Automate Revenue Returns with Real Estate Projects Transcript

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Introduction to Dr. Oishi and Physician Investing

So happy to introduce Doctor Masako Oishi. He goes by mass for short and he wrote this book called Prescribing Real Estate A Doctor's Guide to Commercial Real Estate.

He's a co-founder as well as the chair of Marcus. Peace capital is a firm that focuses on physicians putting their money into real estate projects. And it is a very exciting thing that I've come across recently because there's so much transparency, so much honesty, and so much education when doctors are helping other doctors.

And I'm so excited to introduce Doctor Oishi on to the summit today. Welcome to the summit. I'm so happy to have you here. Thank you. It's good to be here.

Thank you for having me on. Yeah. So, you know, we've known each other for for a little bit, but I didn't know you were doing a lot of the real estate stuff.

And so it's very natural for me to ask to be on, because, you know, I think that as physicians, from a financial education standpoint, it's very lacking.

And it's not surprisingly so because we weren't really taught as a med school. We weren't taught this in residency or fellowship. And even becoming attendings weren't really taught this as well.

But, you know, the biggest, the biggest question that that, I get and what I see in a lot of the Facebook forums and stuff like that is as physicians, how can our hard earned money work for us?

What do you think? Well, that's a very loaded question. There are a lot of different reasons why, many physicians don't accumulate the kind of wealth that they probably should.

One is because they, you know, neglect their student loans and allow them to sort of snowball and end up, sort of being, chained to them for longer or, you know, more than they should.

Other reasons include things like you know, doctors are notorious for being big spenders, on certain items like cars, houses, things like that. So there's a bit of financial discipline that, you know, probably goes a long way for many doctors.

Why Doctors Struggle With Wealth Building

And then, of course, I think, you know, the reason why I'm into real estate is because, a lot of physicians just don't know how to make sense of investments and decide for themselves.

You know, what looks like, something they should have their hard earned money and, had to, you know, evaluate different investments to see if they're worth their while or, if they're appropriate for the kind of portfolio that they're building.

Right. And, you know, ever since residency, I've been kind of bombarded with people, you know, marketing to me, me, me and my wife were both physicians.

Ever since, ever since that. And we've been talked to by so many people about investments here, what we should do as a residents. But there's so much conflicting information.

I feel like it's also coming from conflicting sources as well. So what do you think are the like the biggest misconceptions around investments that a lot of advisors kind of target?

Doctors when we were early on in our career, when it comes to like investments in retirement. Well, I think when it comes to investments, the the most important factor is time.

I would say that rather than focus on whether or not I'm making a particularly, good investment here or particularly risky investment here, it's it's really more important to get started early.

The more time your investment has to grow, the more, you'll be able to accumulate. And, you know, really, you need to start early and get in the habit of making regular contributions to your investment portfolio.

You know, I think a lot of docs and just like myself and my wife, were so hellbent on paying off for our student loans, especially, when it comes to to earlier on, a the concept of investment doesn't make any sense or in that large amount of debt.

So how do you sort of balance between like debt payoff and investment investment towards retirement? That's a great question. I think a lot of, professionals, not just physicians, but, professionals that have been through graduate school or professional training, are really at a loss as to what the right balance is, whether they should pay off their their student loan debts now or, you know, use, their income to fund investments.

And, you know, I don't think there's a one size fits all answer. I will say that right now, interest rates are very low. And, you know, it may pay to refinance.

Some of your student loans, if you can. I've seen federal, rates as high as five and a half, 6.5% for professional, students. So, you know, that's certainly somewhere where you can actually save some money by refinancing or even paying them off.

Paying off debt is not a bad strategy. So it's a way of paying yourself, you know, having, negative, assets, wiped off your books is just as good sometimes as having an investment, because you're no longer having to pay interest on that.

So, you know, it really depends on the situation. But I would say, you know, a balanced approach is probably best. You know, I don't like to see doctors having to live a cramped lifestyle because they're, you know, hellbent on paying off their student loans.

Even so, it's it's kind of, a moderation type of approach. You're. Absolutely. And I agree with you on that. You know, today, just today, I was looking at one of our Facebook forums and there was a post about, a physician couple, both finishing fellowship at the same time.

Both radiologists and they both have about $390,000 in debt. But they they're like, you know, what about our combined incomes is just a little over, half a million for the first year coming out.

Balancing Student Debt and Early Investing

And then she posts on there that they're looking at this, you know, $2.8 million property, not in Manhattan or anything crazy, but actually in Mississippi.

And, and then you have we have all these physicians from all sorts of ages talk about, hey, you don't want to be house for the very beginning, right? And so and then have those expenditures and it's sort of overwhelming, you know, amounts of doctors are having the sense that just going to big earlier on can sort of cripple things.

You agree with that? I think that's probably good advice that, if you start with something more bite size and work your way up, you know, your comfort level, of course, is very important.

When you're a physician, you don't want to have to be worrying about the investment that you made and how you're going to meet the the monthly payments.

If you decide to finance it. Yeah, absolutely, absolutely. But let's let's go on to real estate because that's what we're here to really talk about. So now you're part of the market space capital, which is which is wonderful.

But let's talk about the story of how you even got into markets with capital, or maybe how you got into real estate in the first place. Well, it started, when I was about 15 years old.

My folks came to this country in, 1964. Not speaking much English, but, they realized, the value of investing. They worked hard and saved money and they bought some property, outside of New York City where we were living.

And as the, oldest, sibling amongst, my brothers and sisters, you know, native speaking English speakers, the job fell on me to make sure that things like property taxes were paid, rents collected, that insurance got paid up on time.

So I had a bit of a, baptism by fire. If you. If so, that's how I got started. And, you know, it occurred to me, over the years, those properties that, they bought appreciated quite nicely.

I think, they made only one down down payment on each of those properties, and they never made another, out of pocket payment again, because the rental income essentially, paid all the mortgages off.

And I thought to myself, well, that's, that's a pretty nice investment that looks like something I, you know, it should be part of everybody's portfolio, right?

Yeah. The rest of us don't really, have and have a view into that sort of world.

Getting Started in Real Estate

So the math doesn't make sense in the very beginning, right? Right, exactly. Yeah. And so how did, how how did market space capital, come into fruition?

Well, you know, I've always, been investing in properties wherever I go. I mean, I've moved several times since I finished my, training. But, every place I go, I'm looking at properties.

I'm looking for opportunities. You know, I'm not trying to hit the big homerun every single time I. Sometimes I'll investment properties that, look rather shabby, but, if I see value in it, if I see potential in it, then I will go ahead and invest with it.

And, I've had a pretty good track record of being able to complete not just, the purchase of a property, but also bringing it to its full potential and then selling the property.

I decided, in 2016 or 17 that, I wanted to syndicate this process, bring on, a lot more investors, especially positions that, I know, you know, growing a, a network or database of potential investors, was actually kind of fun.

I got to call on a lot of people that, hadn't spoken to in a while, and, so that was kind of a rewarding process in itself. So, today, I think, you know, market space capital as, come to the point where we have about $400 million of assets under management.

And, next year we'll probably, get pretty close to a billion. By my forecast, I think, we must be doing something right, because, we have more and more property owners coming to us, asking us to help them with the process.

So that's kind of, you know, in a nutshell, why I'm doing what I'm doing. I really do want to see, professionals, especially doctors, because, you know, I'm a doctor myself.

Have access to the kind of real estate investment opportunities that are out there. Oh, absolutely. And and part of this summit is really featuring doctors helping other doctors as well.

And, yeah, you must be doing something right. Those are massive numbers and a number I can't really comprehend in my head. So, you know, let's talk about some advantages of real estate that doesn't really exist in some other types of investments.

And there's probably some tax advantages too. This was alluded to by another segment by Tyler McBroom. He's a he's a CPA with like a million followers on Instagram.

He puts out all these really great content. And so he actually ended that segment talking about how a lot of, you know, high income earners, like physicians, even they've got w-2s and they're employed.

There's some tax advantages, for investing in real estate if there's, you know, cost segregation analysis and stuff like that. So can you kind of talk about what that really means?

Well, I mean, broadly speaking, there are many ways of making money in real estate. I think the broad categories would be capital gains.

How Marcus Peace Capital Grew

Yes, rental income and of course, the tax advantages that, that accrue from owning real estate. And, I think, for a lot of high income or, professional individuals, those tax advantages can be quite substantial, especially if you, leverage a property by taking out a mortgage.

Interest is all deductible. The depreciation on the property is, is deductible. So I think, you know, there are a lot of advantages to to owning real estate.

If you're have a lot of, income, it can offset some of that. And it results in on a lower tax bill. Right. And recently I've come across some people where, they don't even have like falling case for divorce retirement funds, IRAs, and they have everything just kind of invest it into real estate.

Is that like a common practice? You know, I like to be, invested in real estate more so than than securities, stocks and bonds, because that's my, for example, you know, for other people, I think you have to admit the convenience of being able to put your money in a mutual fund or bond fund and be able to draw it out whenever you want.

I mean, that that's, you know, a very nice feature. The securities industry has done a very good job and making investing in securities so convenient.

And almost anybody can do it. And, you know, it's almost like putting money into or out of a bank account. So, you know, that's something that, in the real estate industry, we want to, to try to recreate or emulate at the very least.

And, you know, that's probably the next step in the evolution of real estate investment. Well, I really change the definition of liquid because, you know, right now a lot of those funds are, are can be liquidated, you know, within 24 hours.

But if there's something that's real estate backed or real estate investment in general, that's that could be a very huge thing. Right? Right now, we have, these real estate, investment trust reads basically that write it on the same markets that, mutual funds do.

And, you know, they're not bad investments. But, they only reflect about 2 or 3% of the commercial real estate that's out there. So you're getting a very thin sliver of selection, when you're investing in reads.

Plus, you know, they function more like mutual funds. Again, there's nothing wrong with mutual funds, except I find them to be terribly, boring and and, not transparent from one week to the next.

I don't know where my money is or what it's doing. You know, at the end of every quarter, you get mailed a prospectus from the mutual fund company. But by the time you read that, it's already outdated.

The portfolio could have changed many times since then. So. Yeah, if you like the convenience of, you know, holding mutual funds, there's nothing wrong with that.

Just, you know, make sure you choose one with a good reputation and a good track record. And I think, you know, most investors are okay with that. Right? Right.

And, you know, I think most people just really want to diversify the portfolio to, you know, don't necessarily go all in on one particular thing. Right.

And so, you know, right now there's just so many things that are, that are very attractive and sexy that are out there from, you know, from cryptocurrency to real estate.

So everything and it becomes sort of this muddled mess. I feel like whenever we're looking for, for investment opportunities and also, you know, this takes a bit of discipline and planning to.

Right. So we have to know, like what are the things or how much to save so that we can live comfortably and really redefine what comfortably actually means.

Because, I do think we kind of overstated after a while because, a lot of physicians coming out of training and coming out of, residency and fellowship and even early on in the career, tend to to lock a lot of their liquid, into liabilities and stuff like that.

Nice cars and everything like that. And, you know, I don't know, I think it's because they really don't understand the earning potential of their money.

Right. So how do you think that we can learn more about, like, the earning potentials of our money when it comes to, like, real estate investment? Well, obviously, for an investment property, there has to be, a certain level of return.

Tax Benefits and Real Estate Returns

Expected return? Yes. You know, I if all you want is 3 or 4%. Well, you don't have to necessarily invest in real estate or stocks, or you can probably just buy bonds and and be happy with that.

And that's fine. But I think when you look at the long, term picture of, you know, how do you get to a comfortable retirement where you can have the big house and you can have the fancy car that you can have or boat or whatever?

Fancy, and still be able to, you know, retire, comfortably. Then you're probably having to look at investments that, return, a lot better than 3 or 4% a year and, over a longer period of time as well.

So, yeah, it really pays to do your homework and look at, you know, what kind of returns, are expected versus, you know, what's actually accomplished?

I think, right now, residential real estate is a very, very good place to be. So this is what I tell our investors, you know, more so than industrial real estate or office space or retail.

You know, I turn them, more towards, multifamily, properties, because that offers the highest, return in my estimation. Right. And especially right now with the way that everything is going.

Right. And so, I think that, the, multifamily, you know, speaking of multifamily, let's talk about some, some differences. So there's single family, home investments, there's multifamily and there's commercial.

These are the, you know, basic three principles that, that, that I understand. Right. And so right now you're saying that like focusing more on the multifamily because maybe because there's, there's there's higher demand when it

comes to, to renters, in this market right now.

Is that why? Yeah, there's higher demand. By some estimates, there's probably a 5 million unit shortage, in rental properties in this country. Some of it is because of population growth.

But other is because of preference changes among the younger individuals. It's not everybody wants to go out there and have a house with the backyard, two dogs or whatever the situation may be.

A lot of, millennials and other young people are, you know, more into lifestyle and convenience and that's fine. That's that's great. You know, there's a there's a market to cater to those individuals as well.

We saw other segments of the real estate market, took a bit of a hit during, Covid, especially last year. Entertainment and hospitality industries definitely, did take a hit, but, they're coming back.

Actually, there is actually some really exciting things happening in that sector. Sector as well. The office space, sector is really struggling right now because a lot of workers still haven't gone back to work at the office, and they may not go back for a long time.

So there's a lot of vacancy there. I would be very careful about looking for deals in that sector, although, you know, if you if you price the job correctly, you can still make money.

Just have to be careful about what you're getting yourself into. And then, of course, there's retail. Retail has been in a long term, decline, if you will, because, many things, many factors.

But really, because of the, the advent of e-commerce, it's like, if you can buy it online, guess what? You're going to be able to buy it online. And so the need for brick and mortar stores has definitely deteriorated over time.

That's the sector that we really don't, have a lot of, of investment in right now. The time may come when it'll hit a bottom and start to rebound. We're kind of looking for that, moment.

But right now we're very happy with where we are in multifamily investments. That's really, you know, almost all we do right now, it's it's all about moving the money to the right place at the right time.

What a growth.

Why Multifamily Is the Preferred Sector

And based on the trends, right, I assume yes, I think, you know, there was this misconception out there that, because, so many people in the hospitality industry, either lost their job or were placed on hiatus, that a lot of, tenants would not be able to pay rent.

But as it turns out, because of government assistance and many different forms, you know, rent payments have been very strong, even throughout the pandemic.

So, that's something that, you know, we look at and, and say, well, you know, is this something that's going to last? Is this something that's going to taper off because, you know, of, Covid panning out?

We don't know the answers yet, but I think the fundamentals of, of, of multifamily, are still very strong. Excellent. And let's talk let's talk about some niches for a second.

Niches. I don't know how to pronounce it. But one of the ones that comes up, that I hear about is sort of like the senior living or 55 and up. Population.

And the relatively more stable is sort of a true statement. Well, I think, as far as the markets are concerned, yes, that's a growing demographic. And, certainly catering to that, growing segment of of the demographic, sounds like

a very good strategy.

We are, at market space capital. We're in the midst of developing, 250 plus unit, property that, focuses on that, population. And we're building it right next to a medical center.

So I think, you know, those are the sorts of, of smart, you know, location type investments that catch our interest. And, you know, we tend to focus on those kinds of investments.

Right? Yeah. What do you mean, near a medical center? I mean, that's that's that's very, well, it's very stable. It's very unique. And it's good for, it's good for everyone.

So I'm sure there's some, invested, interest as well. And so, you know, for market space capital, I think that you were saying that there's a lot of physicians that are part of the, investment portfolio.

Right. And of course, that's of course, you're a physician yourself, and you kind of lead the way into it. And so, but let's talk about specifically what really does what is market space, capital, really do specifically.

And, when you have a physician on board, what does that journey look like for the board as money go? Well, when we were basically project, based in terms of offering, investors the opportunity to go in on the property, we don't have a general fund where you put your your money and you don't know where it's going.

We we definitely want to put the fund back in investing by, you know, showing, our potential investors the actual property, what it's going to look like.

You know, what we expect from it in terms of financial performance, as well as, you know, whatever risks may be involved. But I think we carefully choose our properties, based on 28 different, metrics.

We're very data, oriented, driven. And, you know, our approach, also is very conducive to, bringing the next phase in real estate investment. To our investors, which is to go digital and start tokenizing some of these assets.

Tokenizing. That's a great word, that we're very excited about that. I mean, people hear about blockchain technology and, and a lot of the most common questions I get is, so if you blockchain a property, does that mean I'm going to get paid in Bitcoin?

I'm like, that's not what it means. That. You know crypto is is crypto. That's a whole nother this that I don't care to touch really. But, that's, you know, that's the kind of, of, stage we're at where, you know, a lot of people are, are still trying to find their understanding of what blockchain does and what it allows us to do with real estate investments.

Oh, absolutely. And you know, blockchain is very different than than cryptocurrency. In fact, a lot of, you know, speaking of electronic medical records that are going to be on the blockchain, there's ways of accessing information.

Patient data has to be on the blockchain as well. So as a technology it's it's a very different thing than than cryptocurrency. Even though I think that people use it kind of interchangeably at this time.

But but I agree with that. But that's not what this summit's all about.

Tokenization, Education, and Advice for Doctors

So let's and then, you know, I actually subscribe to, your blog, market space capital and, there's, there's one right here that really caught my, my attention.

And it's called, the most important factors contributing to to high returns. And there's case studies that are, that are in there. And, you know, I kind of obsessed over this a little bit.

And there's some numbers that are there. And, and, you know, it talks about how when you have cash returns, you call it the mailbox money, right? It talks about difference in appreciation in principle, down payment and tax benefits.

So you guys have a chance, you know, to go to market space, market space, capital, dot com and then subscribe to the actual newsletter. I'll have a link actually, in the description of this video.

But you give such a fabulous education of these different things and very simple to understand language. And I really appreciate that. I want to thank you for that.

Thank you. Chang. I appreciate that, too. I think, you know, one of the things I've learned over the years is that, you know, of all the formulas that are out there about how to calculate return and things like that, the most important one requires no formula at all, which is when you buy a property, buy it.

Right. Okay. Don't pay too much if you if you buy it right, and you pay the right price, you're probably going to do okay. Absolutely, absolutely. So, the last question that I have for you, is what do you wish that a lot of, doctors, some younger doctors like myself, what do you wish that we know about investing?

That you think that that everyone to really understand. What is the one thing. Yeah. When I was, growing up, you know, there were, doctors, that were friends with my father.

And, you know, I watched them as they started out and grew their practices. And, they had the opportunity through their their practice, through their son, to invest in things like office buildings and, labs and, you know, imaging facilities and things like that.

And I think a lot of the younger, doctors that are coming out of medical school today, are opting to become employees at hospitals and things like that, which, you know, it has those things have their own benefits.

But I'm afraid that, you know, along with the loss of autonomy, they're also losing some important investment opportunities, because they're becoming salaried employees, instead of entrepreneurs.

And, you know, I think that's something that's, very sad to me to watch, you know, I think, we all need to find in ourselves some level of, of the entrepreneurial spirit and, carve out something for ourselves and make some passive income there.

That's beautifully put. I actually agree with you, as well. So, any book suggestions that you recommend? Maybe your top three favorite ones to start reading about?

Well, I mean, at the risk of choosing my own horror and I did publish a book myself called Describing Real Estate. You can look for it on Amazon. I think it balances some, technical, stuff with, more general, philosophy of investing.

Excellent. Yeah. There's also there's also another fine book called, Making Money in, small, asset real estate. I think that's the name of the book. I haven't read it a long time, but yeah, I think, you know, the more you know, the more you get educated about investing, the better.

I've never said to myself, oh, I wish I hadn't read that, that book, because I always come away with something that, hadn't occurred to me before. And, of course, you know, you don't just blindly follow advice.

You put it to the test and see if it works. Yeah. Absolutely. Absolutely. Well, thank you so much for being on. It's been an absolute pleasure talking with you.

And guys. Go check out That's Alicia's book and then go to Marcus Lewis Capital. Uh.com. Lastly, I'm going to have a link in the description. So if you're watching this live it's probably in your email.

We were watching this on replay. It's actually with a description with this summit just go, click on the link on that

and subscribe to their newsletter because it's just full of like really fantastic information.

And it takes about, you know, 3 to 4 minutes to to read through some of these newsletters so that not too much to overwhelm, but just enough to, to inspire and just enough to, like, get the juices rolling and thinking about things in a, in a bit of a different way.

And it's those small one millimeter shifts that I think can create a massive amount of momentum, later on when you're making decisions for yourself, creating that safety net for you, your family, your friends, your loved ones.

So, yeah, that's always you. Thanks for for coming on. I really appreciate it. Thank you. Jack, it's been a pleasure.