

EPISODE 301

[INTRO MESSAGE]

[0:00:33]

FT: Welcome back to So Money everyone. Thanks for joining me. I'm your host Farnoosh Torabi. Well ahead of introducing today's wonderful guest I have to quickly share with you the charity fund raiser and competition that's going to be going on all month here at So Money, the entire month of November, in tandem with a charity fund raiser/competition going on with Joe Saul-Sehy'ss podcast. Stacking Benjamins

To tell us all about that, I brought on Joe and Joe, here you go, take the mic, you invited me on to this little fund raiser of yours and I am excited but also a little nervous.

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JS: Farnoosh, I'm way excited that we're doing this together, we can raise a bunch of money for charity. And I love this, at the end of the year with Thanksgiving, for people in the United States, we end the month of November with Thanksgiving. And I thought, "What a great way for our community to help another community that might need it."

So we are going to be raising money for the Texas 4,000, which is a 4,000 mile bike ride that University of Texas students take to raise money for cancer research and cancer related causes. I know that they give a lot of money the M.D. Anderson Hospital, one of the premier cancer treatment clinics in the United States, in Houston Texas and then they also give it to worthwhile research or facilities around the nation.

We're going to be raising money at Stackingbenjamins.com/texas4000. It's cool because our organization Farnoosh, has a lot in terms of where the money goes, a lot in common with what you're raising money for. Talk about that for a minute?

[0:02:08]

FT: Yes! Well thank you that was a nice transition. So I have chosen, your team here at So Money has chosen the largest student-run philanthropy in the world near and dear to my heart as well because I was a part of this when I was in college. It's the Penn State IFC Pan Hellenic Dance Marathon. It's affectionately known as THON and it's a year long effort to raise money and awareness for the fight against pediatric cancer.

It's raised over \$125 million for the Four Diamonds Fund at Penn State, Hershey Children's Hospital. Next year's THON, 2016 is what we are fund raising for now and that will be taking place February 19th through the 21st. It's a 46 hour dance marathon, I did it and I survived. It was life altering but of course it's for an amazing, tremendous, and important cause.

Thon.org/somoney is where you can go to contribute. I know it's high season for canning and this is a way to join in on the fun, anything you can do, know that it will be well spent. Over 95% of funds go to the families.

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JS: That's so great. And the rider that we're riding for, who is riding in the Texas 4,000, her name is Shelby Schreiber, her father was a single dad raising her Farnoosh and when she was in high school, he started feeling bad. Went to the doctor, it turned out he had terminal cancer and he passed away when she was just in high school.

Here she is without a dad and now she decided she's going to ride this 4,000 mile bike ride in honor of him. They spend no money on the bike ride. All the food along the way, all the housing along the way has donated too. So I love these organizations but, Stackingbenjamins.com/texas4000 and I hope together we can raise a lot of money.

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FT: I think we will. Thanks Joe.

[0:03:55]

JS: Thank you.

[INTRODUCTION]

[0:03:59]

FT: Hey, welcome back to So Money everyone. Hope you're having a great start to your week. Today's show is all about, well partly about, real estate and relocation. I live in Brooklyn as many of you know where people complain, they're getting priced out. It's not just Manhattan with its high prices but also Brooklyn and even parts of Queens. And so hard working families are finding themselves at the cross roads, do they stay and squeeze themselves and their two and a half kids into a tiny apartment? Or do they venture a little further out to the suburbs?

Today in the show, we have the founder of a website that's helping these families, the Suburban Jungle Realty Group. Alison Bernstein is the founder and the company is a suburban relocation firm exclusively focused on buyers looking to leave their city for greener pastures, literary and Alison has been dubbed as the suburban matchmaker for urban families. She started the site in 2008 here in New York City but has since expanded to other cities across the country including LA and Miami.

Families work with a personal strategist and team of agents and locals for free of charge, free, to help them find their dream home in the right location. Because often, you might make a move, a big move to a suburb only to discover it's not what you thought it would be like and you have to make new friends and you're not really that in love with the school district and the house while you're getting more room for less, it's not very conveniently located. You can't just walk to the pharmacy, you can't just walk to the grocery store as we can do here in New York.

Now the company as I mentioned, was founded in 2008 when Alison took on the daunting task herself of relocating out of Manhattan and found she was unable to pick a home that would suit her family in a nice town. It took them three moves before settling down in Armonk. Now, she's committed to helping families and simplifying the process so that they don't go through the same situations.

Several take aways from our time with Alison including the real estate tradeoffs that are kind of more like deal breakers. How to know you're ready for the suburban life and why cash is king, not just in real estate but in all realms of business.

Here is Alison Bernstein.

[INTERVIEW]

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FT: Alison Bernstein, welcome to So Money. I can't wait to dive into Suburban Jungle, learn all about how to choose the right location if you're migrating from city to suburb, how to do it. Thank you for creating this website. Welcome to the show.

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AB: Thanks, I'm excited to be here.

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FT: Now a lot of my audience members don't live in cities but regardless of where you live, talk about the importance of location when it comes to establishing your home. I just spoke to a guest in fact who move to a location in Pennsylvania and said, "You know we love the house. It was the perfect house but fortunately, we also fell in love with the neighborhood and we could see ourselves growing old there." How important is location?

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AB: Sure, well for us, we built our entire business based on location. Now, it's not your typical sort of real estate location in terms of proximity and sort of the real estate evaluations, it's really based on the personality of where you're living. Regardless of where, our goal and the way in

which we work is really to uncover who lives there and that's the number one topic that we address.

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FT: How did you realize that this was a need in the market place? It's still a need. I see there was an article in the New York Times in fact last weekend about the writer had just moved from Brooklyn to West Chester, which is a typical migration, though he was unsure about it. And I know people who have moved to the suburbs regrettably move back into the city. But you discovered this need through your own experience in the 2000's. What made you realize that this was a mass need?

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AB: Sure and it's funny because that writer, I don't know if we're talking about the same article about him moving from Brooklyn to I think he end up Hastings.

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FT: Hastings.

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AB: He was actually a client of ours for years. We kind of ran the process, ultimately I think he was a broker back in the day and decided now that he knows what exactly where he wants to be, thanks to Suburban Jungle, he got his license and ended up doing his own deal. We're very familiar with him and his process. In general we work with, as you know, thousands of families leaving urban areas, the City, Brooklyn heading out to the suburbs.

So of course there is — I guess to answer your question directly, there of course is, you know, our goal is to first figure out are you making the right move, should you stay or should you go? And this is the first topic we bring up with anybody. Why are you leaving the city? And sometimes, the suburbs aren't necessarily the answer. You have to really understand everything

is a tradeoff. You really need to understand why you're leaving and what you're seeking cannot really be found and it's not always the right answer. Really understanding the dynamic of where you're going is super important.

Going back to your first question, why did I think of this need? Going through my personal experience, we were starting our family. We were thinking where we want to raise our family? It was very difficult, it was a very disjointed process. I could never get a clear answer from anybody in terms of where we really belong, how we should look, where we should look and really understand who lives in these towns. Whatever town we went to, A, we never really knew what else is out there so we would ask around and search online. It was very difficult to figure out exactly even where to start.

Once we've gotten to the town, we figured how do we know if we really fit in there? And of course, every broker wanted to sell us their town. They love their town, they work in their town and more importantly, they get a commission for selling in their town. Based on our personal experience, I felt that there was a huge need for an objective adviser and we ended up in a perfect town and what I call sort of the perfect on paper, checked every box for us.

Everybody has their personal list but it wasn't the right fit and we could have never figured out the questions to ask, and especially with people that have children that are young, you're looking at your three month old doing tummy time. You have no idea what kind of school system you are looking for or who your children are going to be as they get older. That's our job to dig a little deeper and figure out ideally where you should start.

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FT: You mentioned tradeoffs which is so true but what's, in your experience, a tradeoff that most families would consider a deal breaker?

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AB: I mean it's so subjective. I think people really learn about themselves throughout the process. I think, for example, we see a ton of our, "I would never commute by bus. I only want to

commute by train and it's a deal breaker. I would never drive or I would never consider a ferry, I would never." And then once they start exploring and really understanding some options, those things change. There is no really huge deal breakers in the sense that I think everybody goes in with an open mind and it's just a process. It's just very subjective for every family.

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FT: I imagine you'd be a lot busier now than maybe when you first were starting out only because I know in New York City, people would always say and still say, "I'm getting priced out of Manhattan." But now, you're hearing people say, "I'm getting priced out of Brooklyn, I'm getting priced out of Queens."

So more and more people are considering relocating because they frankly feel they have no other choice and it's not just because they're living in this stereotypically expensive areas. It's gotten pretty much expensive no matter where you look within a 20 mile radius of the Big Apple. So talk a little bit about your business and how it's evolved over the years to work with a new sub-section of clients?

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AB: Sure, that's a great concept. Of course, pricing is outrageous everywhere and just keep in mind that that actually filters into the very commutable suburbs of the city. So we're still in a very similar situation of crazy bidding wars, all cash offers and can't get a handle on really having a great life even as you move out to the suburbs. It's not like all peaches and cream once you decide to leave the city.

Having said that, in our experience, two things: one is that there are always two types of buyers, well groups of people, not necessarily buyers. There is a group that will no matter what, make any sacrifice to stay in the city. This is the way that they want to raise their family, it's super important to them and if they have to shove three kids in a closet and call it a bedroom and throw in a bunk bed and paint a window, they will do that. They know that going in. Those are the people that are going to stay no matter what, no matter what the prices are, they will figure out a way.

There are the other people that are saying, “You know what? I have to make that decision. Is it worth it for me to stay? Is it worth it for me to go?” Because again, it’s not like you get on the metro north train and you go 35 minutes and you’re getting great deals. You are still spending a lot of money for something that for some people is neither here or there. You are giving up all of the conveniences of the city and you are now commuting. You are adding that expense and stress. Now, you have to switch out your childcare and at the end of the day, you’re coming home and you still have one and a half bathrooms.

So I think depending upon, we don’t have a rabbit to pull out of a magic hat. It really is a series of tradeoffs. Having said that, I think in general and I know you mentioned Brooklyn is hot market and a lot of people are moving there. What we have seen is a lot of people leaving Manhattan proper going to Brooklyn thinking that, “I’ve got my answer. This is going to be it,” and then calling us two years later saying, “You know what? Actually, there is overcrowding in the schools. This is not enough space for us. We’re just not getting what we thought we were going to get.” That’s a huge market for us, those people that had originally said that that was going to be their solution.

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FT: Suburban Jungle has expanded. You’re not just in New York, they here in Los Angeles, Miami, Chicago, San Francisco. You’re a no cost service, how does that work for you? How do you make money?

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AB: “Well, we just try to do good in the world.” No, we are a completely free service and we have expanded nationally now. As you mentioned, all these new markets because the situation is the same. At some point, you make that decision to go or to stay and those going really do need the objective advice and just a strategy of, “How are we going to do this, does it make sense?” And having somebody to bounce that ideas off and to go through the stress. We always say its 98% therapy and 2% real estate in terms of what we do and really help families.

The way we make money is like any other real estate business. We only work with buyers so we get a buy side commission from the seller if and when a buyer ever buys a home no matter where it maybe. Again, that commission is paid by the seller to whoever, whichever buyer's agent would represent the buyer.

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FT: Gotcha. So now Alison, you're a graduate of Columbia. You have your MBA and you started a business, a very successful business. I would imagine you have a number of financial perspectives and stories to share. We'd love to transition now to some So Money questions, are you up for it?

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AB: Absolutely.

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FT: Okay. Let's discuss your financial philosophy. What is your money mantra?

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AB: In terms of money mantra, cash is king. I think in general and in terms of, from a business perspective, when people are starting businesses, you watch these shows like Shark Tank and you get all excited and there are so many successful VC funds and startup companies, and the number one thing that they target is raising money. They have a great idea and then all of a sudden it's, "You know, let's raise money."

What I believe and the way that I started my business was, "You know I have a concept but I'm not going to build my site until I have a deal. And how do I get a deal and how do we make money first before we start investing?" That's the number one thing for me. Raising money should be left to companies that really cannot be cash flow positive for a multitude of reasons.

But in many, many industries, there are companies that can make a ton of money, that go and raise money without having any business to do so.

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FT: You see that now currently with a lot of venture capital dollars being poured into these startups. It kind of makes you nervous and there was even an article that I read in Vanity Fair recently, I think it's the one with Mark Zuckerberg on the cover and it was basically saying, "You think we're in a bubble?" And it's all a guessing game because we are in a bubble as far as the tech industry is concerned which is scary.

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AB: Yes, absolutely.

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FT: What is your greatest money memory growing up? Where did you grow up by the way and what would you say was the most life altering or just memorable experience when it came to money as a kid growing up?

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AB: Great question, tricky question. I don't have necessarily — I've always worked. I grew up in the suburbs of New York City. I have always worked. Whether it was when I was eight, I was a dog walker and I made \$2 at 9 PM walking my neighbor's dog. I think that having a key work ethic is super important.

In terms of real money memories, I was an only child. I was not spoiled. I wasn't given everything I ever wanted. I am not saying that's the answer to raising kids or creating successful individuals but I did see very much the value of a dollar. I always paid attention to what I made and what I could spend. If I wanted to buy a \$100 pair of jeans, I knew I had to walk this dog

however many times. That's probably the biggest way I grew up and the most important piece I would say.

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FT: Did you always know you want to take your MBA? Maybe not at seven years old but is it always a goal I guess in high school, college?

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AB: I think that education was always extremely important to me. I think that it was always in the back of my mind. I loved business. I always loved reading. I remember as a child reading Business Week and starting again at a very early age just reading about all these different companies. It was always very fascinating learning about how they work and how they got started, so that was a huge passion. I think that was very much tied to obtaining the right education.

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FT: Was Suburban Jungle your first idea and it just hit right away or did you have a couple of other ideas that were kind of your starter businesses that maybe didn't have those long life?

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AB: I've always started very successful businesses. I would say out of college, I started a company that was also very successful called Networking on Wall Street. It was based on out of college, everybody wanted investment banking jobs and there was a big disconnect between what college kids knew and what really was happening in the banking world. And I felt to be a college kid saying you wanted to do banking and not understand the tie in of private equity and hedge funds and the different parts of capital markets.

And so I basically launched a company that really educated under classmen on the concept. That was very successful and then I basically went right into this company as well. Currently, I'm

involved in another venture capital business called MILF Capital which is basically Mothers I'd Love to Finance and so that's been very successful as well.

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FT: [laughs] I was wondering where that acronym was going.

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AB: [laughs] Yeah, so that's capitalizing out of the fact that there are so many well educated mothers.

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FT: Mothers I'd Like to Finance, is there an URL for that?

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AB: Milfcapital.com

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FT: Milfcapital.com, I'm going to look into that because I know someone who's writing a book about mompreneurs so I think that might be a good resource for her.

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AB: Absolutely.

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FT: Well, lots of success clearly, what about failure? What is your number one financial failure? You have to have something. It doesn't have to be disastrous or cataclysmic but something that you learned a tremendous amount from.

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AB: Sure, like I mentioned, I really like to run a very scalable business in the sense that I hate investing in big office space. That was one of the things that we invested in some — not invested but kind of signed a longer term lease than I would love to have in a location on the Upper East.

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FT: Well now and that was in 2008 around that when you launched the Suburban Jungle but now, I actually rent out of we work and you see a lot of big businesses with a lot of scale doing these work spaces, this community work spaces which saves you a ton of money. I don't know if you're ever looking to expand, consider we work.

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AB: Yeah, huge fan. Huge fan.

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FT: Let's talk about success now Alison, what would you say is your So Money moment? A time where you experienced financial greatness either within starting your businesses or in your personal life.

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AB: Again, I think it's probably more business related in terms of the money aspect. I think that it was just really watching the company take off and be very cash flow positive. I believe that cash is king and I think that I would never take the next step without being able to pay for it. So I

don't hire anybody, I don't take on anything until I know for sure that the cash flow can support that and then some.

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FT: Habits Alison, what is your number one financial habit? What do you do that helps to keep your finances in ship-shape?

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AB: That's a great question. I'm fairly organized. I'm not a big spender but I spend money on things that matter. In that respect, I'm not one to go into a store and buy a thousand shirts. I would like one nicer shirt or just keeping everything organized and I think that's probably the key.

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FT: Do you use any tools or products to help you with that? Any kind of resources?

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AB: I don't, the biggest thing for me is I use one credit card. I have Amex that I use and I have the app so I can very much see what's going on.

[0:22:18]

FT: Let's do some So Money fill in the blanks starting with, if I won the lottery tomorrow, the first thing I would do is _____.

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AB: I would do nothing different than what we do today.

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FT: You wouldn't do anything with the money? You just let it sit.

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AB: Oh, like in terms of investing or like anything I would buy?

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FT: Whatever, yeah. I mean just what would you be interested in doing with the money?

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AB: Okay, if I just had a lump of money, I wouldn't necessarily go and buy things. I guess I would invest it in more interesting businesses.

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

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AB: I have a housekeeper and a driver.

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FT: When I donate, I'd like to give to _____ because _____.

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AB: I like to give to a multitude of charities just to kind of spread any type of goodness. I believe in so many great causes so there is not one particular charity that I really focus on.

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FT: One thing I wish I had learned about money growing up is _____.

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AB: It's just not that important. I wish I had known that. So I think that you do what you love, you do what you love the best to your ability and I think everything else will come.

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FT: And last but not the least, I'm Alison Bernstein, I'm So Money because _____.

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AB: I'm so fabulous.

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FT: I'm so fabulous because?

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AB: I'm so fabulous, just because I've started this great business and I don't know, what do people usually say?

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FT: Maybe because you're helping families find peace in where they live? I mean that's a huge life altering service that you provide. So I'll speak for you, how about that? I'll tell people why you're great, because you really are filling a need and it's a huge decision where you're going to

live. I think too often, we hear people regretting their moves and you're hopefully helping them find some peace with that. So thank you very much and wishing you all the best.

[END]