

A portrait of Matt Larson, a man with short, light brown hair and green eyes, wearing a dark blue blazer over a light blue button-down shirt. He is sitting on a light-colored sofa, looking directly at the camera with a slight smile. His hands are clasped in front of him, and he is wearing a gold-toned metal watch on his left wrist. The background is softly blurred, showing indoor lighting and architectural details.

# *Eagle Eye*

*Matt Larson, CEO of Promontory Investments LLC, is a master at locating superior multi-family real estate investments and managing the assets to maximize high double-digit returns.*

*By Rick Weinberg, California Business Journal*



When Matt Larson first saw the 284-unit apartment complex in Webster, Texas – and then proceeded to do his sophisticated and thorough analysis of it and the surrounding area to calculate potential investment profits – he knew he had come across a unique opportunity, not only for his company, Promontory Investments LLC, but also for his partners and their stable-ful of eager investors.

Promontory Investments specializes in the acquisition and management of institutional multi-family and single-family real estate properties. Larson and his team identify high-growth, diversified regions with undervalued or underperforming assets that have a powerful upside earning potential – just like the aforementioned property in Webster, Texas as well as another in San Antonio, a 240-unit complex that Larson and his team have targeted for \$27 million.

Larson's multi-family and single-family investments generate short-term cash flow along with long-term wealth potential – completed investments have reaped returns of 36% and beyond through the group's superior asset management and capital preservation business model.

"We don't even do a deal unless we can get 17-18% return, conservatively speaking," Larson says.

And that's *quite* conservative based on his track record. When you participate in one of Larson's deals, the investment is more about the gap between how the properties are currently operating versus functioning at its full potential. He determines that by how the current owners manage the property compared to the potential and capacity of the surrounding area.

Larson and his team scour the best-performing and highest-growth momentum markets in the country to find these highly-profitable deals. They discovered the Webster, Texas asset after viewing a property in Houston that they didn't deem worthy of the funds ownership was asking for. Webster is an ideal example of what Promontory Investments looks for: massive expansion and growth in the area, brand new high-class retail and restaurants that result in an influx of new employees and new renters.

Larson's investment profits come from two areas – cash flow and equity. The conservative estimate of 8% cash flow doesn't include the equity Promontory creates.

"The multi-family properties that we invest in are valued based on the cash flow they produce,"

Larson says. "At the same time, we're building equity. Even if the market stays flat, we can still create equity in the property.

"We increase the performance of the 'machine' and it increases cash flow and equity on the back end. The combination is 18% returns, minimum," he says.

With Larson and his partners – which includes Dan Carter of Windmill Investments – it's also about how they do business that impresses investors and makes them comfortable in the deals Larson brings to the table. Their communication and overall transparency is quite remarkable. There are weekly conference calls and specialized reports that investors typically do not receive in a presentable fashion from other companies.

"Our investors get preferred returns," Larson says. "We get paid only after they get paid. Everything is based on our performance. Very few companies do it the way we do -- it is what sets us apart. With us, you get quality returns that go along with that the quality of our performance, the quality of investments and the quality of our overall operations."

Larson has spent his entire life surrounded by property construction, real estate investments and property management, starting with his grandfather -- that's three generations. Not only was he brought up with the highest ethical standards from his family, but he also earned the highest Boy Scout achievement award of "Eagle Scout." Larson likes to say that he "brings the Boy Scout motto of ethics into investing."

After receiving his Bachelors in Construction Management from Chico State University and after a three-month backpacking trek through Europe, Larson jumped right into a management position with Kiewit Corp., a Fortune 500 contracting and engineering firm. He was responsible for managing \$100 million budgets on power and water treatment plants. At the time, he created a revolutionary and analytical software excel program that instantly monitors and updates a project from a building and investment perspective from A to Z.

After nine years with Kiewit, Larson reached a turning point. He was 30. "I had given up so much -- I sacrificed my life for the company," he says. And there was a ceiling on his returns, which he wasn't comfortable with.

He researched, took classes, attended seminars, learned new real estate investing techniques and built his skills and knowledge. He decided to

focus on buying single-family properties as he continued his re-education. He wound up buying more than 10 properties with a small pool of investors – some were fix and flips, others he held onto.

All the while, he was anticipating his next step, trying to find the right niche. He knew one thing was certain – he wasn't content managing \$50,000 budgets. He wanted to utilize his expertise with budgets 10 to 20 times larger.

"It's in my blood," he says. "I'm a numbers guy, an analytical guy. It comes natural to me."

Yet, in order to invest wisely and be successful, Larson needed to partner with people possessing a vast amount of experience – someone like Carter.

"It takes a lot to put these deals together and it can't be done successfully on your own," Larson says. "My success comes from the individuals that I partner with. I do business with partners that have experience and compliment me. They have lived through multiple market cycles and that keeps us profitable through market downturns."

When Larson met Carter, a savvy real estate mogul specializing in multi-family housing, they hit it off. Larson looked at one of Carter's investment opportunities and instantly knew he wanted in.

Carter, meanwhile, couldn't have been more impressed with Larson, his skills and his analytical, underwriting talents. In fact, ask anyone who knows Larson and they rave about him and his business acumen.

"When you first meet Matt, it's hard to believe he's only been doing this for a relatively short period of time," says Kevin Rodgers, a Google executive who has invested multiple times with Larson and received returns on his investments that equate to 36% annually. "Matt is savvy well beyond his years. The way he understands this business and the processes, it's really impressive. He knows all the different pieces of the process and understands large complexes and commercial properties like no one."

To Ross Budrakey, another one of Larson's investors, "Matt is solid as a rock, a true man of his word. He stands behind his word and you can bank on it. These days, that's important. He's very talented and smart -- a natural leader. When he is in the room, people turn to him for guidance and advice."

Previously, when Budrakey looked at a multi-family investment, his primary concern was 100% occupancy. Since working with Larson, he's done a complete 180.

"Matt's knowledge of structural engineering is impeccable," he says. "I saw and learned things that I never even thought of before. He can look at a roof line and can tell instantly that there is something wrong structurally. He sees and analyzes everything. He can see rotting where it's virtually impossible to detect unless you thoroughly investigate it. He has a great eye. He sees everything -- exterior, interior, the entire panoramic view, including the community and its potential."

He's also flawless in determining how to exit out of an asset and maximize profits. "He plans for every contingency," says Peter Rzepka, one of Larson's partners. "He knows how to get in and out of an asset better than most people in regards to rents, appreciation, taking returns. Most are limited in that regard. Not Matt. It's remarkable – his thoroughness and his ability to lay it out there to investors so easily. Some things are obvious, some are subtle. He has a great eye for the entire process."

He also knows investment guidelines backwards and forwards -- what to qualify for to get the best institutional financing, how to analyze demographics in a marketplace and determine how that will impact the property -- if it's emerging or cooling down, for example, and when it's time to exit out of that market.

Budrakey describes Larson as someone who "has a macho man aspect to him, but he's incredibly open hearted and open to other opinions. He has the courage to be vulnerable. That's what makes him special. There are not a lot of people like that with both those attributes in the same person. Either open or tough and cold. He has a nice combination of both."

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