And the return on the deal is about 7% the first year. And it goes up every year because they have a CPI index for escalations.

Tejas Gosai (00:21:04) - Step-ups. Yeah.

Joel Friedland (00:21:05) - And they can't move because they have equipment that would cost. $80 million to move out of the buildings.

Tejas Gosai (00:21:10) - Wow, you. That is good underwriting right there.

Joel Friedland (00:21:14) - And we had 40 different issues.

Joel Friedland (00:21:16) - We had to deal with every detail about due diligence just to make sure.

Tejas Gosai (00:21:20) - Well, let me ask you more about that. That's a big deal because I just did a podcast. You know, a few people are like, we haven't bought in a year. We haven't bought, you know, we're just waiting. We're waiting. We might wait another year. The fact that you're you just bought stuff is great. How did you raise the money? You know, it's an X and y thing. Do you just press a button? You have a newsletter list. How do you culture the investors for that big of a raise? What's your minimum or like if you don't mind sharing some details.

Joel Friedland (00:21:46) - So the minimum is 100,000 for this deal. But I accept 25,000 from anybody. We put the minimum out there. It's more of a suggestion because if we're raising $9 million and I only have 60 people likely to invest, I need 150,000 from each one. Some people will put in 300,000, some will put in a million.

Joel Friedland (00:22:05) - But some people say, hey, 25,000 is my number. I've got a guy in Florida who's a close friend of mine. He could buy me and sell me. He said, Will you take 25,000 on this one? And said, yeah, of course. So we raise money from people who the number one thing is they have to trust us. If they trust us, they go in. They don't really even care a lot about the details of the deal, as long as they know it's coming from me.

Tejas Gosai (00:22:28) - It's the only commodity that matters as a fund manager.

Joel Friedland (00:22:31) - But the second thing is they do want to know the details. So it's first it's trust. And then I have to know every detail about the deal. And I almost have to be like the Rain Man in saying so we're buying this for $13 million. We're going to borrow 3.9 million. The rent is 910,000. If you divide that that's exactly a 7% return. It's a CPI increase every year, five acres. Incredibly, it's 1200 feet on the Chicago River, which means it's a quarter of a mile.

Joel Friedland (00:23:02) - And in the future, because we're surrounded by high-end million dollar homes, even though it's an industrial area, it's going to go residential. And in seven years, when Tampico leaves, we're hopefully going to sell it for double what we paid for it. We have an actual appraisal that says it's worth double what we paid for it as land, not as buildings. So our exit strategy. So I tell the story like that and all of a sudden it's like I'm in.

Tejas Gosai (00:23:28) - Oh, that makes sense. Yeah. Good. We got a backup and a backup.

Joel Friedland (00:23:32) - Yeah. So you have to know the details of the deal. And then to gain more credibility when I have my meeting of the eight investors, I invite all the other potential investors on the zoom call. And then they listen in and hear all the tough questions that the eight really sophisticated people are asking. There's a guy in Boston who was on the call who once invested 25,000 with me. And in this deal after that zoom call, said, I'm putting 300,000 in this one.

Joel Friedland (00:23:58) - But it's a lot of work, man. It's it's I have to tell the story exactly right to 60 people who go in and probably another 30 who weren't sure.

Tejas Gosai (00:24:10) - Right, right. It is a lot of selling, but you're getting behind your product I love it. I love how laser-focused you are. That's great. Those investors that you have too, I'm sure you know, they're talking to other people like, hey, got this guy up here, they're in Florida, and all the snowbirds are going down south. That's what they talk about.

Joel Friedland (00:24:28) - It is. I do a trip to Florida every year. Last year I took my son Sam, who's in the business, and we had 30 lunches and dinners in a matter of just a few weeks with a bunch of investors who are snowbirds. What a fun time. We went and played golf with some of them, and we had dinners at these really nice restaurants, and it was great. But that's what you have to do.

Joel Friedland (00:24:47) - It's all relationships, and you want to hear what the biggest question is that everybody asks if they're smart. What's your succession plan testing with you, I get you, how deep is your bench in case you, unfortunately, get leukemia and you die, that could happen. You're 64. It could happen if you're 44, right? My partner was 48 and died of a blood disease in 2017. Beautiful wife, beautiful kids. His wife was a surgeon, played northwestern. He played for football on a full scholarship this incredibly six foot-four, good-looking. He could have been president of the United States. And the guy gets diffused large B-cell lymphoma and doesn't beat it. So the smartest investors say, Joel, who do I get if it's not you? And I have a great answer because I've got a younger partner who knows everything, and I trust him completely. His name is Eric Schneider. He's 44, 45, so he's 20 years younger. And then I've got my son who's learning to back that up, and he's watched everything.

Joel Friedland (00:25:51) - But more importantly, our biggest investor is a family. The Wagners. And the Wagners have a family office and they own a lot of real estate. And so if I die, we have an agreement that Eric will make decisions with a committee consisting of my family and the Wagners. All really sophisticated and or in the business. I give them that answer and they say, wow, that's a really good answer.

Tejas Gosai (00:26:16) - This is a rare interview. You know, we haven't really talked that much about real estate. It's it's more about people.

Joel Friedland (00:26:23) - That's what it is. That's what it is. Because I could be on the same podcast and talking about being a private equity guy who buys companies. It's no different. Yeah.

Tejas Gosai (00:26:32) - You know, I'm younger, I'm 42, so I'm my partner is 65 and he is my senior in the private equity fund world. Let's talk about that for a second. Mentorship. Clearly, you have gained volumes of of stuff. What do you tell some of these folks that are still funny about paying attention to somebody who's older than you?

Joel Friedland (00:26:52) - You know, it's funny, do you watch Curb Your Enthusiasm? Of course, my answer to every question is that I live the life of Larry David. I'm just not on TV. So all of my investors become my friends if they're local. We get together locally. Every Saturday, I get together with my largest investor, Nate Wagner, who's family invests with me. That's that's seven people who invest in every deal that come with Nate and Nate and his grandson, Ari and I have a call every Saturday, and we've been doing it before Covid. We used to meet at a restaurant. Now we do it on zoom. We talk about every business situation that comes up in our real estate business, and then we talk about politics and we talk about personal stuff. But it's going to lunch with the younger people, the older people, the family members, and it's all mentorship. It's 100% mentorship. Every lunch I learn something from someone, even if they're not in real estate, it might be about the risks of cybersecurity. It might be about insurance.

Joel Friedland (00:27:55) - Every time I walk away from a lunch with a younger guy who's in a business or an older guy who's retired, and we're all mentoring each other, really, it's mutual mentorship.

Tejas Gosai (00:28:05) - That's a good way to put it. That's the right way to put it. I do see this whole, like, big break, where it's the younger folks that aren't willing to make the calls or like they don't want to physically meet with somebody. I'm like, let me add him. I want to shake his hand like, let's have a talk. Let me ask you some last things, because my producer is going to kill me. What do you think about the future? There are so many people just scared, and I firmly rely. I mean, my partner, my mentor. Like, look, what would you do here? What'd you do here? He was a commercial banker for 30 years. And, like, show me the chart. You know, how is this going to go over the next few years? So what's your professional opinion? You know, if it's good or bad. I like it that you're brutally honest.

Joel Friedland (00:28:46) - Yeah. Look up Adam Taggart. He just retired from Wealthy On, which is an economics podcast that he put on for two and a half years, and he's doing something new on Substack. Adam Taggart, I think, Wealthy On you can see all of his old podcasts. It's about the economy. The bottom line is you need a good advisor. If you're wealthy, you have to have a good advisor. And the secret to me, whatever happens, I think there's going to be a big downturn. But who knows? The secret is diversification and being well-advised. I tell people that they should never invest in more than 3% of what their net worth is in my deals. Don't do it. Diversification. As much as someone might love what I'm doing and think it's a great thing if someone puts in more than 5% of their net worth with me, they're making a mistake. You should have, Warren Buffett doesn't agree with this because he's a genius and he can just have eight companies, but he's got a staff of people that look him over.

Joel Friedland (00:29:44) - Ordinary people like us, the downturns coming, maybe it isn't, but in either case, diversification in smart investments with people who know what they're doing today. If you're in the top 1%, you've got an $11 million net worth or greater. That means someone who's with me shouldn't be in any deal of mine with more than $300,000. If they're in that position, don't do it. So my answer is diversification. I'm not overselling that. Someone should keep putting more and more with me at the expense of being in mutual funds, in corporate bonds, in Treasury notes, Treasury bills, municipals, I mean, PE, private equity funds. That's my recommendation that I tell everybody. And when I tell them you can't invest more than 3% of your net worth with me, they say, yes, I can say no, you can't.

Tejas Gosai (00:30:36) - Let me prove you wrong.

Joel Friedland (00:30:37) - You can't. You won't. Because it wouldn't be fair to you for me to to do that. Of course, it would be easy. If someone put all their money with me, I'd have a lot more of an investment. But that's not right.

Tejas Gosai (00:30:48) - There's just too good, man. Joe, you're just too good. All right, I got to ask this question about rates and stuff like that. What do you see on the horizon? Election year. Our internet is taken over by political nonsense, you know, and then the Fed just came out yesterday. We're sticking for a bit.

Joel Friedland (00:31:05) - But they may raise. But they may go up. I saw 17% and it was a real number and I actually experienced it. There's nothing that stops the fed from doing what they have to do to not have a revolution because people can't afford food. They have to keep. They have to keep…

Tejas Gosai (00:31:26) - 2%.

Joel Friedland (00:31:27) - Yeah. I don't know if it's possible, but I think rates are going to either stay the same or go up for a while and there's it hasn't hit the economy yet. There's a lag effect. It just hasn't hit yet. Yeah it's hit office office buildings are getting crushed.

Joel Friedland (00:31:41) - Cap rates are getting crushed. Everybody said, hey, I'm going to buy it a five and sell it a four. Well, how about buying it at five and selling it a six.

Joel Friedland (00:31:49) - And we don't sell on cap rates either. That's one last thing. We only sell to users, which means someone who manufactures products is in the neighborhood, is going to buy our building when our tenants leave. And they will pay a premium because it's a tool for their business and it doesn't matter what the rates are. So that's just another mitigation of risk. But yeah, I think rates are going to go up.

Tejas Gosai (00:32:11) - Happy to hear you say that. It is. It is. Well listen you've been amazing. How does somebody invest with you. How does somebody get a hold of you. What's the website?

Joel Friedland (00:32:20) - Or our website is Brit Properties. B-R-I-T with one t properties.com. And my favorite thing on our website is an article. That's essentially why you should not invest with us.

Tejas Gosai (00:32:36) - Man, you seriously, you're making me change my thinking as a fund manager. I don't think I've met someone like you who's been this forward.

Joel Friedland (00:32:45) - I’m vulnerable. Listen, I'm vulnerable because I made decisions that I was ashamed of, and I never want to do that again. I want to have good judgment and be more careful and not be ashamed of any decisions. And the only way to do that is to do great diligence. And people who haven't lost their butts don't know that yet, that that's the most important thing.

Tejas Gosai (00:33:06) - I love it, Joel. You're the best. Big stamp of approval from Real Estate Investor MBA for Joel. Everything will be in the show notes underneath and we're way over time. I can't thank you enough.

Joel Friedland (00:33:18) - Thanks, Tejas. It’s been great.

Tejas Gosai (00:33:19) - Sure. Cheers.

[END OF INTERVIEW]