

Paul Daneshrad of StarPoint Properties: Five Things You Need To Know To Succeed In The Real Estate Industry

An Interview With Jason Hartman



Jason Hartman · [Follow](#)

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As a part of my series about the ‘Five Things You Need To Know To Succeed In The Real Estate Industry,’ I had the pleasure of interviewing Paul Daneshrad.

*Paul Daneshrad (www.starpointproperties.com), founder and CEO of StarPoint Properties, is the author of *Money & Morons: How To Build Wealth And Protect Yourself From The Great Conflux*. Daneshrad founded StarPoint, a private real estate firm, in 1990 and has built it into one of the most respected real estate investment and development firms in the industry with over \$3 billion of transactions over its history. Daneshrad speaks at national conferences and has contributed to publications including *Forbes*, *Net Lease Forum*, *Multi-Family Executive*, *Multi-Housing News*, *National Real Estate Investor*, *Real Estate Southern California*, and *Commercial Property News*.*

Thank you so much for doing this with us! Can you tell us the “backstory” about what brought you to the real estate industry?

I needed a second job in college to make ends meet, and got a job as a broker’s assistant at a firm called Glen Fed Development. At Glen Fed, I experienced how real estate development could transform a piece of land or community and be a profitable business. Coming from a very humble background, a family that was not wealthy and struggled, I knew at an early age that I wanted to pursue a career that was meaningful, secure, creative, and had strong earning power. Real estate has all those elements and more.

Can you share with our readers the most interesting or amusing story that occurred to you in your career so far? Can you share the lesson or takeaway you took out of that story?

The first large project I purchased was a 73-unit apartment building in Northridge, Calif. It was damaged by one of the largest earthquakes in California in 1994. We purchased the building in December 1993, and in January 1994, three weeks later, the building was destroyed and red-tagged. It was devastating, at the moment, and I was considering whether it would bankrupt me.

The building went from 98% occupancy and cash flowing to empty and running a huge loss that I could not afford to carry. It turned out to teach me a lot and set up my future in real estate. It taught me how to rehabilitate an apartment building and handle seismic, structural, and interior improvements. It also taught me about resilience and never to give up. From that asset and with a new level of expertise, we went and bought other damaged buildings, and they were good investments. From there, we became apartment value-add experts.

Do you have a favorite “life lesson quote”? Can you share a story or example of how that was relevant to you in your life?

“Those that want to sing always find a song” — Swedish Proverb

This is a good quote because it tells us that life is not always perfect, and never will be, but it’s your mindset that will determine if you thrive through adversity or sink. Do you sing through life or cry?

I had COVID-19 and was hospitalized with serious complications. I made it because, in part, of this quote and my attitude. You have to fight in life sometimes and learn to persevere. I learned that leading a healthy life prepares you for when life throws you a curveball. My life habits now: healthy food, exercise, sleep and meditation build a higher quality of life and protect me from future risks.

Keeping a positive attitude and being grateful is also a big part of the equation. I truly believe that happiness mainly comes from gratitude. The more grateful you are, the more content and fulfilled you are, which is the crux of the quote. Those who want to be happy find gratitude no matter how difficult things are, and they find a reason to sing.

Are you working on any exciting new projects now? How do you think that will help people?

We are building 300 apartment units in Arizona, which is workforce housing and is in an Opportunity Zone. The low-income housing will help the community and workers and support the Opportunity Zone program, which I am a big supporter of.

What do you think makes your company stand out? Can you share a story?

Our company was built by great people, and that's what makes our firm stand out. Good people, great culture, great execution, and success.

We have a culture committee and champion of culture in our firm that focuses on building a great place to work. Our culture helps build a good place to work and also makes us more successful. We have a new initiative in the firm called Acts Of Kindness. We have our team members post random acts of kindness that they experienced or saw from other team members. We pick one post every month to recognize the team member and the act of kindness. A few months back, one of our team members got baseball tickets for someone who was in chemo and it lifted their spirits and made their week. Special.

None of us are able to achieve success without some help along the way. Is there a particular person who you are grateful towards who helped get you to where you are? Can you share a story about that?

First of all, my wife. She is the rock in my life, and without her, I wouldn't be as successful or fulfilled. In business, it is Warren Buffet. He taught me a lot! The single most important thing was how to save and invest wisely and with discipline. We can learn from so many who have more experience. The wisdom of the ages is a great teacher if we listen and follow.

Ok. Thank you for all that. Let's now jump to the main core of our interview. Can you share three things that most excite you about the real estate industry? If you can, please share a story or example.

1. It's creative
2. It creates a lot of value and is a great investment vehicle
3. It helps people

We have hundreds of employees who support their families from real estate. I greatly appreciate that. It's a great example of building something that can benefit yourself and the community we live in. Win/Win is a real philosophy and possible.

Can you share 3 things that most concern you about the industry? If you had the ability to implement 3 ways to reform or improve the industry, what would you suggest? Please share stories or examples if possible.

I worry about there being too much debt in our industry and nation. This is a growing problem that is going to lead to a major crisis one day. I am concerned about the younger generations in our industry and their commitment to excellence and working hard. I also worry about the lack of integrity and the commitment our industry needs to be good fiduciaries.

Our nation and the real estate industry are addicted to debt. At the national level, we have reached over 100% debt to GDP and this is a threshold that is a concern. Debt is going to create a crisis in our country that we are not prepared for and this is very concerning. Very!

A good example is the real estate office sector. There are a lot of office landlords who are going bankrupt because at the national level office properties have dropped from 92% occupancy to 80%. That is a significant drop and impactful, but it should not be fatal. It is fatal to some landlords because they use too much debt to support their business. Running a business with 80% leverage and not enough cash reserves is risky and irresponsible. Too much debt will create a crisis; it is just a matter of time!

What advice would you give to other real estate leaders to help their teams to thrive and to create a really fantastic work culture?

Be committed to it. Work on it every day. Have it be a core goal and make it real by investing in it.

Ok, here is the main question of our interview. You are a “real estate insider.” If you had to advise someone about 5 non-intuitive things one should know to succeed in the real estate industry, what would you say? Can you please give a story or an example for each?

1. Work hard. Really hard.
2. Save.
3. Invest and let the power of compounding make you a millionaire one day. You can!
4. Be an expert. Take the time to invest in yourself and build real expertise.
5. Your EQ is more important than your IQ. Build your EQ.

I used to have two, sometimes three jobs, in order to save and have capital to invest. I waited tables at California Pizza Kitchen and had a weekend job as a real estate developer's broker's assistant. This led to both savings and my start in a real estate education.

Working for Glen Fed Development in college allowed me to build an expertise in real estate slowly. Working first as an assistant. I started at the bottom and slowly built my educational foundation from there. Becoming an expert in anything takes thousands of hours. It's the "10,000-hour rule." It takes 10,000 hours to be an expert, and anyone can do that with time and discipline.

The Northridge building we bought that was damaged by the earthquake, we bought it with \$600k in equity and now that equity is worth \$18 million. The power of investing in productive assets, compounding and inflation are powerful and life-changing.

I also learned as a waiter and a salesperson that EQ, being personal and building a network, is a key to success. My YPO network is a great example of being personal and social and surrounding yourself with like-minded and driven people.

Because of your position, you are a person of enormous influence. If you could inspire a movement that would bring the most amount of good to the greatest amount of people, what would that be? You never know what your idea can trigger. :-)

I would inspire a movement on non-judgment and acceptance. We tend to be very tribal beings and self-select into various tribes: nations, religions, city/states, political parties, clubs, ethnicity, cultures and the list goes one and on. This tribalism causes separation, isolation, intolerance, judgment and a myriad of other negative issues. The more we realize that the most important tribe is being human, non-judgment and humanism come first, the greater we evolve and build a world that is peaceful and sustainable.

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