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**PAGE 20**

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# KNOWLEDGE + POWER = **FREEDOM**

Norada Real Estate Investments Founder  
Marco Santarelli Preaches a Market-Agnostic Message.

BY CAROLE VANSICKLE ELLIS

PHOTOS BY CHRISTOPHER ORRETT



**I HAVE ALWAYS  
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**MARCO SANTARELLI**  
FOUNDER, NORADA  
REAL ESTATE INVESTMENTS



Santarelli uses every opportunity to educate himself.

**WHEN MARCO SANTARELLI**, founder of Norada Real Estate Investments, bought his first property at the age of 18, his gut told him the transaction held the key to his eventual financial freedom. What he did not realize at the time was just how many other investors would find financial freedom thanks to his initial purchase as well.

"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," Santarelli said. He added, "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."

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 lightbulb 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 82 rental units, and I'd met a lot of people." What intrigued Santarelli as much as his own personal wealth-building potential in real estate was the number of would-be investors who were also attending the same trainings as he was—but never "pulling the trigger." He described as a "lightbulb moment" his 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.

They do not have the time, and often they do not have a true interest. I realized that if I picked the markets, picked the properties, picked the teams and assembled it all in a package that I could present on a silver platter, I could help these people change their lives."

### BOOMING THROUGH THE BUST

Santarelli's personal motto, "educate yourself," has never varied from his earliest days in real estate, and he calls it the first of his "10 rules for successful real estate investing"—whether an investor plans to invest actively or passively. Today, as he sits in his office surrounded by nearly 1,000 books, looking out over lush greenery, he recalls how this motto enabled him not only to weather the housing crash in the mid-2000s but even thrive—and take his clients with him.



### SANTARELLI'S RULES FOR REAL ESTATE

When a company not only weathers a huge economic disaster like the housing crash but does 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 actively handle your own deals or to accurately 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's numbers 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. "Your 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" market in its sights and is moving 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 economic sector when 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  
REAL ESTATE  
INVESTMENTS:  
AT A GLANCE**

**WEB:** noradarealestate.com

**PHONE:** (949) 218-6668

- Founded in 2003, making it the second nationwide provider of turnkey real estate and one of the only providers to survive the housing crash
- Provides investors with quality new and refurbished investment properties in growth markets throughout the United States
- Currently actively monitoring more than 400 U.S. markets
- Serves investors at all levels, including servicing portfolios containing more than 2,000 properties
- Clients hail from the United States, Australia, Europe and Canada
- “Market agnosticism” means that all markets are selected based on local economic and housing factors
- Specialized knowledge regarding real estate investing within IRAs and 401(k)s



ing 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.

**NOT PROPERTIES—PEOPLE**

At first take (and second, for that matter) Santarelli comes off as all business. He clearly takes the market-agnostic philosophy to heart, and he is an intensely private individual. However, the longer one listens to him, whether via his popular podcast, “The Passive Real Estate Investing Show,” or in person, it becomes very apparent that the very heart of his business, his Norada team, and his own personal philosophy is not actually numbers and properties, but people.

“I didn’t realize it at the beginning, but this business has enabled me to reach out and touch a lot of people’s lives,” he said. Adding that although “at first it was all about the properties,” Santarelli said he soon realized that real estate itself is, at the heart, all about people.

“Norada affects people all around the world and will have a very significant impact on their lives,” Santarelli explained. “When I speak to an investor on the phone he’s not just ‘Mark’ or whatever his name happens to be, he’s Mark who has a wife and kids, a family and a future. He’s Mark building that family’s financial future and financial freedom.”

Not surprisingly, Santarelli’s thoughts on his own legacy hinge largely on his own family: a wife and 9-year-old daughter. “I’m always thinking about my daughter’s future,” he said. “It’s no different from anyone else asking, ‘What am I leaving my kids?’ or ‘What am I

teaching them?’” Add to that the vast number of clients whose portfolios Norada is constantly expanding, managing and optimizing, and that legacy takes on impressive proportions. From 18-year-olds finding new directions (much as Santarelli himself did) to parents and grandparents imparting legacies of their own, Santarelli keeps every success story in a private folder. “It is so touching and meaningful, and it helps me remember that I and my company are changing other people’s lives,” he said.

**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-with-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 your-

self 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



Santarelli at the podcast mic.



Master Investor

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**PICKING 'BORING' MARKETS FOR EXCITING RETURNS**

Because Norada is, on principle, market-agnostic, founder Marco Santarelli refuses to play or name 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 "litmus test" for housing markets.

Santarelli is market-agnostic.

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." •



Carole VanSickle Ellis serves as vice president of research and analysis at the Self-Directed Investor Society, helping investors "declare independence from Wall Street." Contact her at editor@bryanellis.com or visit sdradio.com.



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