

CORWYN:

Most investors think that growth builds well. But in real estate, stability protects it. So when markets tighten and portfolios that survive aren't the biggest, the ones that are most disciplined are. So if rates rose again tomorrow, guys, would your portfolio be ready? Or would it start to wobble wobble?

Good morning, good morning, great morning, guys. Welcome to another fabulous episode of [Exit Strategies Radio Show](#).

Hey, I am your host, Corwyn J Melette, broker and owner of [Exit Realty Lowcountry Group](#) in beautiful North Charleston, South Carolina. Hey, if this is your first time listening to this show, you saw a man, you saw a man. I am for a treat because our mission here is very simple. That is to empower, I'll break that into three syllables a day, our community. You found your literacy and real estate education, guys.

That's what we do. We are legacy building here. I always tell you to put the hashtag on it, but I always got to give a shout out to those who listen to us faithfully, the Q family, the McKellers, Pastor Vanderbilt Evans, senior, that guy will jack me up. I'm a big guy. That dude was literally snatched me up on my tippy toes.

If I don't put that senior on his name and his beautiful bride, Ms. Sondra Evans, those who listened to us in the muddy mud, Mullins, Marion guys. Look here. We love you. I got to give a shout out to the coach of the year up there in Mullins.

None other than Eric Troy. Keep going, my guy, we love you and we appreciate you for what you're doing to make a difference and an impact in the community. So speaking of a difference and an impact in the community, guys, today. We got with us none other than Mr. Jens Nielsen.

Now Jens is, I love the fact because for those who may have traveled, yen is money, is currency. So we're going to be talking about some money today and I'm super excited because he is the founder of Open Doors Capital. He manages over 2,700 apartment units, over a hundred thousand square feet. And that's a lot of building right there of industrial space. He's going to tell us today.

He spent over 27 years in IT and telecom, he transitioned to real estate and built a portfolio that was grounded in underwriting, disciplined, strong reserves and strategic growth. He has raised over 10 million in syndication and helped investors scale without chaos. So today we're going to be talking with him about what actually protects wealth and what many would say is, or could be volatile markets. So let's plant the seed here before we officially welcome Jens in right here. Most investors think that growth builds well, but in real estate stability protects it.

So when markets tighten and portfolios that survive aren't the biggest, the ones that are most disciplined are. So if rates rose again on tomorrow guys, would your portfolio be ready or would

it start to wobble wobble? So guys, look, that's what Jens is going to talk with us about today. Jens, how are you doing? And welcome to the show.

JENS:

Thanks Corwyn. And I'm excited to be here today.

I'm doing great. It's another sunny day, so I can't complain.

CORWYN:

Wonderful. Well, look, our listeners could be experiencing what, so my folks in Myrtle Beach, Myrtle Vegas, as I like to call it, they call rain liquid sunshine. So if you're experiencing liquid sunshine today, great.

But Jens, look, let's get in right here, your experience. So first and foremost, I want to get that out here on the show. I've said it, but I want you to say it in your own words, who you are and what it is that you do.

JENS:

Yeah, thanks. Well, people may notice I have a slight accent and maybe a foreign sounding name, but I have, I'm originally from Denmark.

I was born and raised in Denmark. Well, moved to London, England in the early nineties, and then came to United States in 1996. So this year has been 30 years while I've lived in this country. Started out on the East coast, a little bit further North than you. I was in Maryland for the first 10 years of my life here in this country.

Did the typical, you know, work, different corporations, got my education, went to college, University of Maryland, did all those things. And then in 20 years ago, me and my wife moved to New Mexico, Albuquerque, New Mexico, maybe it's not too many people are too familiar with New Mexico, but it's a big state with not many people, but it's beautiful because it's got everything from low desert to high mountains and so on. So we live in the Northern part of it. Moved around a little bit. We were in Colorado for a bit, and now we're in Santa Fe, New Mexico, which is a great place to be.

But I worked in IT, right? 25 plus years, because that's what I thought you were supposed to do, right? You're supposed to work for somebody else, put money into 401k. And then one day to retire. But then roughly 10 years ago, I was like, wait a minute. Do I have to do this another 20 years? And I couldn't compute. I was like, wow, I'm already 45.

I've already done this for 25 years. I don't want to do it for another 20. And at that point, I decided that I needed to change career or business. And I had not really been an entrepreneur up until then because I'd already worked for somebody, but I decided there in my 40s that, OK, it's time to go out and take a little bit of risk, start creating more wealth, start to decouple my time from my income, which is one of the key things that real estate does. So we started

investing 10 years ago in Albuquerque, New Mexico, just with some smaller properties, plexus, four units.

And then that then grew and grew and we went into syndicated space and so on. So that's a little bit about me and I'm happy to go down any kind of path that would serve you and your listeners.

CORWYN:

So, yes, before we really kind of get into the growth, you're very practical, it seems in your approach, where you focus on, and forgive how I say this, but on survival first, reserves and things of that nature to make sure that your property, if something were to happen, something quote unquote in theory goes off, rails a little bit, that you're going to be fairly rooted and grounded. So why does that matter more than the growth and expansion? A lot of investors like to approach this with guns blazing, pedal to the metal, just grow. So why do you believe it matters more to approach this more conservative?

JENS:

Yeah, the key thing here is, right, when you're underwriting, running numbers on a property, it's easy to just project, hey, everything's going to be fine, it's just a linear path and the tenant is going to pay rent, then you can pay your debt and all your expenses and so on, right? That's the typical path.

But what we know, nothing is linear, right? There are certain times of great expansions and other times of contraction. And if you think about that, right, the biggest risk any real estate investor has is if they can't pay their debt, well, then the bank is going to come knocking and you may not have a property anymore, right? That's the biggest risk. If you can ride out those waves and ups and downs of expenses going up or rent dropping, if you can ride out those challenges and don't get crushed in the bad days, then you can live to fight another day, right? You can continue to ride the wave of real estate investing. It's always works out in the long run, but as long as you don't get crushed in the short run, right, that's where the risk really lies, right? So that's where having reserves, conservative underwriting, conservative debt is really important.

CORWYN:

So a couple of things you touched on in there, which I want to pull out.

And for our listeners, guys, this conversation, you know, it may sound or it could sound that we're speaking much larger level, this applies at every level, whether you are single unit holder up to thousands of units holder. So Gans, you mentioned in their vacancies, planning for those, what about capital expenses and other potential market downturns? Because let's pull that out just for a second. What is your take on that?

JENS:

Yeah, absolutely. Right. For a property to be profitable, you got to have your income has to exceed your expenses and your debt payments, right? That's kind of investing one-on-one.

And we saw during COVID like 21, 22 rents went up tremendously. There was a period of really escalating rent. And now that sounds great, but people, and I have compassion for people that may be getting squeezed on the rents going up, but people don't see is that on the expense side, insurance, taxes, all the maintenance, inflation was high. So all our repair components and stuff also went up. So we are getting, make a little bit more on the income, but our expenses continue to rise at an even faster clip, right? That can be very challenging for us.

So the key thing there is making sure that you keep those reserves, right? Because for example, it is winter. We own some properties in Ohio. We had two large steam boilers fail at \$75,000 a pop. That is who has \$150,000 sitting around to repair that type of stuff, right? Luckily we had some reserves. So we're able to do the work and we hope that winter is over soon.

So we don't have any more failures, but that kind of stuff. And if you're not capitalized, what do you do? Right? You get crushed.

CORWYN:

That's very true. And look here for those listeners who may have been watching me just then, for those who on our YouTube channel, I'm sorry. I look like somebody just cut an onion or something cause Lloyd, there's seven, Ooh, that's, Ooh, that's pain.

Look, it gave me chills. So let's separate this out again. So a capital expenditure is something maintenance, big ticket item. If you will, typically, and that usually comes out of operating, but let's segment this, explain the difference in your opinion, how you all operate between what you would deem to be operating reserves versus the growth capital. So let's pull this out for our listeners.

JENS:

Yeah. So I think what you mean is there is operational expenses, right? The day-to-day expenses of running a property, utilities and payroll and taxes and insurance and all these things, right? Those are ongoing expenses that day in and day out. You have to pay and that's need to be covered by the income of the property because otherwise you may as well just get rid of the property. Now what we call below the line, more like CapEx, capital expenditures. Those are those improvements that you're looking to do with the property.

So typically what let's say is an older property and you want to improve it, but we raised, we would bring that money in from our partners and investors so that we have the capital to improve the units and make them nicer and create a better experience for our tenants. Right? So the capital expenditures is one thing that we plan for upfront and the operating expenses are the stuff that happens every day in and day out.

CORWYN:

So let's switch this up here a little bit. So growth throughout reserves obviously is risk where stability creates opportunity as you move a property forward. So even strong reserves can't fix poor structure.

So my questions in here are going to be, how can someone build the right structure? How do you separate, if you will, your personal business, those risk items there? What does that look like, Jens, in your advisement? How do you advise people address that?

JENS:

Yeah, of course. Right. So if we buy a house in our own name or a car or something, it's typically in our personal names, right? Because we are responsible for paying the debt on whatever we buy and it's our own liabilities and obligations. Now, if you go in and buy a large apartment building or something, everything needs to be structured with legal entities, LLCs, limited liability companies, right? So your property is held in an LLC, the loans that you get, commercial loans, and it's the LLC that's borrowing the money. It's not Jens Nielsen borrowing the money, right? So it's the properties, the collateral, you even try to, so you separate, you create separation between you and the property because while we try to mitigate all the risk, stuff goes bad at times, right? You can do everything right, but stuff may happen.

So you want to make sure that you create a separation. So if something happens to that property or whatever, that it doesn't come back and completely annihilate your own wealth and so on, right? So it's LLCs, their insurance, the loan that we get are typically what we call non-recourse, so that is basically just against the property. It's not against you personally. It's very important to create all those separations, right? Somebody goes out and buy a big property in their own name. They need some legal advice to start to that slightly differently.

CORWYN:

Makes perfect sense. So you do a lot of, or have done a reasonable amount of syndication. So if you don't mind, our listeners, they may have heard this, that they tuned in prior, but one, I want you to define what that is, and then I want to get into how do you manage the responsibilities that come along with that? JENS:

Yeah. Syndication is essentially a group of people coming together to buy a property. Right? So how can you get into real estate investing? Well, you can go and buy the house next door.

You can buy it and you can rent it out and you can manage it yourself. Or you can buy something larger. But once we get into, you know, the millions of dollars, most people can't go and do that by themselves, but they want to be part of it. So what we do in that case is we say, okay, let's get 10 or 20 or 30 people together and we'll all put money into this deal and we'll own a share of this property and we will do the active work. And everybody else are passive in the sense that they get the benefits of the investing.

They don't have to do the work. So this is a great way to get into real estate investing without having to go and buy a house and self-manage it. And so that's what it's called syndication. You

can also look at it as private equity, but it's basically just a way to invest in an asset passively. That's not just a stock market, you know?

CORWYN:

Okay.

So, and how do you manage that? So let's say that you have, let's say you pulled a group together, essentially put together a syndication deal. How do you manage that to meet the needs of the investors, but also deliver, if you will, a way to put it on a promise.

SPEAKER 3:

Whether you're investing in commercial real estate or simply trying to become a homeowner and build stability for your family, the goal is still the same. Creating opportunity and legacy for the next generation. Let's take a short break.

AD:

Do you remember your grandma's front porch? You know, that spot where stories were told, kisses were stolen, and sweet tea was always being sipped. Now imagine giving your family a place to make those same memories, but in a brand new, energy efficient, and home that was built just for you. At [Country Boy Homes](#), we help folks just like you find that forever feeling. Whether it's your first home, your next home, or your, we're done with rent forever, like seriously home. We specialize in affordable and durable manufactured and modular homes. The kind that make room for muddy boots, big dreams, and second helpings. Come see what coming home really feels like. Call **843-574-8979** today. [Country Boy Homes](#), built to last, priced for you.

JENS:

Yeah.

So basically what we, those properties, those deals are split up into the limited partners, the investors and Susan that puts money in or whatever it is. Right. And then we have the general partners. Those are people like me. We put the deal together, right? We do the underwriting, we find a deal, we find a debt.

And then once the deal is closed, we don't self-manage, we have property management companies to manage it, but we manage, our goal is to manage the property manager, if that makes sense. Right. So we have a business plan and we say, well, this is the renovations here, the rent targets here, all these things. So we manage that manager, right? That's how we earn our fees as well. Right.

So basically by managing the property on the behalf of the investor. Right. So that's what it looks like. So if, but that's a business, you can't do this passively. You have to put a lot of effort and time into it and make that a business in order to make that be successful there.

CORWYN:

Makes sense. Makes perfect sense. So I want to shift just slightly, and this shift is really about maintaining indiscipline, market shift, they change, things happen, and I always frame it is this way, which is you have no idea, really and truly real estate markets kind of follow the economy in general. If something outlandish happens in the economy, then that's going to have an impact on real estate, right? One way or another. I mean, I mean, look at COVID.

We thought COVID was going to stop real estate and it actually seemingly put a jet pack on it and hit the igniter and boom, right? So how do you maintain discipline in markets that are uncertain? Obviously COVID is a misnomer, so to speak, as far as what happened. But at the same time, we came out of recession a number of years ago, after we figured it out and got it together, the market took off then as well. So how do you maintain discipline in those uncertain times?

JENS:

Yeah, that's hard, right? Because when everybody's excited about real estate, everybody wants to buy it. And there's some of the deals we bought in 22, like, wow, we probably paid kind of a premium for them because everybody was investing, right? And then the market shifted because the interest rate went up and it's been a lot of like weird uncertainty about where it goes, but it actually, it's quite relevant today because we're just today terminating a contract on a deal that we've been looking at for six weeks. And we're super excited about it.

But then when we really got in, this is actually a warehouse conversion. When we got into it, we're like, wow, it's going to cost so much money to convert this deal and why we really want it emotionally, and it could be awesome for the community, the risk is not worth the return here. And that's one of the things I've learned is that you really have to protect your downside as well. Maybe you can make great money, but you can also lose money. And we're not perfect.

I mean, we had a deal last year. We sold at a loss because there had been some, a little bit too optimistic and market forces were causing some troubles there. So you have to think on your downside. And I did not think much about the downside early on, right? Now, as I'm doing bigger and bigger deals, I'm really also cautious around the downside because you can make a lot of money, but you can also lose a lot of money, but it's never a good thing.

CORWYN:

Makes perfect sense.

So what I heard there Jens was this, to kind of tie that piece up, which is you don't necessarily eliminate risk. You just end up, if you will, building a structure or functional structure around it. So let's make a transition here. So let's address what everyone feels, but very few people are able to plan for. And that's rising interest rates, rising rates, right? So how does higher rate, you know, commercial property, but you tend to have a shorter term where you may have amortized, you got a set number of years and you got a balloon, which means you got to come back and restructure this thing.

And if rates have increased on you, might give you a little bit of heart palpitations, if you will. So how do higher rates impact or the potential for higher rates impact you in those scenarios?

JENS:

Yeah. So it's important to understand, right. That a commercial property is valued on the income that it produces. It's not like, you know, your house will, if you sell a house in your neighborhood, it'll probably be similar to the house next door if they're similar in size and quality and so on.

Commercial property is based upon the income that they generate and that can go up and down a lot, right? Maybe rents rises, but all the expenses rises, the income drops. And if interest rate also goes up, your income drops, meaning the value of that property becomes, drops as well. And that just, we have seen in a lot of markets, right? Stuff that's sold in Dallas and other high, you know, Atlanta, other high flying markets. As interest rate has risen, the value has dropped and that creates a challenge. Right? Because if you said, if you have to refinance or sell at that time and the values are depressed, you may not be able to refinance, you may be able to sell, but you could be selling at a price less than what you need.

A couple of ways that we manage that. So one is get long-term debt. We have deals that have seven or 10 years debt on there before that balloon comes due, so you have a longer runway there, that's one thing. Then also try to manage your debt low. Maybe the bank will give you a 80, 85% loan to value, but that may be too risky.

You may need to stay a little bit lower. So you have some more space in there. And if you go and do any kind of short-term bridge loan lending. Oh my God, be careful. That's what the deal I talked about.

That was really what we came up against. The loan was maturing and the deal had some trouble and stuff like that. So that really, and those are advanced strategies, but if you're just out there buying something, try to get a loan and you want to keep it for a long time, trying to get a loan with the longest maturity you can.

CORWYN:

So that brings me to probably something very important. So if you're an investor, obviously you're looking to build wealth and you build by adding to obviously out of a solid foundation, don't get me wrong, but building is adding to versus tearing down.

So scaling in that situation between responsible investing, if you will, and aggressive investing. So being responsible versus just chasing the momentum. Give us your opinion and take on that and your approach on that.

JENS:

Yeah, I was pretty aggressive three, four, five years ago because we were in that growth state and it was easy to raise money, but also at some point, I wait a minute, we have added so much portfolio, our infrastructure was struggling to keep up with it. Right.

So I've slowed way down. I'm a different place in my career, but I think the key thing to think about here is just because you really want to do a deal or just because this deal you're looking at looks really good, have that, try to get, remove the emotion from it. Try to just focus on what am I trying to do here? What are the upside? What is the potential downside? And so on. Right. And really be very disciplined on that.

So that's why this deal I just talked about, it was painful for us to have to give it up, but we also realized that we have to create, everything has to go right for this deal to work and it's like nothing is ever going to go right. So this is definitely some risk that we're taking. It's really just try to remove the emotion from it. Right. And say, okay, well, the best deal may be the deal you say no to.

And I'll guarantee you what's going to happen is we say no to this deal. And then in a few weeks or a month, something new and better is going to show up. We wouldn't have been able to say yes to this new deal if we were in the middle of this one, right? So that's how there's always a new opportunity. It's not the last deal, the last real estate deal that's going to sell.

CORWYN:

Makes perfect sense.

Perfect sense. So this one is probably a little bit of, I'll call it a loaded question, but probably a heavy question. In today's climate, your opinion, industrial or multifamily?

JENS:

Well, I haven't done a multifamily deal in a couple of years. So I am, I'm much more excited about industrial. And when we talk about industrial, that's like warehouses, that's flex space, basically something where you are not putting apartment dwellers in, you're putting businesses in.

Right. And that has turned out quite well for us. We're selling a deal right now. After a year and a half, there's almost a 50% increase on the investment. So people making like a 50% return in a year and a half.

That's pretty good. Right. So, so we've seen some great upsides on that. And this is, I think, because there wasn't as much competition in that space. There was some great opportunities in our market and so on.

So that's what we've been kind of focusing on here in the last couple of years to go that way.

CORWYN:

So I'm going to shift up a little bit and we've heard this here recently. I literally not too long ago was at a conference and one of the speakers kind of in there talking about things going on in investment and technology and all that stuff, data centers and things of that nature were things that kind of came up, so I'm going to add that in. Is that something that you either see, advise or what's your opinion otherwise about those types of investments in this current climate?

JENS:

Well, if you pay attention to AI and stuff and data centers being talked about all the time, that is given the cost, the sheer cost of developing data centers, we're talking billions of dollars to develop a data center. So that's not a space that we play in because we play in that like value ad market, what I will say though, there's a whole host of things that, Hey, it's great that we have constructions and new technologies are being developed on the same side, right? It causes potential issues with electricity and other resources that are being used up.

So I think it's great. And if there are people that need just smaller spaces, they can definitely rent our warehouse and put data center in there. I'm totally fine with that.

CORWYN:

I love it.

JENS:

And I know some people locally that are getting into this space to try and develop, but I'm like, that's a very long runway, so much money.

That's not a space that I'm really want to be in.

CORWYN:

Understood. So what I heard was market shifts don't remove opportunity, going back to what we kind of started with the reward preparation. So again, this is a great place as we're getting close to the end of today's show for you to tell listeners where they can reach you, how they can get in contact with you.

JENS:

Yeah.

So the best place to look is my personal website. It's my first name, J E N S and last name Nielsen, N I E L S E N dot U S. So JensNielsen.us. It talks about my real estate investing, my other business of business consulting and coaching and so on.

Some of these other aspects I do. Yeah, it's a great place to reach out. My phone number is on there. Anybody who wants to maybe register or get on a call with me, they can book a free call directly on my website.

CORWYN:

Awesome.

So for our listeners, guys, let's talk about legacy. Jens pointed out when investors focus on units and portfolio size, they often miss stability. How does thinking in terms of reserve systems and structure change the way someone builds wealth that lasts beyond one cycle or one generation? So my takeaways today, Jens from our conversation, stress test. I love this. Your reserves before you scale, review your risk exposure, both personally and structurally, and make sure you're underwriting deals for downturns, not just focused or not being fully just optimistic.

So in closing today, for our listeners in real estate, discipline isn't optional. It's what turns income into legacy. Now you all know how I feel. You know what I say, you know, I always put the two of those things together and I give it to you this way, which is to tell you that I love you. I love you.

And we're going to see you guys out there in those streets.