

- Intro: This is The Rich Dad Radio Show, the good news and bad news about money. Here's Robert Kiyosaki.
- Robert: Hello, hello, hello, Robert Kiyosaki, The Rich Dad Radio Show, the good news and bad news about money. And today we have a very special show. Top one of my favorite subjects is really macroeconomics, but macro can go very macro. When people talk about macroeconomics, they often think about, stocks, but really macroeconomics is about stocks, real estate, bonds, derivatives and all that stuff. So it's knowing the whole spectrum. And the average person thinks our house is an asset. So about 25 years ago, I was almost hung out to dry as a heretic for saying a house is not an asset, savers are losers and the rich don't work for money.
- Robert: So I'm really honored to have today some younger guys coming up. They're The BiggerPockets Real Estate Podcast, Brandon Turner. Let's go, Brandon and David Greene.
- Brandon: Thank you.
- Robert: I just had to say it. I love it.
- Brandon: You have to.
- Robert: I just love what it means. It's not your name, but it's what it means. This makes me excited.
- Brandon: It is a movement.
- Robert: But anyway, it's [inaudible 00:01:10] our times, but real estate is a very important asset class. So a lot of people think live stocks like bonds and mutual funds, they're just assets, but real estate is to me the single most important asset class to study. And that's why I'm glad to have both Brandon Turner and David Greene and their podcast is BiggerPockets, the number one real estate podcast in the world as far as I'm concerned and you do a very important service called Educate People on Real Estate because it is a tricky subject. And especially today, since I just was watching CNBC, Bubblevision and they finally acknowledges Zillow has a 7,000-property problem because they flipped property. And naturally, I tax and I don't flip property, I hold property forever. I collect rent forever and I pay no taxes.
- Robert: So if you like paying taxes, then don't invest in real estate. If you're like paying taxes, have a 401k. Biggest rip off I've ever seen. So that's why real estate as an asset class in the macro picture globally is the single most important subject but also the most complex. And the reason it's complex is you if you buy, let's say, Apple stock, and you make a mistake, say you buy Apple at 10 ... Was it Tesla at 1,000 bucks or something?

You buy a Tesla at 1,000 bucks and it starts to crash, you can get out tonight. You can go out immediately, but you buy a piece of real estate, you can't get out.

Robert: So in financial literacy, which most school teachers have no idea what that means, the word is called liquidity. And the reason real estate needs to be studied more than any other subject, other than entrepreneurship is the liquidity. You started business, you can't get out if you make a mistake. You buy a piece of real estate, you can't get out. So that's why this is a very, very important program. Again, the podcast is BiggerPockets, Brandon Turner and David Greene. So welcome to The Rich Dad Radio Show, you guys.

Brandon: Thank you, Robert. This is amazing. Man, it's an honor to be here. So I love you brought up Zillow. You started with a conversation about Zillow because what Zillow, that whole debacle shows, debacle, debacle, I don't know, debacle shows is that like-

Robert: Just let's go Zillow. Let's go Zillow. Let's go Zillow.

Brandon: Let's go Zillow. This is a mistake a lot of people make, is they think that if you just buy real estate, it's going to make you money. Some people have this belief that, "Oh, you just buy real estate, it will make you money." So I love that you emphasized it's not just about buying real estate, it's about buying the right stuff, being educated, knowing what you're getting. And it's very different than just buying real estate. You can just buy a stock, like you said, it's fascinating to see Zillow go through that.

Robert: What [inaudible 00:03:58]? What did you guys think of the Zillow thing, 7,000 flips flopped? And in my opinion, I was at a party the other night, they're all Vietnamese people. They do nail bars and so they have a big business in nail, so there was a huge party and all this stuff. I'm there. And this young couple comes up to me and they start dropping jargon all over me, "We got this half acre. The cap rate is this, da, da, da, da." I have no idea what they're talking about. And it was like they're looking for a blessing from Jesus, me. I said, "How I know if it's a good property or not?" "The cap rate is this, this and this, but they had all the jargon, if you know what I mean.

David: Yeah, we see it all the time.

Robert: I didn't know how to tell him, "You're idiots."

David: What's the jargon for that?

Robert: I did my best because they're probably about 40 years old, "This is a big thing." I said, "Jesus Christ, you're at the top of a market. You're at the top of a market.", but this is exactly what I said, "Well, real estate always goes up," but they forget there was a thing called 2008 when it came down. So anyway, so I was wondering, I think our program today with you guys, BiggerPockets, because you guys are educated like we are, what do you think, David?

- David: Well, the first thing I think, real estate, the stakes are higher than other investment vehicles if you're comparing them. You can make more and you can lose more with real estate. I look at stocks and CDs, some of those areas that are super liquid, you can get in and out, they're like a jet ski, okay? You can zip around, and so if you see the enemy coming, you can get out of the way. But you're not winning wars on jet ski. You win wars in battleships, all right? So real estate is a battleship. It is difficult to maneuver. It's hard to get in and out of it like these other things, but if you set it up the right way, it's crushing anything that you put in front of it, which is why you put so much more emphasis on studying this and you'll get a better return than learning how to trade in crypto or the stock market or bonds or these things that are easy. Just click a button and you can get in and out and you can just read what someone else said to do and you can go copy.
- David: I think it's intoxicating that it tricks you into thinking you understand it because you watch the YouTube video and then you made money on it versus really understanding that asset class. There's a lot of things that you got to get right to make a battleship work. There's a lot of components to it, but there's nothing that compares when you need one.
- Robert: So there's four basic in macro. There's four basic asset classes. One is a business and the richest guys on Earth start businesses. That's Tesla, Facebook, what do they call them MonkeyBook or something now?
- David: Yeah, whatever it is, Meta.
- Robert: Metabook because they're a bunch of criminals mainly. And then you have entrepreneurship, you have real estate, then you have paper, stocks, bonds, mutual funds, savings and then you have commodities oil, gas, silver and Bitcoin. And so that's how I rank. That's how I was trained classically by my rich dad. He says, "There's four asset classes. The most powerful one is, can you start a business like goes International? Can you start a brand?" which Rich Dad is, an international brand. But real estate plays an important role on it because that's where I put my money. I lever it up so I make a million dollars at Rich Dad. I borrow \$4 million from banks to create a \$5 million asset which should appreciate and that's the game.
- Robert: The trouble is most people want to flip the property which is fine, but why would you flip a property, why jump out of a plane when you had a perfectly good plane that's flying? I was a pilot and we had to wear parachutes, and one day, I had a chance to jump out of my plane because my engine clipped.
- Brandon: Oh, no.
- Robert: But I just thought, " It's a decision. Do I jump out of this plane," This is over the swamps in Florida, "or do I land it?" So I just coasted that thing into Brewton Base at Alabama.

But why would you jump out of a plane intentionally, you have a good piece of real estate? Hang on to it forever, that's my philosophy, okay?

David: I think a lot of people do that because they know they don't know how to fly a plane. They're not qualified to be doing it and that the first sign of, "Well, this is going smoother, [inaudible 00:08:20]."

Robert: So anyway, I really commend you guys for your education because if I can back you guys up on that, a couple of nights ago, I was the Grinch that stole the flip and said, "You better hope you can get out of that thing." "Oh, real estate always goes up." I'm going, "Well, you forgot 2008." So how do you talk to idiots?

Brandon: The way I tell people today is like, "Yeah, it's crazy market. It's insane right now. So unless you are significantly better than me, you're not going to be able to do as well as me. Unless you're better than David. We're competing against such a high-level people today in a crazy market that we've never seen. So you have to be so good in order to win today." That's what I typically tell people. I'm like, "Can you honestly say you are the number one best investor at your asset class, in your location, at that price range, in that condition? Can you really say that?" And most newbies no, no. They watch the YouTube video, write a book.

Brandon: And that's fine, you got to get started somewhere. They're taking action, but I just like, there's such ... People, I think, want to go a mile wide when I encourage today, "Everyone just go a mile deep. Get really deep. I don't care if it's crypto. I don't care if it's stocks. I don't really care. Just go a mile deep on something and get good at it because that's the only way I think you're going to make money other than just dumb luck like, 'I bought some random coin off of Reddit and made money.'" I didn't, but some people. Anyway, that's my theory of idiots today.

Robert: So you guys are young guys. How did you get started in property?

David: I was a police officer. I could see the writing on the wall that I did not want to stay doing that until I was 50. It was becoming very obvious that that profession was not what I was expecting when I got into it.

Robert: Especially today, when they're going to defund ... Aren't they voting to defund Minneapolis today, November 2021?

David: Yes, but if you've been in that profession, Robert, you saw that come in five, eight years ago and it's going to get worse. So I saw I needed a backup plan. I started buying real estate. I had no idea how powerful it would be. I started as fell into it bass-ackwards, but I realized, "This is where it's at, man. I'm borrowing someone from this guy at a low interest rate and then this other person's paying me money to pay that person back, and meanwhile, my asset is going up and my rents are going up and my costs are staying

the same." And I just thought, "I don't know why no one else is talking about this, but I'm doing it all in." So I started just using overtime money to buy rental properties and then eventually I got out of law enforcement, started a real estate team and a loan brokerage and now I just take the income from that to buy real estate.

Robert: And what state did you start in real estate?

David: I started in the Central Valley of California, so the area between Stockton and Modesto. It got too expensive there. I moved over to Phoenix. I started buying in Arizona and then I eventually ended up in Florida and the south.

Robert: And what part of Florida?

David: Northern Florida like the Jacksonville area. That's where I got in.

Robert: I was a pilot. I trained at Pensacola, so we used to fly in and out NAS Jackson, Meridian, Mississippi and all that.

David: It's a big area.

Robert: So what advice would you have for what the military calls an FNG, f'ing new guy? Because every time I talk to these people, I want to choke them because they're so blinded by money and easy flipping and all this and I said, "You should wait for the crash." That's what I said to the Vietnamese couple. I just wait for the crash. If Neiman Marcus, say, they're going raise their prices, I don't go in there, but Neiman Marcus has a sale, I'll go shopping. It's not that hard, but you got to know what you're looking for. That's my attitude on everything. Buy low, never sell. Finance, don't pay taxes.

David: That was the way I walked into it. I definitely think in general like that's how Warren Buffett made most of his wealth was he just waited he's patient. There's another layer of complication, though where the Fed keeps printing money every time we should get a crash. So that makes it a little bit trickier to time the market like we used to because you have a time where our economy should be tanking based on bad financial decisions that we made. But then whoever is sitting in office just says, "Oh, we'll just print money and create stimulus and convince everybody the economy is doing better than it is." And so prices go up even though the value of the asset might not be keeping up with that.

Robert: Well, that's because the fed and the treasury are Marxist. You see, in a true capitalist society, this guy who's an economist named Schumpeter says, "Capitalism is failure." The capitalist is supposed to wipe out the inefficient. You think about, what was that? Not too long, there was Blockbuster Video and my goofy friend wanted me to invest in Blockbuster video stores. And thank God, I didn't get because what came along was Netflix. It just blew them out of the water. That's capitalism. But what happened is when these banks loaned money to idiots, instead of letting them crash so that real investors

could go back in and clean it up, it was too big to fail. And that's why we're in serious, serious, serious, serious financial trouble today. Any comments there on that?

Brandon: Well, that's a good analogy, though, Blockbuster, a good metaphor. Imagine if the government was like, "No, we are going to require by law that you have to rent videos from a store and we're not going to allow ..." Imagine how much different the world would be today. All the technology came because we had capitalism, efficient markets. And so it makes the future much more wild west, right? We don't know ... I feel like for years, it was this, it was up and down, up and down, up and down for generations, right? And I got caught when I got started, I started flipping houses because I had the TV show and sold houses, and then 2008 hit, and all sudden, I couldn't flip houses anymore.

Brandon: That's how I discovered rentals. I was like, "Oh, this is way better," but I don't know if the crash is this year, if it's next year, if it's 10 years from now. Is that you just keep printing money forever, it never goes away? That's why we emphasize so much on the podcast, everywhere, it's just like, the thing they can't take away from you is being in the top 1%, meaning mentally. They can't take that away from you. Whether the market goes down, whether it goes up, if you're smarter than 99% of the population which is not that difficult to be, right? If you read an adult book, the top 5%, right? So if you've read a book as an adult, not an adult book, have you read a book as an adult, you're already in the top 5%. They can't take that away from you. So we're going to be fine no matter what, but I don't know where the market is going. I'm lost, but that's why I listen to guys like you. I'm like, "Ah, this is weird."

Robert: Once again, our guests today are from BiggerPockets Real Estate, number one podcast for real estate guys. A tremendous respect for you guys because you do educate. You just don't tell them to buy and hold or buy and flip, which is dangerous as hell. There's a time to flip and a time not to. I never flip. I buy and hold forever. For my wife and I, our plan is we're going to put all the property into a trust and that trust will go on into perpetuity, long after we're gone to provide income or charities that support freedom. But when we come back, we're going to be talking more about real estate.

Robert: And remember, the biggest problem today is the fed and the treasury and this guy, Biden, let's go, Brandon, are communist. They should let the banks fail, but they didn't. And so today we're sitting on a bubble. I have never seen this so big. It's going to make 2008 look like a drop in the bucket. And so that's why I'm glad you guys are part of this program and let's set the warning out there. And the bigger opportunities are coming, but we have to wait in my opinion until after the thing passes that's too big to fail. They should have let them fail. When we come back, we'll be talking more to BiggerPockets guests, Brandon Turner and David Greene. We'll be right back.

Robert: Welcome back. Robert Kiyosaki of The Rich Dad Radio Show, the good news and bad news about money. And today I have very, very special guests, The BiggerPockets, the biggest and best real estate podcast program going and they are really in my ... I love

these guys because they do what I wish I was doing more of the time is educating idiots about why real estate is a dangerous subject. But they all have this idea, "I'm just going to buy real estate. I'm going to get rich. I'm going to invest in Bitcoin. I'll get rich. I'll start on Amazon and get rich," but they don't realize there's a lot to know especially with real estate. So let me say this much.

Robert: In macro there's four different asset classes. Number one is a business. So I set out to build a business which is a brand. Warren Buffett only invest in brands like Coca Cola, so Rich Dad became a brand. But to keep my money, I had to have real estate. So let's say I make a million dollars at Rich Dad. I go into real estate. I borrow \$4 million and then guys like Dave Ramsey was saying, "Get out of debt." I say, "Well, it's good for you, Dave, but it doesn't work for me because I hate paying taxes and I like making money." So then the third asset class which is stocks, bonds, paper and mutual funds, savings. I don't touch that stuff. And number five are gold, silver, Bitcoin because that's where I store my value.

Robert: So when I need money, I use debt and there is BiggerPockets, Brandon Turner and David Greene are here, is because when you use debt, that is freaking dangerous. I was just in Dallas three days ago with my partner in real estate, Kenny McElroy, which is probably the smartest guy I know.

Brandon: I love him.

Robert: He's the best, man.

David: He's the best.

Robert: He's one of the smartest. And he stood up there on stage with me, I said, "Kenny, how much money have you borrowed this half a year so far?" "\$300 million." He sucked the air out of the room. "Dude," I said, "Why did you borrow \$300 million." "So number one, I would like to make money, and well, I don't want to pay taxes." To me, that's smart. So that's why you guys had BiggerPockets. You're doing a very good program. You have beginners and all that stuff. And so would you mind for us telling us your beginner program because I think that's the most important thing you can do, start a beginner off on the right foot?

Brandon: Yeah, so a couple things we do. So BiggerPockets obviously, we started the podcast and we've got blog forum, all this free stuff out there, but the beginner path that we send people, they're one of two things. Some people are readers and so we have a free eBook on that people can read, so the Ultimate Beginner's Guide. We've got books that you can buy in the store and stuff. And then we've got the podcast because some people are listeners. They love to listen to interviews and stories and that inspires people. So when people are new, that's where I was sending them. I was like, "Just go listen to 20 podcasts."

- Brandon: Well, it doesn't have to be our show honestly. I don't care. Just listen to 20 real estate podcasts that are good and you will instantly start changing your identity. And when your identity changes, I'm not just somebody who wants to do it, but I am that, everything else follows after that.
- Robert: So David, the COVID shutdown is ending and hopefully happy days are here again. I doubt it because there's still the mutant strain.
- David: I know. Neverending.
- Robert: Neverending. How does COVID affected your investment strategies?
- David: I'm hesitant to say it because I don't want it to sound like I'm gloating when other people were hurting, but it was the best year that I ever had financially.
- Robert: Us too.
- David: My business exploded, tripled what I did the year before and my investments did very, very well. I picked up new investments. So in general, I know this is a shorter show, I want to zig when everyone else zags. That's something that Warren Buffett said, "Be greedy when others are fearful and fearful when others are greedy." So we had the immediate shelter in place and there was a week period, banks were literally not lending to people. That was, "Oh, my God, calamity is coming. The entire country's going into a depression because of the virus."
- David: And in my opinion, I bet on, "No, I think the government will spend our way out of this because this is what we always do and I think smart people will buy the best real estate." And so there was this little window when everyone was afraid, when I went bought a couple properties in Maui where Brandon lives and I bought another really big triple net property in Minnesota and I cautioned all of our clients like, "Look, the fundamentals are very strong for this asset class the people are just panicking because of what they're hearing in the news," and we put a lot more people in contract than we're normally did and we just ran the numbers. Our average client has made \$150,000 in equity on the property. That's the average one. Some people did even better.
- David: Because they took advantage of what the herd was doing when they all just heard someone on the news say, "This is bad," and they said, "Okay, it must be bad." And one of the things that I learned from that is you don't want to get your information based on what other people say that don't understand what is happening. You want to learn from experts, people that have done it and following the herd, may make you feel safe, it's oftentimes the most dangerous thing to do.
- Robert: So I'm going to ask you this, with all these ... I don't follow it because it's not my thing, but they paid people to not pay their rent or something? What did they do?

- Brandon: They just gave money to people all over the place. Everyone just got money that needed money at the time and most of it ended up back in I think landlords' pockets, I guess, which I don't like the printing of money and the free money has been thrown around, but at least, I'm on the receiving end of it, which is okay. I got, I don't know, 3,000 units, something like that, total now of 3,000 different tenants. And we saw no problem with people not paying rent. Even when the eviction moratorium ended here just recently, still nothing happened. People still paid rent. So I think there's a lot of fear that went around. This is just a fascinating topic. It's how the world responds to fear, right?
- Brandon: Some people naturally just freak out and get scared. They shut up in their house and haven't come out of the house in two years because they've been afraid, right? Just not leaving. I have friends that have not left their house. They're terrified. Other people's landlords were like, "Oh, it's all over now. No one's going to pay rent. Anarchy is here and we're losing our properties." And what I found instead was, if you just sit down and think logically about it, how many people are really going to lose their job in this? What percentage? And then what are we going to with it? How many don't have savings?
- Brandon: At the end of the day, when you think logically through this stuff, all the fear goes away like, "Oh, it's really not going to be that big of a deal after all." David and I had this conversation at beginning, middle and end of COVID, the whole thing of like, "Logically, real estate is still strong. It's going to make it through. We might have a rough year maybe, but 20 years from now, who cares? As long as we can hold it until then, which is why we buy cash-flowing properties, we're going to fine." What do you think?
- Robert: David what do you think? How are your vacancies and all that during this COVID shutdown? Because that's what they're afraid of, most people, they say, "What if the tenants don't pay their rent?" Well, my motto is or Kenny's motto is, "Next stop is the street."
- David: That's a good way-
- Robert: "If you don't pay your rent, we'll throw you out." But the properties, that's what they shut down, the power.
- David: Yes, they shut down the power to throw people out. So what I found was that the properties that I probably shouldn't have bought in the first place that were in less than ideal areas were populated by less than ideal tenants and had nothing to lose. And people with nothing to lose are the ones that take advantage of, "Well, you can't throw me out. So who cares if you trash my credit score if I get an eviction?" The properties that I bought wisely that I knew were better had no problems. Because even though I wasn't allowed to kick you out, the tenants didn't want that and they had a measure of integrity in their lives.

- David: And so what I came out from there was sometimes you can get by with blurring the lines of a good investment or not as long as the tide is rising, but when it goes down, man, it's those ones that you shouldn't have been holding that get exposed. So it just renewed that that focus on, "I'd rather have less properties in really good areas than more properties in those questionable ones."
- Robert: It's really simple if there's good jobs. The worst property I ever saw Kenny buy was in San Antonio, Texas. This place was so bad. I still shudder when I walk into it. I couldn't believe the tenants would trash it that bad. And it wasn't the tenant, it was the owner. He just didn't take care of the place. And we walked in the first unit, there was a toilet sitting in front of the fireplace. And then of course, all the walls are open. They stripped all the copper and the wires. They just destroyed this place. And Kenny thought it was the best investment of all. I said, "Why is that?" He says, "Because it's right next to a hospital." Do you know what I mean? He says, "And the hospitals will be around for a couple more years. Shopping centers might not be, but hospitals will."
- Robert: Those are the things that make people rich, but sometimes you just don't understand it until you're talking to somebody like Kenny or like you guys as to what really makes real estate a great investment.
- Brandon: I love what you said about it wasn't the tenants, it was the landlord. It was the owner's fault. During COVID, the people that I know that had a hard time with tenants paying rent, they were just crappy landlords. They didn't know how to manage property. They didn't have that skillset. They never learned it. I own what? Out of my 3,000 units, 2,000 are in mobile home parks. I have a lot of really low-income tenants. No problem during COVID. People paid rent. Yeah, we had a few people, bad apples here and there. They didn't pay or couldn't pay, but vast majority, 98-99% of our people paid rent on time, didn't take advantage of the system.
- Brandon: Why? Because we manage well. Because we put emphasis on knowing what we're doing and we're strict. We don't let people get behind on rent. They get a notice. We treat them like we're training them to do the right things. And for people who treated that way, it was fine.
- Robert: Good for you guys. So what advice ... Again, this is the most important thing, because like I said, I was really an asshole the other night. This young couple, Vietnamese, they're throwing all the jargon, like I said, watched, they read some books about ... I don't even use those terms. They had, "Cap rate this and this and that," and they're throwing all these numbers out. I want to see the property. I got to go kick the tires look at it. That's what real estate is, not so much the numbers, but location, who's nearby it, where are the jobs coming from and all this. But they were trying to just razzle-dazzle me, and finally, I almost lost it.

- Robert: I said, "Well, good luck. I won't touch property right now because I think we're at the top, and then this morning, Zillow falters on 7,000 units. To me, this is deja vu all over again, this is 2008, the subprime mortgage crisis, which was a repo market crisis, but this one is going to be longer and deeper in my opinion because they didn't fix the problem in 2008. They made the problem bigger by letting those criminal bank stay open when they should have folded them. So that's why I'm really thrilled with what you guys are doing because it's not just about buy, hold and pray, which most people think they can get rich. Any comments of them, Mr. David Greene?"
- David: Well, the abridged version, what I'll say here is that I tend to look at it like when you kick the can down the road, eventually the bill comes due. And so there should be a point where we have a recession. Recession would be healthy frankly in a lot of ways that would allow us to, like a forest fire, get rid of all the inefficiency. The problem is the rules change based on who is in office. And so real estate investors have to study two things. They have to understand the asset itself and they have to understand macroeconomics like you talk about on this show that affect how to operate.
- David: So I look at like I use a football analogy on Ken McElroy's podcast. I did it a few too many times. There were some YouTube comments of people that said, "Why are we talking about football?" but you got to know how to play football, yes, and then you got to know what rules the NFL is changing, so that you adapt your strategy off of that. My fear is that if we are waiting for a crash that we know should be coming and I believe should be coming, but they just keep saying, "Let's print another \$4 trillion and pump it in to the economy," you don't sense that a crash happened. It sneaks up on you. It's like carbon monoxide.
- David: So inflation is at 15% and you think you're making money because your asset is going up by 8%, but you're actually losing. You're experiencing a crash without knowing it. i My hopes are, and my prayers would be, we don't get to that point where we actually let the economy take the crash it needs rather than ruin our currency, but my fear is we don't have the recession. The dollar itself loses credibility because we just spent it into oblivion, and at that time, owning an asset like real estate is the best thing I could have because it doesn't matter what the dollar is doing. It doesn't matter if we have a new unit of currency. It doesn't matter if crypto is being used.
- David: You pay me my rent in whatever asset I choose. They can be paid in chickens and goats if that's what it comes down to, but I watch what's happening to the dollar and it really scares me. And we're doing what a lot of other countries did that ruin their currency by doing the same thing. So on one hand, if I see, "Hey, the government's making some prudent decisions. They're cutting back on spending. They're eliminating some of the programs that take all of our money," I would absolutely say, "Hey, a crash is coming. It's time to get some dry powder and go in there," but I'm also watching to see if we're just foolish and we just keep trying to print our way out of messes to be able to get voted into office, that real estate might not have that crash that we're expecting.

- Robert: Well, we never know. That's what I'm trying to say to this couple the other night. This is really a spooky time because they just kept pushing it forward from 2008.
- David: Well, let me comment briefly on the people like that because we all come across them and my fear is you, the person listening, might be that person and not know it. I remember when I first got into law enforcement that I would meet these deputies and they would be telling me all about the green bullet that they shoot and why they prefer this Glock over that SIG. That same technical jargon was thrown around and you're like, "This guy must be amazing." And then you go to the gun range and it's not John Wick. They can't even hit the target. And I remember thinking like, "Do you even shoot your gun or do you just talk about it all the time?"
- David: I think that there's a component of human personality that overcompensates for lack of confidence doesn't know what it's doing by burying you in jargon. And so if you find yourself with someone who wants to partner with you, or if you start doing that, you're probably overcompensating for the fact that you don't make wise decisions and that's not the person that should be taking big action.
- Robert: So I want to put you on the hook here, David, because being a former police officer. Today, as we're talking, Minneapolis is going to vote whether to defund the police. Now, when I think about that, it affects real estate prices. Because one of the most important things about the properties we run, there's two things. It's not commercial, I don't want retail, because retail is dying. Amazon just sucked the life out of that one and they're empty and it's called broken glass. They're not coming back. It's very selective, but when they take away the place, as a former police officer, what does that do to real estate values?
- David: Well, I heard about this happening a year or so ago when the riots were happening in Minneapolis. And so my bet, because make no bones about it, you're making a bet one way or another. If you don't take action, it's a bet. And if you do take action, it's a bet. My bet was they will either defund the police or do something similar to that. Crime will increase. The people who have good jobs and the good jobs themselves will not want to be in that environment and they will do what everyone does which is to say, "I'm going to pack up and move. Where's the closest place that I can move that I feel safe?" And that's literally the suburb that I bought that triple net property in, was I think there will be a fleeing of Minneapolis to the suburbs that are safer and I wanted to get the real estate there before it went up in value.
- Robert: Ladies and gentlemen, please listen to these guys, BiggerPockets Real Estate Podcast. Stay informed, stay up to date with them because they'll give you the early warning systems. But right now if you're in Minneapolis and they vote to defund the police, you're toast. Your \$100,000 house goes to 10,000 bucks because nobody wants to live there. Those tenants, it's not real estate, it's really the macro around real estate. And I've never met so many idiots in my life. I'm going, "Holy mackerel." Just remember this,

you can buy a stock like Amazon and you make a mistake you can get out tonight. You buy a piece of real estate like in Minneapolis, wherever they're going to defund the police, you can't get out. You're going to ride that Titanic down.

Robert: Kim and I had to sell a piece of property in Portland, Oregon, beautiful property, all the bells and whistles, all the water, boat docks, all this crap, but the trouble is that tenants couldn't get in there because the number of homeless camped out in front of it were thick, the tenants couldn't get to the property and the police wouldn't do anything. And that's why we have socialism turning into communism in America right now. I just can't believe what's happening. So you guys keep up the good work, okay? Keep informing people. Keep it real, as I would say. Be real.

David: Thank you.

Robert: You don't just buy a property and tomorrow night you're a multi like Donald Trump. It doesn't work that way.

David: You definitely want to see the big picture. And that's something Brandon's done very well in the last year. His Open Door Capital does a really good job of looking at where people are going to be fleeing into, specifically people ... When a crash is coming, Brandon is getting ahead of the curve and he's saying, "I'm buying mobile home parks because that's where the people with money are going to end up when they lose their property, when we have foreclosures, when rent gets too high for people to afford. So he's buying mobile home parks in really good areas. So the cheapest real estate in the best area and their returns have been incredible and that's the thinking people need to do. It's not an index fund where you just buy a house and all these houses are the same, and no matter what you buy, you'll be okay.

Robert: So ladies and gentlemen, thank you guys, BiggerPockets Real Estate Podcast guests, Brandon Turner and David Greene. And please pay attention because real estate is the best investment in the world, but it's also the highest risk if you're an idiot. So thanks, you guys and we'll be right back for final words. Thanks. Welcome back. Robert Kiyosaki, The Rich Dad Radio Show, the good news and bad news about real estate. I want to thank BiggerPockets Real Estate Show. Please go listen to what they have to say or Kenny McElroy's programs or get Kenny's books ABCs of Real Estate because real estate is the most important subject for those who want long-term wealth, but it's also the most dangerous subject because thought like buying a share of Amazon, if you make a mistake, you can sell it. You make a mistake in real estate, you own it. You're going to ride that sucker down.

Robert: So I thank Brandon Turner and David Greene. They're doing a fabulous service of educating, keeping people aware. So that's what I would say. It's the best asset class. Like I said, when Kenny and I were in Dallas, Texas at The Sovereign Man and [inaudible 00:35:27], Kenny stands up and says, "I just borrowed \$300 million." The average guy

can't get a \$30,000 loan, much a \$300 million dollar loan, but the power of real estate is debt and the more debt you have, you don't pay any taxes, but you better know what you're doing because you don't just buy it for that reason. So anyway, I want to thank again, Brandon Turner and David Greene. Final words to us, Sara?

Sara: Great episode. I thought those guys were super smart. One thing that I couldn't help but think was how in the early 2000s, it was the rise of the flipping property television shows and that really got people into that mindset. So it's nice to hear you and guys like Kenny, talking about, "Just, you never sell. Find a good property and never sell."

Robert: I take that cashflow forever and somebody amortize that alone. So I borrow \$1 million. In 20 years, that \$1 million dollar loan is zero and I still got the cashflow and I pay no taxes.

Sara: And that's the unfortunate side with I think education, it made it seemed like you could flip a house, make \$10,000 in 30 minutes. And so I'm glad you brought up the fact that real estate is not liquid and it's very difficult, but if you have the right education, you can be profitable.

Robert: But also, if you flip a house, you got short-term capital gains tax. And if you have a 401k, you have ordinary income tax. So being an investor, not just making money, that's right, that's why The Rich Dad Show Company around, is to educate people. I'm really glad to see guys like Brandon Turner and David Greene carrying the torch of financial education. So let's talk about Zillow really quickly here, because to me, that's good news. So Zillow, I was watching ... This is what, November something?

Sara: 2021.

Robert: They announced that Zillow had 7,000 properties not turned over. So they had to sell them for less than they bought them for because they were trying to flip them. And Zillow is supposed to be this real estate expert company? My God, how stupid are they? But that's what happens when people want to make a quick buck versus going for cashflow. So again, they're going for capital gains and I go for passive income. There's a very big difference in that. Now the good news about Zillow is, to me, the top is in right now. I hope the sucker comes down, but they'll probably bail them out again. It was too big to fail when real capitalism is it should fail. The weak should get wiped out.

Robert: But no, the fed and the treasury and guys like Biden protect the banks. And they let this incompetent stay alive. So I don't know what's going to happen, but when Zillow goes bad, that's the best thing I can think of, but I want to get back in the market. When markets crash, that's when I want to get back in. So if you guys are like, "Oh, Kiyosaki said that Zillow is ..." No, don't be an idiot. I told that young couple, "Don't be stupid. Don't give me all this financial literacy jargon, 'Cap rates and discount this.'" I could tell

them, "You Jack." They know Jack because it has nothing to do with the numbers. It has to do with the property, their area, management skills, all these types of business.

Sara: Right.

Robert: So when Zillow said, "They're coming down," I get sexually stimulated going, "Oh boy, another time to start buying," because what happened in 2008, soon after the crash, Kenny and I borrowed another \$300 million. Well, we then bought the best real estate at bargain prices. So don't be a chicken. You don't know when this guy is going to wear a mask, got to wear a mask, going to be social distancing. That's cowardice. Look, this is the best time to be alive, but you've got to be smarter.

Sara: Right.

Robert: So if Zillow comes crashing down, celebrate. Pop the champagne, suck a couple of drinks, but be smart. Listen to BiggerPockets. Listen to people who know what they're talking about. Real estate is very local. You can have a piece of property five miles apart. There may be two different demographics, two different types of renters, all that stuff going on. So you can't just give me the jargon. The final word I want to say, this is one of the biggest real estate deals I missed. It was in 1996. It was the Thai baht crisis. I was in Thailand sniffing around for deals. I was in Bangkok and this guy was trying to sell me this office building. It's only 4 million bucks, I forgot how many square feet. So I'm in Bangkok, Thailand looking at this building. It's 4 million bucks.

Robert: Then the Thai baht thing, long-term capital management crash, which is my friend-

Sara: Jim Rickards.

Robert: Jim Rickards, and all this stuff was happening all over the world. It's 96, I think. And so I looked at that office building and I said, "Yeah, I'm planning to buy it." So I come back a few years later, I said, "Who bought that buildings?" "Oh, this woman bought it." I said, "What is she doing with it?" "She turned it into a cat house." So she was renting out office space by the night.

Sara: There's always an opportunity.

Robert: And she was creaming it. I said, "I've got to take this woman to lunch." She was only 35 years old. She says, "It's the oldest profession in the world. I'll always be in business." I said, "They're howling and cracking up and crying almost because I couldn't see it. My whole thing, no matter how bad it is, keep an open mind, study." I'm not recommending you open a cat house or anything like that, but I sat there looking at her going, "You got it kid." She really had it. So she's renting out by the hour, the night and all the hookers would come in. They take those spots. She had customers for life. I don't know what happened to them during the COVID.

Sara: Right. Social distancing goes out the window at that point.

Robert: But anyway, the reason why The Rich Dad Radio Show and BiggerPockets and these guys ... There's always an opportunity, but you've really got to have an open mind and study. Real estate is the best subject in the world because I can borrow. Kenny and I are nearly a billion dollars in debt, but that's good debt because somebody is paying it off for us and we pay no taxes. To be able to do that takes a lot more power than buying a 401k. So thank you for listening to The Rich Dad Radio Show and keep studying. Thank you.

Sara: Thank you.