

EPISODE 718

[INTRODUCTION]

[0:00:32.7]

FT: If you love real estate, today's episode is for you. Welcome to So Money, everyone. I'm your host, Farnoosh Torabi. We have a very special guest on So Money today. She has sold over three billion dollars' worth of real estate. If you're thinking about buying or selling or doing anything with property as I know some of us are, this episode is all for you.

We have the CEO and Founder of LA's number one real estate company, Tami Pardee. We're going to discuss the best real estate moves to make this year, how Tami built her multi-million dollar company from scratch, some important money lessons she learned from childhood and how she balances her real estate empire with running a household of get this, not one, not two not three, but four children. I was taking some notes, let me tell you.

Here we go. Here is Tami Pardee.

[INTERVIEW]

FT: Tami Pardee, welcome to So Money. It's great to connect with you.

[0:01:32.6]

TP: Thank you for having me today. I'm happy to be here.

[0:01:35.6]

FT: Let me tell you, our audience loves to learn about real estate; myself included, so this is a real opportunity for us having you on the show as someone who has sold over three billion dollars' worth of real estate, both residential and commercial. You're the number one real estate company in Los Angeles. I'd to start with a fun fact, or maybe you wouldn't call it fun, it's

interesting. I dug up something about you which is pretty – I just want to ask you about it. I know. What is it –

[0:02:07.8]

TP: Go ahead. What is it?

[0:02:08.1]

FT: Such a build-up. I read that you used to work for Sharon Stone in the heyday and that you called it a very difficult job. You felt so empty as a person, never wanted to feel that way again. Is that what was the catalyst for going out there and striking out on your own as an entrepreneur, as in real estate?

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TP: Yeah, I think so. I learned a lot from Sharon, because you can learn from good or bad in people. I learned some great things from her and I learned something that I didn't want to keep doing in business. I also realized that I wanted to be my own boss. I didn't want to be somebody's shadow ever. That was definitely something that affected me and really catapulted me into the next arena of my life, if you will.

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FT: Living and working in Hollywood, Los Angeles. That is unique, just living and working in New York is unique compared to the rest of the country, the world. Talk about some of the advantages to being out in Hollywood, Los Angeles for someone who wants to build a real estate business.

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TP: I mean, I'm from Oregon. I actually left Oregon, because I felt in Oregon there was a glass ceiling. Actually in Los Angeles, I feel you can be anyone and people are very accepting here.

As a woman-owned business, I feel I've gotten a lot of support throughout the Los Angeles community in Hollywood and I mean, just everyone I've met actually. I think it's been great. I do. It's a creative environment and it's crazy and funny and you just have to laugh and roll with the punches here.

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FT: Just like New York, the value of real estate is a match there. I mean. I just love looking at some of the homes. the celebrity homes that go on the market and then you get to imagine what it's like to live in there; 18,000 square foot villas. I'm sure you've seen your fair share of them. What do you credit most to your success, Tami?

I heard you talk earlier about having the opportunity to have to be supported and to work in a creative environment, but what would you say is the number one reason for your success as someone who's built quite the empire, I can call it that, a real-estate empire, 3 billion dollars' worth of real estate?

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TP: I don't give up and I always look at a situation. If I'm confused at a situation, I try to figure it out right away. If a deal goes south, I'm the first one to call and say, "Hey, this looks like this is happening. Let's fix it. Let's go here. Let's do this." There's always a plan A, B and C with me.

Also, I think it's really important in our relationships and in business to connect with people and to be real and if you mess up, tell them. Then also tell them how you're going to fix it. 57% of my clients are return or repeat. The average person in real estate is 11%. People want that. They want to know that you have their back and it's if there's a mistake, you're going to own it and you're going to fix it and you're going to move forward.

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FT: Right, because so many other kinds of businesses, relationship – it's all about relationship that you ultimately have to be able to connect well with your client, because here in New York

for example some sellers don't even hire real estate agents, because the market is that hot, you just hire an attorney.

Then I think that there is something too, there's value in working with someone who's got your back who can help you navigate through, who can best position your home in the real estate market. As a real estate agent, if you're not a good people person, you're out of the game.

[0:05:42.2]

TP: The thing is I actually teach on – It's funny to everybody that works with me. The connection even is so nonverbal, so we actually do classes on really body language and how to talk to people and how to match their tonalities. We get little gifts for people if it's their birthday or if they're sick, or – It is. People weren't living in such an unconnected world right now and they're trying to disconnect or else even more, but the thing is emotionally real estate is very important to people. People's homes is one of the most important – really the most important financial transaction they can ever make.

They want they really want somebody that trust for that process. In order to gain that trust, its connection and it's also mirroring a lot. We do a lot of mirroring with people and really just have – let's have coffee, let's have lunch, let's be together. That's been really important and really helped our company grow.

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FT: You have a little Empire at home too. You have four kids.

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TP: I do.

[0:06:38.1]

FT: I read to that you realized that you needed a professional purpose after your first child was born. Take us back to that moment when – why did that epiphany – it doesn't happen to every mom. Not all moms have that realization, but you did.

[0:06:56.4]

TP: I did. I had a really colicky child. She would not stop crying. I remember sitting at the Mommy and Me groups and she was crying and crying and I thought I can't. I can't do this. I can't just do this. I think stay-at-home moms, I think it's the most difficult job and I take my hat off to every single one of them, because it truly is more difficult than what I do.

I also realized that I'm doing some nonprofit work right now on it is these moms are so talented that they're not only my allies in creating this empire. In that Mommy and Me group, I had nine girls, women and their moms and I sold them four houses in the first two years. Then they talked and then they talked and then they talked. It was all about relating to them too. That's actually how it catapulted me. It was the mom groups.

[0:07:44.0]

FT: There are so many people in this audience that are interested in the real estate market like I mentioned. We have to ask you what's your temperature read on the market this year? Is it a good time to buy, sell, rent? I know that a lot of this isn't about – shouldn't look at real estate as a timing thing, but that's the reality. We want to make sure that we're – if we have you on the podcast, why not ask you this question, of someone who's in this market day in and day out.

[0:08:11.0]

TP: Right. Here is the thing, Los Angeles in general we just don't have a lot of inventory here and we're not building – Downtown Los Angeles is a little bit different, but West Los Angeles from really, I mean, Beverly Hills West, they're not building a lot of properties. We have always had a market that's been very positive over here. I think that we're going to be at about a 9% gain this year and historically we were at 11% to 17% depending on literally street by street.

It's still a really good time to buy. If you look in the Venice area, for example, over the last 20 years on average we've had an 11% increase per year. It's a very good investment. Very good. Actually compared to New York and San Francisco, we're still a reasonable place to buy. I mean, I know it's a million dollars and that that's a lot of money, but in a major city and that's actually a house, not a condo. There's still areas that you can do that. That's good to know.

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FT: Yeah. I watch a million dollar listing on Bravo. I'm a little behind. Have you ever been approached to have a TV show? If you have, why haven't you pursued?

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TP: I have. I was supposed to do one for NBC actually. It was a shark tank of real estate and then relativity went belly-up, so then that ended. I've been on million dollar listing. That's not really the reality of real estate. Here is the thing, I would want to be somebody serious out there and helping people actually make money doing it and not be just more – less drama, less drama, more real actually.

[0:09:47.4]

FT: Well, at least in the New York version of it some of the guys are actors, that was their former life, so there you go. I love to ask our guests about their childhood and you've actually talked about this in other articles. Your father was a homebuilder, your mom a home designer and a builder. This was very much in your DNA to rise to this career path.

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TP: Yeah, definitely. It was definitely in my DNA. I used to clean up construction site. I actually know how to build a house. I know what it looks like to put windows in and toilets. It's funny when I walk a house and I walk a construction site, I'm like, "Oh, we have two more months or you have –" I'm always spot on on it. I love houses. I love homes; love them.

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FT: What's a memory from growing up that really exemplifies your typical experience growing up in a household that was so real estate focused?

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TP: I have to be honest with you, I grew up in the 70s and 80s and I actually remember when we had the big downfall in the 80s. I owned a lot of real estate and I actually – which is probably against what most people would do is I have a lot of equity in a lot of my houses and commercial buildings, because I remember when the market crashed and the interest rates were 16% and everybody was freaking out and I remember thinking at a very young age I never ever want to have – owe more than 50% of the value of a property. I always put 50% down in everything I buy. It just makes me feel comfortable. To be honest with you, it's been a really great thing, because I never worry about money. If you're not worried about money, it comes to you.

[0:11:31.7]

FT: The way that we go about buying homes. We mortgage them and it's usually the biggest chunk of our budget, maybe after childcare, or before childcare. That is more than you can handle, then none of the other chips are going to fall into place. Your budget will be out of sorts. Yeah, if you can try to reduce that cost as much as possible.

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TP: Right and the thing – is here's the thing too is that people sit there and they say to me they're like, "I want this big house." It's like, just get in the market in a condo, because if you get in a – especially in Los Angeles, it will go up and then you can catapult that to the next one that you might be four houses and four places in before you get to the house you really want, but you're in the market place then and you're building equity in that as we go. That's really important to do.

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FT: That's a good point. Just get in the market somehow, mm-hmm.

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TP: Right, right.

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TP: It's hard when you're young though, and especially Millennials today, they're saddled with debt, they're not making very high salaries. They know that real estate can be a wise investment for the long run, but they're just – especially markets like New York where you need at least the 20% or 30% down payment. That can be a real hard thing to navigate.

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TP: We actually suggest people, like we opened an office in the desert and a lot of people are buying little places out there for 200,000 and they're VRBOing them out and they're making money. It's funny, because there are other options, especially in Los Angeles where you can go to Big Bear, or you can go to hum desert, or different little areas around Ventura and buy something smaller and because of VRBO out there and Airbnb they're able to rent them and make a little bit of money. Then at least they're in.

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FT: That's right. You go outside where you live, expand your radius and get an investment property. Use the cash flow to save to put towards maybe your next real place that you'll actually live in.

[0:13:25.7]

TP: Exactly. Then actually what usually happens is those investment properties go up and then they can flip those into another property and keep – just keep the money moving and keep it moving is important. Get in the market first, that's the most important.

[0:13:40.4]

FT: Tami, a hard question but an important one, because we're hearing chatter about that we're going back to our terrible practices from 2004, 5, 6, 7 what led ultimately to the real estate crash of the great recession. I wonder, do you think there can be a repeat of that to some extent?

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TP: I don't think so. It doesn't feel that way at all. I mean in 2007, 2008 was you could feel it. You just knew something was coming. I don't feel that way now. I actually don't. I think that people, especially well in our brokerage we're very – we really go through all the numbers of people and make sure people are safely walking into an investment and they're not house-poor going into it. I don't see that as – I see a little bit of a correction, but not what happened there. No.

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FT: How did Los Angeles do in that timeframe? How did your business managed?

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TP: Well, Los Angeles in our areas we lost about 17% over two years, but three years later we were up 5% over what we lost. It was a very quick dive and back up. For me, my business, we went up, I think it was 95% we gained market share, because we didn't put people in those loans. I mean, we were really very talked through our clients with everything and saying you shouldn't be in this loan or you should.

We really tried to deal with it at the beginning, because I thought it was – when you feel funny inside or when I feel funny, I don't let my clients go into those situations. This just not feel right.

We actually got a lot of market share, a lot of agents got out of the market, and because we were steadfast and we were strategic also in saying this is – people that were in trouble, we would literally come in be like, “This is what you need to do,” and lay out a plan. We're like, “We got to follow this plan.” Boom. We would do it with them. Honestly, they were super appreciative, because they didn't know what to do. People got in some serious messes.

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FT: That's putting it lightly. Going back to strategy for people who are first-time buyers, I know that you're concentrated in California, but for people that are listening all over the country, what are some pockets of the US you think that are still good investments in terms of real estate?

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TP: I think Portland, Oregon, like all around Portland is an amazing area to go into. I think Ventura area in California is still really good. I think that there's areas in Colorado that are really great. I think, people really want an indoor-outdoor that like Portland and Colorado have to offer. Some places in Wyoming are good. Even the Palm Desert and the desert in California is really good, because you can still get places for 200 and there's so much going on out there. It's incredible actually.

[0:16:32.2]

FT: Yeah and what's one way to find out if there's – this is an area where there will be growth? You go and you check the building permits to see what can – what developers are creating? I mean, what's a good way to measure that?

[0:16:47.4]

TP: I mean, the thing is I go in and I see. I try to read everything to see what companies are moving in. If there's any big tech companies moving in, just for instance Apple just went into Culver City and before that happened I was like, “Oh, that's where we need to be buying, right?” Snapchat is moving their office from Venice to Santa Monica and we knew about that before.

Really, what I do is I just do a ton of research. I read, read, read, read, read and see what companies are going in, because the jobs are going to bring the people in, right? I think that that's important to have a leg up on that. Because over building can be bad actually. Utah had some of that major over-building and the market went down for a while in Salt Lake City.

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FT: Brooklyn.

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TP: Exactly.

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FT: I live in Brooklyn and it's thriving in many ways, but I think that developers got a little too condo happy and there's just over bill. A lot of it is luxury rental and I feel if you're going to spend \$8,500 a month on a luxury condo unit, you might and you can afford, it you're probably at the point where you now can buy something.

[0:17:55.2]

TP: Right, right. Sometimes, it doesn't make sense.

[0:17:58.7]

FT: Right. You can buy something for – and have a much smaller monthly payment if you can – Of course, you'll need a down payment, but what would you say is something that right now you're currently saving up for a big-ticket item? This is a question we ask now of our guests sponsored by Chase Slate. Yeah, what's a big-ticket item that you're really excited to purchase in the near future?

[0:18:21.9]

TP: I'm not a big shopper, to be honest with you. The biggest thing that I buy is I buy all my – I buy buildings. Mine is I actually get ready, because we are having a little bit of a market correction, so I save up money because I like to buy within market corrections. I would say, I'm saving money to buy a building and I really want to take my family, all four of my kids on a trip to Europe this summer. Those are my two items.

[0:18:50.2]

FT: That's nice. I know traveling with four kids, I can't be inexpensive. Where are you thinking of going?

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TP: They want to go to Croatia and Greece.

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FT: What are their ages?

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TP: 14, 11 and two six-year-olds.

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FT: Oh, twins.

[0:19:06.8]

TP: The six-year-olds don't care. They just want to go.

[0:19:10.7]

FT: They just want to go along for the ride. That's cute. What would you say was your so money moment in your career so far? Was there a was there a moment when your career went from good to great? What was that time?

[0:19:28.5]

TP: It was funny. It was actually my first year and I remember I worked at Remax. There was this huge – they had this banquet, this big banquets and I never went to those, but I did this time. They were talking about this person that was like – they were like, “Oh, and then they sold 33 million dollars of real estate and they made \$700,000.” I was like, “Who is this person? All of a sudden they said my name. I was like, “I didn't even realize I did all that.” It was literally my first year of real estate. I thought, “I made \$700,000 my first year doing this. I think I'm really good at this.” That was it.

[0:20:03.1]

FT: Was it scary to venture out on your own?

[0:20:05.2]

TP: No, because when I start at Remax I actually didn't even use any of their logos or anything, so I was basically on my own just using their insurance, because I didn't realize that I could just go buy my own insurance. When I realized I could, I was like, “Oh, well I'll just do that and start my own company.” That's what I did.

[0:20:20.7]

FT: What were those first years like? As many people who listen to this show, they're thinking about starting their own business, they're already in the infancy of it, and it can be a really scrappy time. Do you remember that time well in terms of how you made your money work for you? I don't know, maybe it all just came raining the first day.

[0:20:40.3]

TP: Here is the thing is you have to spend money to make money. People forget that. The money that I made, I would I would buy gifts, I would buy Starbucks cards for – if I sold a condo and a building, I would buy – then a 100 people in there, I'd buy \$10.00 Starbucks cards for everybody thanking them for allowing me to selling their building.

If I would make some money, I would spend it and I would say hi to everyone. Honestly, I would just – I worked a lot. You work a lot and you work smartly. I mean, I was putting up my own signs with my baby in the backseat and I was jumping out of the car and throwing him down and running through town that way. It was definitely a lot of work.

[0:21:20.8]

FT: I think becoming a mom gives you this newly-found grit, right? You have to now make a living, because your livelihood and your children's livelihood depends on it. How much did that factor into your success?

[0:21:33.7]

TP: I mean, it was probably the biggest factor as an – I call my first child the golden child, because it was like when I saw her, all I could think about was I have to support this little one for the rest of my life and I want her to have an amazing life. I also want to show her what it's like to work, because I think for me that was important to show my kids this is what it is. It's not easy to make a dollar. You do everything. You clean up. I mean, if I go to a house and there's literally dog poop everywhere, guess who's cleaning it? I am.

[0:22:06.6]

FT: Still? Still to this day?

[0:22:08.9]

TP: Yeah. I don't care. Yeah, I will.

[0:22:12.8]

FT: You're in it to win it. What can I say? Yeah.

[0:22:17.8]

TP: Good breathing. We're good.

[0:22:19.5]

FT: What is a money habit that you practice Tami, like a practice that you have that's maybe weekly or quarterly that you do with your finances that helps to keep things rolling?

[0:22:31.0]

TP: One of the couple things that I do is I always want to make a big decision on buying something, I would sleep on it. I always actually too – I think it's really important to look for the best deal. A lot of times you can buy a pair of pants, but you can find them for \$30 less. I always just do a do research and say, “What is this? What can I buy this for and what can I do?” Not spending frivolously. I mean I just started flying first-class and only by myself last year. I was like, “I'll just fly coach. I don't care.”

[0:23:04.7]

FT: That's interesting, because it seems if I was someone who had a three billion dollar company, I might splurge a lot or at least a little. Do you have any splurges?

[0:23:14.0]

TP: I give a lot of money back to charities, so I do that. I've given over a million dollars back. Basically I have a program called life change warrior and I take homeless women and I teach them to fish basically. Then I fund one of their dreams. That's my splurge and that that's about a \$150,000 a year, at least I spend on that.

[0:23:37.2]

FT: Tami let's do some so money fill-in-the-blanks. This is when I start a sentence and then you just finish it, first thing that comes to mind.

[0:23:43.3]

TP: Okay. If I won the lottery tomorrow, let's say you want a 100 million. Someone in New York I think just 450 million dollars in the mega whatever drawings. Can you imagine? Okay, so if that was you, the first thing I would do is _____.

[0:24:00.5]

TP: I would give it to charity for the homeless in LA. We have a huge homeless problem here and I'd love to help with that.

[0:24:06.3]

FT: One thing I spend on that makes my life easier, or better, or both is _____.

[0:24:11.6]

TP: I have an awesome nanny and I have a full-time cleaning person that I love, because I don't clean.

[0:24:18.6]

FT: You've cloned yourself domestically and in all sorts of ways.

[0:24:22.8]

TP: She's you and your wife.

[0:24:26.5]

FT: It's actually chapter 7 in my book, my last book or chapter 6, buy yourself a wife. Advice for breadwinning women. Cool, okay we already asked about your splurges. How about this, one thing I wish I had learned about money growing up is _____.

[0:24:43.7]

TP: I'd say it's not as important as everyone thinks. I think everyone puts so much importance on it and all they think about is money, but if you stop thinking about it and you just start working and creating and doing what you love, you will make money, period.

[0:25:00.1]

FT: I am Tami Pardee. I'm so money because _____.

[0:25:05.1]

TP: Oh, gosh. I was going to say I'm so money, because I really don't care that much about money. I care more about just connecting and loving my life with my kids.

[0:25:14.6]

FT: Great story. Such a pleasure connecting with you. Thanks for the advice on real estate.

[0:25:19.4]

TP: Thank you. Thank you so much.

[END]