# Episode 309

**Tyler Chesser** [00:55:57] Elevate Nation! Welcome back! This is Tyler Chesser. I'm so thankful to have you here. And I'm blessed and grateful to be sitting with Marc Kinney today of think multifamily. And Mark is one of the most respected voices in the multifamily real estate industry. So you are in for a huge treat today. Today you are going to learn about the patterns of the most successful investors, what they have done over the years, timeless truth, timeless wisdom that the most successful investors utilize to optimize the way that they real estate, that they invest in real estate. You're also going to learn about what they're doing in today's marketplace and interacting with the challenges of today, the opportunities of today, and how we're looking forward, how we're looking around the curve for the next phase of opportunities. You're also going to learn about the mindset of this individual who has acquired over 18,000 units, over $1.5 billion worth of assets under management for 25 years. As an investor, you're going to learn about the mindset that interacts and leverages adversity, challenges, setbacks, failures. You're also going to get some advice that Mark Kenney would have given his younger self when he got started 18,000 units ago. So buckle up because today's podcast is extremely, extremely valuable. Elevate Podcast is all about mindset, mind, expansion and personal development for high-performing real estate investors. I'm your host, Tyler Chesser, and I am a professional real estate investor, an entrepreneur. It is my job to decode the stories, habits and multifaceted expertise of World-Class investors and other experts to help you elevate your performance and lifestyle. Are you ready to take it to another level? It is time, so let's raise the bar today. I'm excited to bring this podcast to you today. The only thing I ask for you is for you to pay the fee, and that is to pay it forward and share this episode with one person. All you have to do is grab the share link in the podcast app wherever you are listening or watching this podcast. Very, very easy to do that if you've done that in the past. I just want to thank you so much and I'm asking you to do that again. The only way that we can continue to grow is if we earn the value of your introduction. So the fee again is to pay it forward. Please share this episode with one person. I want to thank you for that. I also want to welcome you. If it's your first time listening to Elevate podcast, it's time for us to pour into your cup. It's time for me to bring massive value to you. So I want to thank you for spending time and investing in yourself today, investing in your mindset, investing in your own personal development because your success is a lagging indicator of the way that you're investing in yourself. So I want to congratulate you for showing up, and I want to ask you to give us a rating review. And don't forget to subscribe to Elevate podcasts so that you can be notified of future opportunities to invest in yourself and the highest performers. One of the big patterns is that they continually invest in themselves. They know that there is no finish line. They know that there always is another level and there's another level for you today, and we're going to reach that level today. So I want to introduce you to the individual who's joined me today. His name is Mark Kenney. He is a seasoned real estate investor coach, two time bestselling author and co-founder of

Think Multifamily. He started his apartment investing career over 25 years ago as a side hustle, working over 80 hours per week in the corporate world. He has purchased over 18,000 units, totaling over $1.5 billion in assets across 14 states. He has a desire to help others learn how to get started and go bigger with apartment investing. He's a graduate of the Michigan State University in accounting and as a CPA, he has also provided consulting for 20 years and leverages his vast I.T. experience to bring new creative technologies that will help others in the multifamily space. He has worked for organizations such as KPMG Consulting, EADS, SAP, HP and founded simplifying I.T, which provided I.T. services to Fortune 500 companies. So if you are ready to up level your game, if you are ready to elevate your performance, today's episode is for you. So without further ado, please enjoy this game changing conversation with Mark Kenney.

**Tyler Chesser** [00:00:04] Mark Kenney, welcome to Elevate. How are you?

**Mark Kenney** [00:00:07] I'm doing well, Tyler. Thanks for having me.

**Tyler Chesser** [00:00:09] Well, you know, we were just talking before we got started here, and now I'm learning. You're a twin. Your wife's a twin. I have twins. So we're in this little, you know, community here. So we. We've become much closer friends in the matter of 5 minutes here. So I appreciate that. But I'm excited to introduce you to Elevate Nation. And as we dive into this conversation, why don't you talk a little bit about your upbringing, your back story, so that the listeners can really understand who you are and where you came from?

**Mark Kenney** [00:00:35] Sure. So I grew up in Michigan and I live in Dallas now. One of seven kids my dad worked. He was a firefighter. I became a fire chief but also worked at a lumber yard. So he was gone sometimes up to like 100 hours a week trying to support the kids. And really, you know, we had a place to live. We had food more than a lot of people in the world, but that was about it. Anything else we wanted? Bikes, shoes. We're buying ourselves at a pretty young age. And as you mentioned, I have a twin brother, identical twin brother, Michael, and we're like, Man, this kind of stinks, man. And every time I'd ever come home, all he was doing was working on cars or washer and dryer, braking or toaster or whatever. And so nothing really happened as far as like, you know, we got in real estate, but it wasn't like we had somebody else in our family or friend or anything like that. Both my brother and I are more kind of analytical in nature. Both were CPAs for a while and things like that. But seniors in college, we were like man, people need a place to live. So we start looking at real estate. I took my dad along with us, you know, great guy, but my dad never bought anything as an investment. And, you know, in his 83 years of life. So probably listen the wrong person. But nothing was a good deal. Nothing made sense. Didn't matter. You know how good of a deal it was. So my brother and I and I start looking at some properties on our own. We got a deal and we closed the deal, then told my dad we closed on the deal after the fact so he couldn't talk us out of it. And I started buying kind of small properties, 2 to 4 units in Michigan. And then we that was a senior in college and we started buying, you know, kind of more of the smaller properties. He got married pretty young. My wife and I were buying smaller properties and then I was a CPA for a while, did it consulting, had it firm and continued to buy all our small deals like two said, 2 to 4 units. And then 2013 my business was doing well, I mean, for all respects, I guess, but my life was kind of completely out of whack. I was at people in India and Australia and Switzerland and the U.S. and bombs going off 24 hours a day literally probably worked, you know, 90 plus hours every week, sleeping a few hours a night consistently. And my wife was like, Hey, this isn't actually going that well, you know, so kind of ultimatum. And so I a friend of mine was doing a syndication, just a fancy word to raise money from people to buy larger properties, in this case, multifamily property. I invested as a passive investor first with him and said, Hey, this kind of makes sense. And my wife and I were like. We looked a lot different. Other opportunities to invest in START some other businesses and we decided to go kind of fall in on the multifamily side. And then since then, we're we're in 14 states, done about 18,000 units and about a one and a half billion dollars in total assets, I guess thereabouts.

**Tyler Chesser** [00:03:24] Yeah, that's amazing. And thinking about that, you know, really grown up with seven one of seven kids. I mean, I can only imagine, you know, the level of resourcefulness that all of you had to develop early on. And it's interesting to hear about your willingness, you and your brother's willingness to get into the real estate game, as was it seniors in college. You know, so early to really start buying duplexes and quads. How did what was your perspective at the time? How did you know that that was going to be a valuable strategy to at least start cutting your teeth on? Just curious.

**Mark Kenney** [00:03:55] You know, we had no idea what we were doing really at the time. And I just I didn't like the stock market even then. I just I mean, I wasn't following and I wasn't that knowledgeable about it, frankly. But even then, at a pretty young age and like, this thing doesn't seem to make any sense at all, which it didn't and still doesn't. And we were like, I don't know why. And sometimes you wonder whether something you're born with or something that you know, in this case it must be. But I always loved real estate. I don't know. I love houses, I like real estate. And cars are two big things I like. And I don't know why some of it's in you. I think just the way you're born. And it was really one of those things were like. You know, I think that there's an opportunity there to hold things for a long time, which we didn't end up doing, by the way, and some of the properties, but hold it for a long time. And then eventually with our 20, 30 years after you graduate from college, you can retire. That was kind of the goal.

**Tyler Chesser** [00:04:50] Mm hmm. And as you grew in your business, in the I.T. business, and you've sort of hit a wall, it's like almost hit rock bottom in terms of lifestyle. 2013, you kind of looked around and said, look, something has to change. And that first move was in investing as an LP in a larger syndication. So that sort of open your eyes. It sounds to larger deals and the benefits of scale. So talk to me about where you took things from there, because at some point you obviously formed think multifamily. So I'd love to know when that came into the picture as well.

**Mark Kenney** [00:05:18] Right. So I invested in a few deals passively through my retirement funds. I had a fair bit. Well, I have money saved up just from my tea business that I always do accept IRAs and things like that. And again, I didn't like the stock market, so we did that for a couple of years. In 2015 is when we started doing our first syndication on our own and it was, you know, 64 unit. And then we did, you know, 208 units, then 254. So after the third deal that I did, I the syndicator, it's a lead if you want to say I stopped doing my IT job completely. So I was able to scale it back, you know, from 90 hours to whatever down. And then eventually I felt like after three deals, now that it replaced my income at that point in time, but it put me in a position where we could still live, you know, pretty comfortable overall and do this on a full time basis. And that was in 2000. So basically 2000 basis after a year pretty fast, I lost my IT job company basically.

**Tyler Chesser** [00:06:22] So talk to me about the origin of think multifamily. Was it after those first three deals when you said, look, there's an opportunity for us to really build on this foundation as well as provide some educational opportunities for others? I mean, what did that look like?

**Mark Kenney** [00:06:34] Right? So no intentions of ever doing education whatsoever. If you were to told me, you know, four years before I started that really doing that, I said I had no no desire at the time, really through some circumstances, you know, being part of, you know, just the industry, if you want to say, and being part of some groups and what they were doing. My personal opinion, I didn't like some things they were doing, didn't like the way they treated people, didn't like the rules, didn't like, you know, a lot of silly things, my personal opinion going on. So we left the group we were involved in and realized I had no intentions of doing anything at the time.

**Tyler Chesser** [00:07:09] This is the mentorship program that you were part of. Okay. Right.

**Mark Kenney** [00:07:12] And there were other people that were, you know, dissatisfied, saying, you guys should start something. We're like, yeah, no, not going to do that. And we started they said, okay, let's do kind of a webinar, let's do a meet up half day event, full day event. And then it became kind of full fledge. You know, we kind of fell in love with the education piece because I was trying to, you know, help people that were similar to me. Maybe they had a corporate job, you know, didn't have time for family and they looking for alternatives so that 2016 is when we started to think multifamily.

**Tyler Chesser** [00:07:45] So talk to me about now where we find ourselves in 2023, seven years later. And, you know, obviously, I think one of the big components to what we talk about on this podcast so often and one of the keys to success is evolution, continuing to be embracing change and continuing to evolve as individuals, as perform as high performers, as well as within our organizations to continue to adapt and receive feedback from the marketplace. And, you know, it's like you're almost molding a masterpiece throughout time. So talk to me about how the mission and strategy has evolved today versus where it began in 2016.

**Mark Kenney** [00:08:19] Yeah, I think the mission is very, very similar to very beginning, trying to help people that are wanting to have a better, you know, flexibility in their life, more family time, whatever, give more to charities. That all has been there from the very beginning. They you know, I was always on the education side when we started kind of more of the technical side. My wife Camille, was very much on the community side. She really, really pushed that. I had no desire. I mean, Frank, I'm like, I don't care. Let's go do deals and really care about the warm and fuzzy things like that. But she really, really pushed that. And our group is called the Family Syndication Group. We try, you know, we do a vacation together as well. We're going in July to Florida with a bunch of people. So that whole thing from the very beginning, thankfully, has kind of stayed the same. We've adjusted some things like from feedback from people and things like that, but so probably less change on the mission. The strategy as far as purchasing deals and what types of deals we're going to buy and things like that has changed drastically. I would say from the beginning. At first we're buying, you know, probably definitely tougher projects and tougher markets and, you know, tougher some markets and crime and things like that. Huge value add deals, some of them and 0% occupied. We bought other deals that are 97% occupied. So the way I think as you kind of become, you know, more seasoned investor too and you get older, you might have a different position on what you're looking for in deals. But I'll tell you, we learned a ton during COVID. You know, when people say this, this state is landlord friendly, there are some, but very few. It's really more at the county level. So we were in certain states right now where we can evict in two or three months and the exact same state is taken

9 to 12 months to evict. Even today in some of the submarkets, which is just ridiculous. So we learned a lot during COVID, who really is land friendly, who not? We learned a lot. You know, the Fed hikes, you know, ten consecutive hikes. You know, I don't like it, obviously, but made some adjustments there, made adjustments on what type of loans we'll get like from who. So give you kind of an example. If you have a lender that is also an operator, meaning they can actually take your property over, they had to and run it as an operator. I don't like those guys. As lenders. I'd rather have a lender that's like, Hey, we will work with you. We have no intentions where I am capable of taking your property over. So hopefully that didn't happen. But that's that's one thing on the lending side. And then where you have interest rate protection just called, you know, a rate cap. It's a hedge against interest rate. So be careful that people just automatically default to bridge. Loans are bad. Agency like Fannie and Freddie are good, while bridge loans have fixed rate and have variable and Fannie and Freddie have fixed rates and they have variable. So picking the right right deal, you know, the loan type for the deal is crucial. Other things we've learned as far as it's been going on this year and towards the end of last year, you know, the insurance premiums have gone up insane in some cases. So we have a property. This is not exaggerations, this fact. It's $600,000 for insurance and that $600,000 insurance policy and one year went to 3.6 million. My God, it's not actually, this is all new. Our TV, I think today about the properties and things like that with insurance, these huge large you know, investors are like, we can't sustain it. They're going up you know three times are more on insurance and that's that's money you just can't pass to a renter day one, you know, And nobody on the planet can make a $3 million increase in expenses were just not possible. So, you know, trying to work with a lender. So insurance is a big thing. Property taxes, the other big major thing. So if you look at kind of, you know, how properties were, I guess evictions were handled during COVID, it's a big thing. The whole loan understanding loans inside and out is very, very important. Understanding which parts of the country have super high insurance premiums continuing to go up. You know, it's not regulated. They can do whatever they want. And then how the property taxes are kind of handled. So those are those are some. Things that we've kind of adjusted and then we do a lot less of those distressed type deals. That is, you can do really well with them. I don't like a lot of headaches. We had a deal actually, that, you know, we it was 0% occupied and one of the properties, you know, the property are really low. And we did a bunch of cat backs and vandals came in and caused $1,000,000 of damage to the property. So just those headaches associated with it. And you're also waiting for lenders to reimburse you for, you know, CapEx. And that can take in some cases, months to get reimbursed or you're floating money out there. So a lot a lot of lessons learned. Definitely adjusted. I like the newer properties. All things being equal, we're not typically buying Class A properties, but we're, you know, the 6070s properties. While you can do fine with them, I don't like those as much anymore.

**Tyler Chesser** [00:13:34] So what I'm reading between the lines is many lessons learned. I mean, throughout the years, I mean, 25 years as an investor now 18,000 units involved in so many different submarkets. I mean, there's so many different nuances in real estate. And so, you know, a lot of times on a podcast, you'll hear generalizations about certain topics and say, well, you know, like you said, this is a landlord friendly state, so this is where we're going. And I think what I'm reading between the lines is someone like yourself who has so many reps in this business, you're involved in so many different projects, good, bad and ugly. It's all about the particulars. It's hyper local in all aspects. And one of the things that you just mentioned there in terms of insurance, I mean, this is one of the biggest challenges that I think the real estate industry is facing, that it's not really I don't feel like we're talking a lot about solutions because it feels like no one really knows what the solution is here because it's gotten to a point where it's either killing deals or it's putting deals that have been put together into a place where there's absolutely no way where people can take on these premium increases. So what are you seeing on the horizon in terms of potential solutions for the issue at hand in terms of insurance?

**Mark Kenney** [00:14:44] Yeah. So we're doing you know, we're getting a master insurance policy. That's one where you have a bunch of deals all together. We have that in the works for us. Think multifamily. So a couple options. In some cases, not a lot of options, but there are some property management companies. So if you go look at our property management company for an area and you know, all things being equal, if the property management company has a master insurance policy and give you an example, we had one that we were kind of between 2 p.m. companies, one had it one in, well, they saved us $438,000 a year. That's a big number on insurance. So that's one way to get it down. Our insurance broker, we use OB Awesome. Love them. Done a lot. You know, all our deals with them. I'm on my 120 of deals, like you said, definitely some lessons learned. And you know, there are certain parts of the country where the guys over there are very creative. Dallas was you know, it was gone up significantly even here. And they've been great of getting some relationships going. They have helped a lot, in fact. And there was a post on Facebook, a friend of I know that's a syndicate areas like, Hey, who's doing something for insurance? And I referred them over to my student guide. OB And Matt saved $200,000 a year on that policy in the Dallas area. There are other parts of the country, frankly, I only say it parts of Florida right now. As of right now, I don't see any relief like zero. So that's not just for multifamily, it's also for homeowners. So that could change. A new carrier comes in there or, you know, there are less, you know, weather-related events happening there. But right now, that's the one area that not seeing a lot of relief at all.

**Tyler Chesser** [00:16:34] And, you know, the big topic over the past year, as you mentioned, has been interest rates. You know, we went from one end of the spectrum to the other. And who knows, maybe at some point that pendulum swings back, you know, because of some requirements based on what's happening in the banking system and so forth, you know, to to to keep things moving. But what is your outlook in terms of interest rates? I mean, do you expect us to see some cuts here in the near future? And also, how are you approaching financing new deals in today's market?

**Mark Kenney** [00:17:04] Yeah. So the latter question first, the financing, a lot of it we're looking at the deals that seem to work for the most part, our loan assumptions. So we take over somebody else's loan typically at a lower interest rate, the leverage is a little bit lower. It just is going to be right. But we also want to know whether there are options for like a supplemental loan, which is kind of like a heat lock on your house if you want to say. So most deals right now, if you assume the supplemental loan, if you can get it, doesn't look that great because the lenders look at the sort of interest rates and things like that, but you can get it down the road as well. So you want to make sure if you're looking at that, that the lender allows for something, a loan or not, interest rates. They'll go down when? I don't know. I think a lot of people that are, you know, do this for a living have been completely hundred percent wrong on everything and continue to be be wrong. You know, I think this next one, it will be interesting if there's a pause, it will be a good sign. If there's a hike, then, you know, I think the rest of this year is, you know, kind of not not great, obviously. And I think that is my personal opinion. Next year being an election year, I do think we'll see some sort of changes going on just because of, you know, hey, look how great we are now. We brought this to this. I mean, you know, how do you know what the Fed's purpose is anymore? You know, if you're not controlling inflation, then maybe do something wrong. But it just kind of, you know, preplanned or increasing rates regardless of seeing the impact. There's no there's no way anybody can convince me. There's not a pretty big impact in the country right now. I mean, what people I talk to on a regular basis, I've been laid off financial institution, people being laid off, thousands and thousands of jobs, people losing. Oh, maybe some people actually. In some cases, jobs have increased. Yeah, because people have two jobs now. The same person has two jobs versus one. So, I mean, let's be real about what's happening here. So I do think election years are always interesting because they have to show how great they are in economy, even though the last three years have been horrible and the current administration by financial standpoint. So that's that's my take. If they pause in the next one, the Fed, I think, you know, we'll see fourth quarter of 2023 an uptick. I've already seen a lot more deals being listed over the last three or four weeks and I've seen all year. Doesn't mean they're good deals, but they're being listed. But again, again, the loan assumptions are going to be attractive for a lot of people. And if you can, people like I even looking right now. Yes. Why would we look I mean, if we can find a deal that works right now knowing, you know, you kind of have a less risk right now, all things being equal of the volatility that we saw. So when interest rates went up, you know, 350 basis points in a matter of a few months while deals were under contract. You know that I put a lot of money down. That's not happening between now and the end of the year. I'm not saying there won't be another hike because it very well could be. But I don't think you're gonna be under contract right now. Closed in ideal, you know, 300 point basis increase while you're under contract. I just don't see that happening. So I do think there's less unknowns today than there were before. Doesn't mean the deals are great, but I think if you can have a deal that works, hopefully in a couple of years now you look back and go, Man, we got a really good price point on that deal. It's not going to cancel very well by the first couple of years. Just reality.

**Tyler Chesser** [00:20:35] Yeah. And it's, you know, you're playing the long game, right? You're you're in this you're at this moment in time where, you know, there has been a tremendous amount of volatility. And it's interesting because you'll see a rate hike announcement from the Federal Reserve and then treasuries will dip, you know, and, you know, they'll drop for weeks. And then you have discussion and dialog and headlines related to things like the debt ceiling negotiations. And then you have interest rate, you know, the Treasury rates spike. And so you've just got a really, really challenging set of circumstances in all aspects. And so, you know, as we were at the in Vegas for an MHC earlier this year, you know, we're having a discussion with all of the, you know, the industry leaders in terms of here's what we expect for 2023. And obviously this is in February, early in the year, most people were saying, hey, second half of the year, we're going to see tremendous opportunity because of perhaps some level of distress that is anticipated on the horizon. Are you feeling that is the same at this stage now we're approaching mid-year. Do you think that second half or even early 2024, we're going to see some opportunities that we may have not seen over the past few years?

**Mark Kenney** [00:21:44] Yes, I do. We're already seeing them. We're already seeing a lot of deals. You know, unfortunately, a lot of the deals right now, as strange as it sounds, they don't if they're sold today, they can't even cover their loan. Right. So a big problem. It's not all bad. Don't get me wrong, I much rather have it be the way it was before, for sure. But we you know, we refinanced two deals this year. So far, we're doing another one. One deal was, you know, over 40% equity pulled out and the other ones were 50%. Now, there are a lot of deals we couldn't do that on. So it's not all bad. We have a couple of deals we're selling, I mean, home runs. And so now if you're only in one deal that's not doing that well, I get it or two deals. I totally get that. It's somewhat bad timing. If you invested in a lot of deals towards the tail half of last year, it just reality. Just like the housing market. Right. It's down to. But I also look at it like you mentioned the long term and I don't I don't be a little bit because of the fact that usually people are investing a larger amount in a syndication. But let's take the stock market and be real about it. You know how people listening to this have lost money on a stock before? If you invest, you've lost money on stock. No question about it. Well, you're money market manager. Are they going to, you know, get paid regardless? Yeah, they get paid no matter what. Right. Are they going to, you know, put money into a deal, into a stock that starts losing money where a lot of GP's have and continue to myself included, put money into deals to help float them during this tough time. So when people start comparing syndicators to, you know, there's an article I probably saw a Wall Street Journal. I mean, it's just a broad, you know, brush stroke that, you know, all syndications are, you know, bad or this is good or that's bad. There's no comparison. My mind between investing in real estate, investing in the stock market. There's no comparison between, you know, a money manager and what they do, what they don't do, and what their skin in the game is compared to a syndicator is nine day syndicators have way more skin in the game than a money manager. Just reality. So you need to put it in perspective. Again, I know the amounts are usually bigger. So it can it can hurt. But if you're able to survive right now and you know, if you're expecting distribution, a lot of deals are not going to happen. This reality. But, you know, there are people that are in a lot more distressed situations right now. So in some cases, I'm not saying just be happy to be happy, but be glad in some cases maybe you're not getting, you know, capital call or things like that because it's happening all over the industry right now.

**Tyler Chesser** [00:24:18] No doubt. And it's great to have that perspective from you. I mean, obviously with being involved in so many deals yourself and working with so many others who are involved in so many deals themselves, you have a vantage point that most do not. So it's it is reassuring to hear that from you. And it's also, you know, one thing that I think is so important is that it, like you just described, it is impossible to time the market. What is possible is to play the long game and to be have time in the market. And, you know, I'd love to switch gears just slightly and just talk about that time in the market. And over time, you start to observe patterns. When you work with so many different investors yourself and as yourself, a long term investor with so much skin in the game, what are some patterns that you've identified that are that correlate with some of the most successful real estate investors over time? They go through challenging times, they survive in advance to the other side, and they also optimize, you know, harvest periods. I mean, talk to me about patterns of the most successful investors that you've observed over the years.

**Mark Kenney** [00:25:16] Yeah, I think part of it is. I wouldn't just you know, if you have $500,000 invest and someone says, I have $5,000 and $25,000 into this deal that Tyler has. Well, that's not wise, in my opinion. Right. Spread your risk around. Just kind of obvious. But people do this on a regular basis. And so, you know, another deal will come along. Don't get pushed into a deal. Don't feel like you're being you know, you feel like you're pressured to invest in a deal. I just frankly, frankly, wouldn't do it. This is maybe not totally turned the question, but investing in people that do it on a full time basis. I started out I had it business people in our group, they have W-2 job. I get all that. But we've also made a switch this year. And towards the end of last year where we have, you know, full time asset managers that that's all they do. They don't do anything else. They don't go raise money. They don't go find deals. They're 100% dedicated asset management or before a lot of people were, they're asset managing a property. But Michael Hoffer deals and things like that. So having full time asset management, understanding how well-capitalized your team is, if there's a need, the team isn't required to put money into deals. Now, all things being equal, that's that's the default, at least in our group, if you can do it. But, you know, so making sure that they're capitalized and maybe able to put some money into a deal to help float it if needed. I think investing in deals that if you're going to do distressed deals, I would say I don't know what the right number is, but maybe one in five deals you would do. I wouldn't get in the habit of just doing all distressed deals. I think you run the risk of you have some home runs for sure, but you also run the risk of, you know, some issues. This this one is probably number one, because as I've gotten older and more educated, even on the banking system and private equity and things like that, if you have an opportunity. It's my personal opinion, right? An opportunity to invest in a deal that has more of a fixed return versus a variable return that may or may not happen. And you can put yourself in the position as an investor to sit in front of other investors. So this is the way private equity groups work, right? But just say, for example, we have $10 million raise private equity group comes in and says we're going to give you $3 million. Well, they're going to have a make a pretty high return off that. Not as high probably on paper. If you want to say that the limited partners could make. But let's just say pretty high return and what's going to happen. Well, they're going to pay typically monthly where if you're LP you may or may not get a distribution and that private equity position will get paid before any limited partners receive a penny. And then typically on a refinance or a sale, the private equity group is also put in a position where they're paid first made whole before any limited partners. So if you that typically might require a little bit higher investment for some people. But I would say if you have an opportunity and I've I've talked to a lot of people and a lot of people default to they don't want to do that fixed return. They want to, you know, roll the dice and a lot of conversation in the last year. What have I changed my investment strategy over the last even year, 18 months significantly. And I think some of the people probably wish they would have listened. But it's your decision, right? And like, to your point, the long term game, maybe they're going to be totally fine on the back end. But I would have liked to have some deals right now, paying me monthly cash flow with a pretty nice high fixed return and things like that. So those are probably some of the key things I've seen. And then not being impatient. Some people just just freak out right in there. And if you're also an investor. You can ask questions. You should ask questions, obviously. But if you're considered and you know, if you are pretty a high maintenance investor, that just kind of a pain in the butt. I would I mean, I had people that weren't even monumental that invest in deals because they're they're they're pain in the butt. Frankly, I don't mind questions that I might. Good question to asking questions even if the questions like hey. From a newbie perspective pretty easy going. But there are some investors that just like you know it's not worth their it's not worth having them in a deal. So those are probably some keys as a limited partner that I would say, look, look out.

**Tyler Chesser** [00:29:39] Yeah. It'd be be easy to do business with right at the end of the day. I mean, because again, this is a long game and if you're, you know, if you're being unreasonable in terms of the types of questions or the volume of questions and perhaps, you know, it's not easy to do business with you and it's very difficult to scale with that many folks as a partnership. But in terms of the equity piece, I guess, are you suggesting as an LP, if you have the number of dollars that can put you in a position to be a press equity requester or LP, you're saying that that's a great position to be in, or are you suggesting for the general partners to be seeking equity? I mean, talk a little bit more.

**Mark Kenney** [00:30:15] About has a limited partner so you might not have the the money to put in in a private equity true position. But let's look at it this way. A lot of people offer up the offer up to their investors. You have the option of a fixed return, say it's 10%, a fixed return of 10%, or you can just roll the dice and see what we think. We're going make more than that. We think. Right. All things can happen. So, a lot of deals, you don't have to really be in an equity position. That's more it's a different class of investment, but it does take priority. It's going to be, you know, I don't know, 8 to 10% thereabouts. And I'm just saying, in some cases, if you say, well, hey, that's I need to make more than that. Okay, great. But I would do some like that. And you could look back and go, man, they made 20% return. I could. Yeah, exactly. But you could be in a situation you're in right now, too, where the property values are much lower than it was before. But you're still receiving your monthly check. So I would mix it up even as a young investor. I mean, pick a number, but let's say you do 50, 50 or maybe 40, 40%. You're doing this, this fixed return. The other ones, you're, you know, kind of rolling the dice on to see how they do. So, I think as a limited partner, even I would definitely consider those. And again, don't kick yourself later and say, oh, I should apply at all after putting all my money into this deal, I should have done all this. It's just not reality. Nobody can turn back the clock, so make wise decisions.

**Tyler Chesser** [00:31:45] One of our big philosophies with capital is just thinking in BET's thinking in terms of some probability. And you know, it's almost like as an LP, you're thinking from a higher perspective. You're thinking about your portfolio truly as a portfolio, you're diversifying your participation, perhaps in some of your opportunities. You are participating in that upside and you're, you know, you're rolling the dice a little bit to say, Hey, you know what, I think it's more likely or perhaps it's it's more likely to go after that upside. Then in this opportunity, it's more, you know, advantageous or beneficial to capture a more concrete, lower return that is, you know, sitting in a preferential position. So I think that's valuable stuff. But, you know, I'd love to ask you that question that I just ask you in terms of patterns in a slightly different way. And I think that you might enjoy this, but thinking about yourself 25 years as an investor plus 18,000 units, what advice would you give your younger self about optimizing the way that you're investing in real estate?

**Mark Kenney** [00:32:45] I would say I understand the way banks work. I'm talking banks as an investment, not banks. Giving you loans necessarily, by the way, the way a bank works. And then also understanding the private equity position. Those are the two biggest things, because banks make their money lots of times off fees. Private equity group, they don't just make the return, they charge fees for the stuff write underwriting fee they charge points in, which is like, you know, 2% upfront, 2% out. My you know, my sister is house flipping in Michigan and she has a guy she uses and he gets 50% of all the profits because he's the money guy. Well, he also like he takes his he takes his like 10% out, like right from the beginning. So if you're like $50,000 loan, he gives you 45,000 charges. Interest on 50,000. Like, I mean, it just. The more I've studied banking a lot, and I'm not, you know, an expert in it by any means, But I can tell you I'm way more educated than I was before, understanding the way banks work and then the leverage piece of it. So if you can get like a line of credit, you want to be cautious with this, but let's just take in line credit. Even today, you know, 7%, whatever he like loan or whatever it is, and you can make, you know, even fix the fixed return of 10%. Why won't you do that? Now you do have the risk that the deal doesn't perform, but you're putting yourself it's all risk adjusted, right? You're putting yourself in a position where you're in a class that's just in front of all the other investors. It's limited how much, you know, usually about 20% of the overall raise that will sit in that class. So this whole term of arbitrage, right where you're making money off the spread of an interest rate, I wish I would have known that was younger. That's the one thing I would have really, really wish I understood better.

**Tyler Chesser** [00:34:32] I love that. Thank you for that advice and giving that advice to your younger self. How are you going about further educating yourself on all of these components? Is it truly just time in the market activity or are there any books or resources that you're looking at?

**Mark Kenney** [00:34:46] You know, I'm really much more of a hands on type guy. Just, you know, fortunately, unfortunately, the lessons learned are by actually doing, you know, I mean, you can't do and I'm pretty actively involved these deals I'm a general partner 129 deals it's not like but it's not like I go, Oh, man, you didn't learn anything. You just have a deal or something that you're going to learn. So learn learning that. And then I look at other investments to meet that totally directed towards the question, but I educate myself in other industries. I'm an investor in some other industries as well. So in some cases it's also based on passion. And I think it's okay when people are like, not everything's a financial decision doesn't have to be. And people say that. I think it's, you know, that's fine if that's what they want to do. But it's okay to do something. You know, you want, you know, the first car of all I want I was 49 years old, right? I'm like. And I mean, but I felt guilty buying it. Looking back at it, I'm like, you know it. I worked for it. You know, my wife was cool with it and things like that, so why not do that? So, you know, people will say, Oh, you shouldn't buy this, you shouldn't buy that. And then I see then going out, you know, spending $3,000 on dinner. Well, I think that's a complete waste. Personally, I do. So it's all perspective. And I think at some point in time, if you get in a position where you can do, you know, within reason some things, if you want, say for yourself. It's always been a guilt thing for me. So kind of to your mindset thing, I always felt guilty about it. I always felt like, Hey, if I spend the money, I will have money to pay bills. I won't be able to do that. But I'm glad I was able to do to do that. And I loved Carson's the little kid. I mean, little a little kid, five years old. You go to the bookstore all the time. My dad looking at magazines all the time. So it's one of those things, like you said, kind of in you. I don't know why. And so you might have something else or, you know, charity. Do you want to give back to charities? Couple of charity, you know, type that we're really passionate about. Very fortunately, we've been able to, you know, contribute some funds to those charities as well. So if you sit there and you're comparing what someone else tells you, don't listen to everybody about everything. Some cases you have to make a personal decision. That personal decision might be it might be I pay off my I pay my house off because I'm too stressed. Okay. Is that a good financial decision? Probably not paying my cars off because I don't. Okay. Well, that probably not a good financial decision, but myself included. I got on a car payment is silly to pay a car off my mind. Well, I can use that same money, but it's more of a it's a mental stress thing. So some cases there's something to you have a part of your body right in your in inside you that's emotional and stress and that has a stress on you as a person and your sleep and everything else. So if there's certain things you can do to eliminate some stress, that may not be the wisest financial decision, I think it's okay to do that personally.

**Tyler Chesser** [00:37:44] Yeah. So let's dive into this mindset piece, and I wanted to start with thinking about your background as a CPA, and we'll go back into some of the emotional aspects as well. But your background as a CPA, how does that mindset play into the way that you invest or the way that you make decisions? Because I think that that background is such a different background than many others who may not have that. So I'd love to hear your input on that.

**Mark Kenney** [00:38:07] It's definitely helpful. I think being a numbers person, it is. You can look at things, but outside of being a CPA, I mean I you know, I did consulting too, so I just I saw a lot of businesses the way they run, and I did like re-engineering for businesses. So that's all helpful for sure. But I think really, as a no matter what you're going to do, if you want to be a syndicator or an LP or anything like that, if you mentioned you mentioned it kind of beginning to show I have identical twin brother Michael, phenomenal. You know, as far as skillset, things like that. But I'm going to use this comparison because I always was more of a risk taker than him ever since we're a little, don't know, same DNA. But I was and you know, he always did better in school than me. He had basically four point in college. I did okay. Right. I mean, but he you know, another level, he do math stuff in his head, both CPAs. But he was just like, what in the world? You know, But he wouldn't take risks. As general, and that's fine. Right. But he worked corporate world and, you know, I took risk and I fell more than him, too. But I've also been able to be, you know, financially wise, much more successful than him. You know, by far because of my willingness to take some risks, you're never going to have all the answers to make a financial decision. You're not. You just have to have enough. And you always have. You have the known unknowns about something. And you need to go find out the answer, though, before you invest, because it's a known unknown. And then you have that the unknown, you know, unknown, right. Where you're like something is going to happen when we close the deal. I have no idea what it's going to be. Just like when we did it, like something's going to happen. We go live. We don't know what it is, but all the all the things that, you know, the known unknowns upfront, getting interest to you before you make a financial decision. And then you just have to live with the fact that there will be something coming up that you're never going to have the answer to upfront. And you either have to make a decision to move forward or not. But there is no question, you know, if you are not a numbers person at all. You need to understand it. In my personal opinion, at least the basics of what to look for in a deal. The, you know, the trends, what is out of whack for rent growth? What is out of whack for economic vacancy, What you know, all these things. You don't have to be an Excel wizard or a CPA or anything like that. You do need understand my personal opinion, financials, you know, even things like without going to detailed accrual based accounting versus cash based accounting drastically different. You don't have to be an accountant to understand those two very basic things, but you should understand those things as an investor.

**Tyler Chesser** [00:40:42] I totally agree. And when I think about what you just compare in terms of yourself and your identical twin brother, obviously that is it's very interesting to hear that because as you mentioned, the same DNA and the different sort of thought process. But you have achieved a certain level of success financially and otherwise. That may be on a totally different paradigm as your twin brother. And one of the things that you just shared there was about failure. And it feels like failure is a central component to success in many aspects. I mean, I feel like that's one of the patterns that I've observed over the years, is that folks who succeed at a high level, they fail fast, they fail forward, they embrace failure, and they course correct. So I'd love to know from you. I mean, do you have any favorite failures that you've encountered over the years?

**Mark Kenney** [00:41:25] Yeah, and I'll answer in just a question. But even with a little bit more perspective of my brother, because when people use excuses. So we grew up in the same household. Obviously, we went to the same high school. We in four years of college, we had the exact same classes 100% with the exception of one class. So we had every single class together. We lived together after school, after college, we room together before. So you can't get any more similar individuals in the pretty much on the planet. But, you know, the failure by the biggest failure ever had. Never happened. It was having a partner. This was like seven years ago. That was a property man and company. He was a you know, he was a syndicator and the general partner in the deal and things like that, too. And he. He stole some money, but out Stole money, right? We removed him after two months, but he got into, you know, it was very, very trying for me. I was floating money on the deal, a lot of money. I didn't have at the time to do that. We got in litigation. But it did teach me a lot that, you know. No matter what, some people are going to support you and some people aren't. And, you know, fortunately, it didn't match to the point. I mean, I wasn't sleeping very well. I wasn't really eating very well. Things like that. Horrible, horrible. Right. And, you know, I kind of was contemplating, do I want to move forward or not? You know, in this business, because it was pretty, you know, pretty devastating even, you know, from an emotional stress, all things like that. But I'm not saying this because I'd rather have people not fail. And there are a lot of things, you know, someone brand new to the industry. You know, I've done I'm 20 deals. I could probably prevent you from making a lot of mistakes. Doesn't mean you won't make any. But I think. If you really want to be able to deal with things like my son will say, how do you not suffer stressed about this? I'm like. Fortunately, unfortunately, I've been through a lot of stuff. Just reality. Been through a lot, but able to navigate a lot of things. I have had I've had those failures. I've had mistakes that I haven't made. I have all those things. And it doesn't mean you never get stressed or, you know, life is easy, you know, 100% of the time, things like that. But it does allow you to really look at things and put in perspective. And the other thing pretty much the older I've gotten, too, and if you're young, probably can't really relate, but if you get older, you're going to get to the stage. You know, I saw my dad two years ago passed away and that was I turned 50 then too. So it kind of reflected coupled the double whammy in a way. And I'm like, okay, these things right now I'm dealing with my life or business, things like that at the end of my life. Is it really going to be that important? You know, yes or no? Some cases, yes, it we all some cases won't. And then, you know, if it's not, then okay, then I'm not going to stress about it as much. And then and I'm just saying this is to say it, but can you honestly look at yourself in the mirror, honestly, and say, I did everything I can? You know, I, I with integrity, character, I tried to save. I did everything, everything I possibly could financially, you know, timewise to try to make the thing work. And for whatever reason, I got $3 million insurance increase. I don't know what to tell somebody. You know, frankly, if we can't, you know, we got it under we got it lowered. But like, that's what else can we do? There would be a break. No chance for someone to contribute $3 million a year into a deal because a deal is going to fail. With that type of, you know. So that's something where I could sit there and go, Man, there's really nothing else we could do, right? I mean, something out of our control. So the other day I was telling somebody, I guess it was my wife and son. I said, you know, control the things you can control. And don't worry about all those things you can't control. I mean, all of us probably, and listening to this, myself included, listening to stuff, what's going on in government and all these, you know, hearing and drama, I'm like, okay, nothing happens anyways. No one ever goes to jail. No one ever goes to prison. Nothing ever happens. So just control what you can control. And in your business, in your life, things like that. And then just have a try to balance as well as you can. When I did it business, I was not balanced. You know, I didn't I didn't work out. I ate like, you know, I don't know, a thousand calories a day sleep, you know, 3 hours a night, all the things like that. There's something to your how do you want to be there when you're, you know, walk my daughter down the aisle, My son gets married, you know, all those things, grandkids. Yeah, I want to be there. So I you know, my health is very important to me. And if you're young, probably don't matter as much. But I'm kind of not about being physically fit and eating clean and things like that because. Yeah. Do you give something up? Yeah, I do. I would rather shut my face with pizza than ice cream. Yeah, obviously I would, but I'm also doing it for a reason. I feel better. And then I think you didn't really ask this, but I think, you know, people that are successful having a routine and I'm talking a pretty strict routine, you don't have to be, you know, like I pretty much go to bed same time every night. Even weekends, I get up pretty much the same time every day. I go to the gym, same time every day I get home, same. I go to the sun. I mean, I do everything. I eat the exact same food. No, you don't have to do that. But I do literally every single day. So the more routine you can have, like if you go to bed at 9:00 one night and 1:00 the next day at 3:00, it's like and then you get up going out with your I feel off or never. If you go to bed at about the same time, same time, eat the same food every day, you don't feel off. I mean, you have energy and you feel like it's predictable. So having those routines I didn't have before. Established probably about 2 to 3 years ago, I guess. And, you know, maybe to a level of not necessarily, you know, maybe to too strict a little bit, but I'm fine with it. But, you know, I'd say you don't have to be as strict, but you need to have something where you have a routine and, you know, you're you just feel better as a, you know, mentally.

**Tyler Chesser** [00:47:23] That's so great. And there's so many things out of our control in our business and in our life. There are things that we can control. And I think what you just described, again, is another pattern that you start to observe over the years. You start to see, well, what are the patterns of success? And it comes down to routine. It comes down to how are you investing in yourself? How are you investing in your health? How are you thinking about hard choices today that lead to an easy life down the road? So this is great stuff. Mark. I want to be super respectful of your time. I do want to transition briefly into the Rapid Fire section of the podcast because first of all, this is great stuff, but the Rapid Fire section, the podcast is called the Rear Air

Questionnaire, and making hard choices today is uncommon. But perhaps what should be more common is making hard choices and tough choices today to lead to easier results down the road. So I'd love to ask you a few questions. If you had to point to two or three of the most impactful books that you've read over the past few years, what would those be and why.

**Mark Kenney** [00:48:18] “The Road Less Stupid?” I like that Keith Cunningham did that book. And then, you know, I'm not just saying to say, but the Bible people, whether you're a Christian or not, whether you believe the Bible or not, there are so many things in there that can help a person. So read it. If you don't believe it, read it from the standpoint of there's tons of stuff and money in there. It's done in being prideful, The negative impact that that's going to have on you about all kinds of stuff, how to raise your kids, marriage. So there's no question that that should be the default for everybody.

**Tyler Chesser** [00:48:51] Yeah, I might suggest that folks even just check out Proverbs, you know, the book of Proverbs, you know, for some deep, timeless wisdom. But in many aspects the Bible would be referred to as kind of the owner's manual for life, you know, So you can look at it from a practical perspective as well. So great stuff. But aside from what you just shared right before we transition the Rapid fire section of the podcast, what would you say is the biggest way that you elevate your life on a daily basis? Or it could be what you already share.

**Mark Kenney** [00:49:17] It's it really is the working out because it gives me a big mental break and then getting even clean. I mean, you can never cheat, but I mean, eating clean and my body feels so much better now. You know, but as st I had some tests done, I was like 17 years younger than I am. But it wasn't just because was because of, you know, the things I do. So I looked at that. I go, Man, cool. All right. So I'm trying to be along. I've been around for a long time, but that routine and the mental break and then like I said, you eat things very similar to the same day or, you know, thereabouts. You're going to just feel better. You don't have, like you said, you don't have those days where you're off that very often anyways.

**Tyler Chesser** [00:50:03] So give us a little bit of look behind the curtain in terms of the workouts and nutrition. I mean, you know, from a high level, what does that look like? I mean, is it six, seven days a week working out? And then, you know, what are the rest days look like? All that good stuff.

**Mark Kenney** [00:50:16] For me, it's seven days, so I've been. I don't know, 15 months in a row without missing a day. You don't have to do that, obviously. And I do. I do weights and I do cardio every day of it. And then with the food, you know, I weigh my food. I don't think you have to do that, but I weigh my food. But it is a good idea to do that initially to see what you're getting. But I'm, you know, eggs, Greek yogurt, alley beef, you know, kind of leaner, leaner beef, avocado, peanut butter, rice cakes, you know, stuff like that. So. Pretty probably it sound bland, but I actually like what I eat. And then before a lot of veggies, hate veggies before. But it's it's pretty much like my whole stack. I have all these one ingredient foods, right? So I make my own I don't I make my own sprouted wheat flour bread and I'm bread maker, you know, I don't I know what's in there. I look at these other things. Why are so many ingredients in here? So right now, if I make a pancake, I'll make it out of, you know, just one ingredient, basically those type of things. And you can add things like I don't add sugar to things. My son got the coconut sugar, I think is what it's called. So you can like add that to something as an alternative so you don't have to be, you know, super, super strict. But I think just cutting out some things, I started out cutting out a few things and kind of got to the point where, you know, it's just kind of a lifestyle Now. I stole away my food after a few years and but that, you know, what you're getting and people are like, oh, I can't lose weight. I can't do that. It's like you probably eating more than you think you are. Or maybe actually some kids not even enough something, but it's true.

**Tyler Chesser** [00:52:01] What's the biggest way that you elevate others around you, Mark?

**Mark Kenney** [00:52:04] To me, I'm just trying to be sympathetic about it, like the position they're in. I think sometimes if you're doing something for a long time, you can kind of lose perspective to where somebody else starting out is where the where they're at, basically. So trying to put myself in somebody else's shoes and in is telling me, hey, you know what? And sharing like I'll share things that hard things hard lessons learned. Not because I'm happy or proud that they happened. But if you're not if you're willing to do that, people will be like, okay, I see. I see this person there, you know, somewhat successful, but they also had challenges. So it's not as much like elevating them up. I get that. But it's also like, hey, I've been there, done that. Here's the struggle. Struggle that I had. And if you surround yourself with people that are doing what you want to do, good people, then they're going to be able to elevate themselves up to a new level.

**Tyler Chesser** [00:52:53] I love that I've heard this phrase before. Learn it, live it, give it, and it almost feels like that's what you're doing. And, you know, that's why I when I wanted to acknowledge you, because, you know, as you continue to ascend your own path of continued success and fulfillment in your life, you continue to give that to so many other people. So I just wanted to acknowledge you for that, because, you know, a lot of people in some aspects, you know, and I think that this is becoming less and less the case have the scarcity mindset around wisdom that they've gained. And it's like, well, if I give it away, then, you know, perhaps that's going to put me in a less competitive position. But I just wanted technology for that. And I want to thank you so much for being a part of the podcast today. Mark, are there any parting thoughts or words of wisdom that you'd like to share with Elevate Nation?

**Mark Kenney** [00:53:34] No, just do your homework first and get educated before you start investing your hard earned money.

**Tyler Chesser** [00:53:40] I love that. Great advice. Mark Kenney from Think Multifamily. The listeners can find you at think multifamily dot com. Is there anywhere else where we can send them?

**Mark Kenney** [00:53:49] You can send them to my email. It's Mark McKay at think multifamily dot com.

**Tyler Chesser** [00:53:55] Mark Until next time my friend thank you so much for being on Elevate podcast.

**Mark Kenney** [00:53:58] Thanks Tyler.

**Tyler Chesser** [00:54:02] Elevate Nation. Words of wisdom from Mark Kenney. I can tell you that this is an individual who is dropping major wisdom, who's going through continued adversity, who's sharing the rules of success, who has continued to prove over many, many years, many decades at this point, the ability to continue to propel forward in this business. So I would encourage you to listen to this podcast. I want to encourage you to identify your top one, two or three takeaways or distinctions from this episode today. It is so powerful what we can do from learning from others in terms of successes, failures, triumphs, setbacks, all of these things, patterns, ways that you can invest in yourself, your routines, the way that you set the standard for yourself, the way that you engage in consistency. There's so much that we can learn from someone like Mark Kenney. So I want to encourage you to listen to the show. I also would encourage you to have a discussion with a friend, whether it's on your own outlook of your own investments, how you're navigating, how you're evolving, how you're integrating your own set of wisdom with what the market is giving you today, and what are you anticipating moving forward? How you're handling challenges like real real estate insurance, taxes, interest rates, how you're financing deals, how you're seeking opportunities to optimize the positioning of the marketplace? Or does it have to do with your own consistency, your own routines, your own rituals, the way that you interact with adversity? What are the things that you want to take away from this episode? What are some of the things that were not discussed in today's episode? I want to encourage you to jot those down, have a discussion with a friend, and pay it forward by supporting them and helping them take away some wisdom from today's episode. I just want to thank you so much for listening to today's podcast. Until next time, Elevate Nation. We will see you next time.