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MARCO SANTARELLI BELIEVES
KNOWLEDGE IS KEY TO SUCCESS

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I HAVE ALWAYS HAD AN INTEREST IN REAL ESTATE, BUT I KNEW THAT THE REAL FIRST STEP FOR ME WAS NOT BUYING PROPERTIES, BUT ACQUIRING KNOWLEDGE”

MARCO SANTARELLI
FOUNDER, NORADA REAL ESTATE INVESTMENTS
WHEN MARCO SANTARELLI, founder of Norada Real Estate Investments, bought his first property at the age of 18, his goal was not buying properties, but acquiring knowledge. Santarelli said, “The most important place to invest is in your mind and in yourself. At Norada, we are constantly sharing information and knowledge as we guide investors toward their financial freedom.”

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Santarelli is an effective guide. Today, instead of handling just his own portfolio, he handles portfolios for investors with as many as 2,000 properties under their control and works with clients as far away as Australia, the United Kingdom and Canada.

“I remember when the light bulb went off,” he recalled. “In 2003, I attended a real estate investing boot camp that involved traveling to multiple cities and buying a lot of properties. By the end of 2004, I owned over 100 rental units, and I’d met a lot of people.” What intrigued Santarelli as much as his own personal road map for his company was the number of would-be investors who were also attending the same trainings as he was—but never “pulling the trigger.” He described this as a “light bulb moment” realization of just how many attendees would never invest. “It’s like going to a restaurant and ordering from a menu,” he said. “You really just want food you enjoy so you can eat and keep going with the rest of your day. So many investors want to invest but don’t want to be active real estate investors.

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Santarelli uses every opportunity to educate himself.

SANTARELLI’S RULES FOR REAL ESTATE

When a company not only weathered a huge economic disaster like the housing crash but did it in style, the founder and president tends to learn a few things. Marco Santarelli is not unique in that regard but, in his own signature style, he took the things he learned and refined them down to a road map for his company and his real estate investors to follow.

“We have a well-defined, written process. It’s quite literally a checklist,” he said. “Whether an investor is a multimillionaire or a complete newbie, we walk through that list to find them the deals that are right for them, and we use the same successful process every single time.”

While Santarelli’s road map is, not surprisingly, extensive, here are a few of the overarching principles that govern it:

KNOWLEDGE IS CURRENCY

Educate yourself. Whether you use that education to actually handle your own deals or to actively vet your investment providers, “knowledge is the key to providing a passive stream of income for you and your family,” Santarelli said.

NEVER SPECULATE

Norada investors must make sense, and the company refuses to “chase after appreciation” or speculate on short-term gains. “You usually find out a market has peaked six to nine months after the fact, and that’s too late,” Santarelli believes.

INVEST FOR CASH-FLOW

One of Norada’s main mottos is “Cash flow is the glue that keeps a real estate investment together.” The team picks markets and deals based on how cash flow from transactions will help investors meet specific goals and emphasizes the importance of using geographic diversification to shore up cash-flow reliability.

WORK WITH PROFESSIONAL, AND BE PROFESSIONAL

Santarelli strongly recommends against managing your own properties unless you are a professional property manager, but that doesn’t mean you should step away from your investments entirely. “Property management is a thankless job that requires a solid understanding of tenant-landlord laws, good marketing skills and solid people skills,” he said. “You’re time is valuable and should be spent on your family, your career and building your financial future. However, he said, this does not mean you ‘leave the game’ entirely. ‘Be a direct investor and maintain control of your investments,’ he advised, noting that truly great investors are always informed about their money.

These principles are part of Marco Santarelli’s “10 Rules of Successful Real Estate Investing,” a key component of the Norada Real Estate Investments road map for investing success.

“We never forgot about cash flow. It’s the glue that holds everything together,” he said. During the worst of the crisis, Santarelli said, his company, like most, “scaled back and cut costs in order to manage our business effectively,” but even then, the Norada team was learning, evaluating and adding to the vast reservoir of knowledge that enabled it to eventually establish an effective “litmus test” for any market at any time.

“We are fully market-agnostic,” Santarelli said, explaining that this means Norada is not “married to any market, any property manager, lender, inspector or title company. We are completely unbiased.”

He described this philosophy as an enormous benefit to both himself and his clients because as soon as the numbers fail to “make sense” in his proprietary “grader” for markets and deals, the company already has the next “green light” ready, enabling him not to waste time or money on solid investment purchases in the area. “Never handcuff yourself to a particular market just because you are familiar with it or you live there. Pick the markets that offer the best opportunities and put your investment capital to work in the best way possible,” he advised.

BORING, ‘IN A LOVING WAY’

While any real estate investor will tell you that a cash-flow generating, value-building property can never be a truly boring addition to a portfolio, Santarelli happily described his “favorite” markets as “boring markets” with absolutely “no sexy or sizzle” at all. Norada is looking for jobs, logistical hubs, diverse economies and a broad opportunity to serve; the team is in evaluation mode, not places where “you pay $1 million for a tiny condo,” he said.

“Now would I live in those markets? Probably not,” Santarelli admitted. “Live where you want, but invest where it makes sense. I like the ocean, the weather and the greenery where I live, but I just can’t justify investing here at this time,” he said. Furthermore, by truly living the market-agnostic approach, he pointed out, an investor can usually afford to live anywhere he or she wishes.

The Norada team looks at “favorite” markets as moving targets. “They can and should change over time,” Santarelli said. He cited Dallas, still a hot housing market by any standard, as a market in potential transition. In 2012 and 2013, “there were tons of deals,” he said, noting that...
Norada routinely identified great deals on cash-flowing rentals in the city during those years and investors purchased hundreds of properties.

“Now, we’re seeing deals like that show up far less frequently, and the same properties are priced $50,000 or more higher than they were just a few years ago,” he said, adding that rent is “keeping up” at present but the rental growth rate is slowing, so the rent-to-value ratio is starting to drop. “It’s still a good market to invest in, but it’s slowly going from that green light to yellow light—a caution status,” he said. Because Norada loves the “boring” markets, however, clients will likely not experience any delay in the flow or availability of additions for their portfolios. That’s because the team has long since spotted the indicators that markets like Dallas might be verging on too exciting and have begun cultivating options in other green-light regions.

**BUILDING YOUR CLOCK CAPITAL**

“The biggest thing that every one of our investors has in common is time,” Santarelli said, and he doesn’t mean that they have it to spare. “Time is the common denominator. Our investors value their families, their kids’ soccer games and their life obligations, but they know that they need to invest in real estate and that we (Norada) are the logical next step.” Santarelli describes the Norada buying and management processes as a “done-for-you” strategy rather than “done-for-you” because his clients tend to place a heavy emphasis on the Norada team’s level of knowledge.

“Knowledge paired with action is the key combination to success,” Santarelli said, noting that in many cases clients have spent a great deal of money gathering knowledge about real estate investing but end up looking to his team to help them pull the trigger. “It can be fear or a lack of confidence, but a lot of the time it is simply a lack of time,” he said. “Working with Norada is the logical action to take as your next step if you have the knowledge but you simply have not taken the action.” He added that in many cases, even seasoned investors may give up on real estate because they simply do not have the time capital to make it work on their own and meet their other priorities.

So what should any investor, at any level do to create that time capital, according to Santarelli? Simple, he said, the Seven-Minute Rule. Spend just seven minutes a day educating yourself about real estate investing, but be selective in how you are conducting that education. “Maybe you should spend that time actually picking up the phone and speaking with a real estate investment counselor,” Santarelli suggested, noting that in most cases his clients handle 10 percent or less of the actual real estate investing and management processes. Instead, they...
FEATURED STORY

**Master Investor**

Rely on the Norada team’s expertise to build their portfolios because those clients choose to educate themselves about Norada’s real estate experience rather than take on a new venture entirely on their own.

“I’ve got a dream team of people,” Santarelli said, noting proudly that the Norada team is made up entirely of individuals who have come to his company with great experience and knowledge, hoping to work with the Norada “brain trust.” The team operates throughout the country and is fully flexible, scalable and virtual, he added, making it the ideal group to constantly monitor and consistently stay ahead of the curve when it comes to spotting the next markets and identifying bellwether signals in present locations.

In the end, the group keeps it simple: “Be honest, create value and never stop learning,” Santarelli said, and he’s honest about what motivates him with every investment he makes. “I create financial freedom for our investor clients and my family, he said. “It’s not about the properties; it’s about the people.”

**Picking ‘Boring’ Markets for Exciting Returns**

Because Norada is, on principle, market-agnostic, founder Marco Santarelli refuses to play favorites when it comes to regional housing markets. He does, however, have some criteria that he uses to narrow the field when directing his investment team in new directions:

**Property Values**

“I like to be able to buy three-bedroom, two-bath houses between $100,000 and $150,000,” he said, calling those deals “the sweet spot” and “the middle of the bell curve.”

**Job and Population Growth**

A boring market doesn’t necessarily make headlines, but it does demonstrate steady population growth and an expanding jobs market that meets the employment needs of that incoming population.

**Economic Diversity**

Boring markets do not tend to experience explosive economic growth in one individual sector, but instead offer multiple avenues of economic growth on a regional scale within multiple industries and at multiple skill levels.

“An investor can probably figure out where I’ll be investing based on these criteria,” Santarelli laughed, adding that these factors and several others serve as Norada’s “stimus test” for housing markets.

Santarelli is market-agnostic.