

# Episode 107

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## SUMMARY KEYWORDS

commercial real estate development, small town developer, Westwood Collective, Delaware Ohio, Hilliard Ohio, tenant recruitment, adaptive reuse, community engagement, patience in development, mixed-use development, downtown vibrancy, real estate lending, Main Street buildings, placemaking

## SPEAKERS

Jason Duff, Andy Warnock, Ethan DeLeon

### A Andy Warnock 00:00

What's it like in the middle of the day? You know, is there a lunchtime crowd in those towns? And, and if there's a vibrancy from 10:00 AM until 3:00 PM, they're doing something really well.

### E Ethan DeLeon 00:12

The Small Nation Podcast is brought to you by Coverlink Insurance, where people are more important than policies. Unpack lessons from entrepreneurs, break down development strategies, and dive deep into small town success. This is the Small Nation Podcast.

### J Jason Duff 00:31

Hey guys, I'm Jason Duff, the founder of Small Nation. Welcome to the Small Nation Podcast. Today I'm really excited to have a friend, a fellow developer, a rockstar out there, Andy Warnock, in the studio today.

### E Ethan DeLeon 00:43

Thank you.

### J Jason Duff 00:43

Welcome, Andy. Andy is the founder and CEO of the Westwood Collective, which I'm excited to unpack and hear about how Westwood came available, But today, we're gonna unpack how easy it is to be a commercial real estate developer.

### A Andy Warnock 00:57

Oh, boy. Okay. Full agenda.

**J Jason Duff** 00:59

Now, Andy is someone, you need these friends in your life that you can text and tell them about your day. Sometimes it's something to celebrate, meaning like, hey, I've worked really hard on this deal. I've worked really hard to maybe buy this building. And I always love because I get these, like, you know, really nice emojis back of like, nice work, man, congratulations, like supporting you. But then also you need those friends in your life, you're like, hey, this happened to me. Like the sprinkler system burst and now I've got this gigantic icicle that is encompassing 3 stories of my building. What do I do? And I really appreciate you being one of those people that I can lean on, both celebrating when good things happen, but also saying, have you encountered this challenge before?

**A Andy Warnock** 01:50

Yeah. Well, no, we, we oftentimes feel like we're on an island until you find those types of, uh, peers in the industry. And it's been helpful for all of us. So thanks.

**J Jason Duff** 01:58

How, how many years in real estate has this been for you?

**A Andy Warnock** 02:01

My 20th year. 2006 was the first year I, I, I remember buying a property by Children's Hospital in Columbus. All we could afford, \$38,000. Owned it until just a few years ago. Learned more on that property than any of the others I've ever purchased. It was not a very smooth ride, but get your trunk going.

**J Jason Duff** 02:23

You kept going. What were some of the headaches or the challenges that you ran into?

**A Andy Warnock** 02:27

My favorite was getting a call from the Columbus Police Department that our door had been kicked in and a drug dealer was hiding in an aquarium within the house. And as a broke, real estate investor, I thought, okay, police, you're going to pay for this door and all the damage you did, right? And they said, well, yeah, you, you submit your form to get reimbursed from the, from the city. That reimbursement never came.

**J Jason Duff** 02:52

Yeah.

**A Andy Warnock** 02:52

So you learn very quickly that tenant screening is important. Having reserves for a rainy day are important. Um, so yeah, again, I was naive, young, hungry, uh, which kept me coming back for more.

**J Jason Duff** 03:08

Was there people in your life that inspired you to get into business? Like, tell me a little bit about how you grew up.

**A Andy Warnock** 03:13

Yeah, so I, uh, had a father who owned his own law practice. I always appreciated that he was our soccer coach. He was at every game. He might have stayed up till midnight or after writing a brief, uh, in his home office. Always had his yellow legal pad on the family room carpet. He laid there and would write on the pad while we watched sporting events and sitcoms in the evening. And I just always appreciated that he could set his own schedule within reason. And that was important to me. I wanted a job that gave me that type of flexibility and freedom. Probably didn't realize in those early years how hard that was for him until now with 4 kids of my own.

**J Jason Duff** 03:53

Mm-hmm.

**A Andy Warnock** 03:54

I'm living many of those same things now with my laptop versus a yellow legal pad. But he was, he was my inspiration in business. He was an attorney who did things the right way, treated people the right way, built his own personal brand the right way. And then as I got older, I had a business mentor, Bill Roberts, who founded Red Capital Group. That's where I started my commercial real estate finance career, which is still part of who I am and what I do now at a company called Lument. But Bill was, he was a philosophy major, if I remember right, at Notre Dame, but became a very prominent businessman. And, you know, I think that background in philosophy and liberal arts, which is where I got my degree at Ohio Wesleyan, it allowed me to think critically. It taught me how to write. which has been an unbelievable advantage, I think, in the business world. But having somebody like him who allowed me to ask a lot of stupid questions, gave me an opportunity when I probably wasn't ready to be in the commercial real estate finance arena. Those 2 come to mind as the 2 that really propelled me to where I am today.

**J Jason Duff** 04:58

So there's a lot of debate about the value of a college education. And you just mentioned that learning how to write and learning how to think critically. You went to Ohio Wesleyan University. Tell me about like how Ohio Wesleyan found you and the value that you got out of an education there.

**A Andy Warnock** 05:19

Yeah, so a handful of things. One, I probably realized later in life I like being a big fish in a small pond. And going to a smaller college like that where you have 15 people in your class instead of, 150, you get to know the professor, you have dinners, you know, barbecues on their back patio. The access to alumni and the network is so impactful. So beyond the classroom, I mean, people ask me, what do you use from your days? Income tax accounting, use it all the time.

**J Jason Duff** 05:49

Okay, yep.

**A Andy Warnock** 05:50

Any of my English coursework, because as you know, having to convince people that your project is the right project for their town or tenants to come into your— you have to be able communicate with them.

**J Jason Duff** 06:03

That's right.

**A Andy Warnock** 06:04

But off— outside of the classroom, played college basketball. You know, the competitive nature, the accountability to teammates, all of those things was important. And then I was president of my fraternity. And I think that was probably the number one thing in terms of leading your peers and running a little business at the fraternity. We had a chef, I'll recall, the first person I ever had to fire was our chef who rolled in to cook our fraternity dinner with a gutted deer in the back of his pickup truck.

**E Ethan DeLeon** 06:34

Ooh.

**A Andy Warnock** 06:34

And I just remember thinking to myself, this isn't probably the healthiest way to start the meal. But, you know, came in, did not take proper sanitary precautions before cooking. And I remember calling him a few days later saying, look, we have to relieve you of your duties. He was on family vacation. It was an awful conversation. But I think back to all of the things I learned and had an opportunity to learn by being exposed to that type of environment. You know, so many parents think of fraternities, you're buying your friends, you're drinking, you're doing all of this, the social piece. There's so much more to it when it's done right. Just like anything, business done right, fraternity done right, can be an amazing education. And for me, that set the foundation to go have hard conversations as a business leader later in life.

**J Jason Duff** 07:23

I love that. What fraternity? Let's give a shout out to them.

**A Andy Warnock** 07:26

Phi Delta Theta.

**J Jason Duff** 07:27

Okay. There might be some listeners.

**A Andy Warnock** 07:29

Oxford, Ohio, at Miami University.

**J Jason Duff** 07:31

Love that. So here in Bellefontaine, there's a group called Symposiums. And why I was never in a fraternity, I was in some social fraternities, you know, some— I'm sorry, some honorary fraternities. But there's a group of guys that have been meeting for over 80 years here in Bellefontaine, a part of a club called Symposiums. And it's just getting together with other people that went to university, was a part either of a social fraternity or an honorary, just to get together to share ideas, to hang out. I really enjoyed the camaraderie of that group. And I imagine you probably still stay in touch with some of your fraternity buddies and people that you got connected with through those relationships.

**A Andy Warnock** 08:09

Absolutely. And not just the ones I was sharing the fraternity halls with as an undergrad, but you have a house corporation who are alums who are invested in mentoring and providing kind of governance support while you're an undergrad. So you meet all of these people. All these men from different eras. And those are the people you network with, you look for jobs from. In our day now, as we're raising capital for projects, there are times that we're calling on those folks and they're considering—

**J Jason Duff** 08:39

It's a relationship.

**A Andy Warnock** 08:40

It is. So yeah, it truly is a brotherhood, but not just from your era. It extends to the grandfather and father figures that are part of the same fraternity.

**J Jason Duff** 08:52

That's great. So Delaware, Ohio, you grew up there and you chose to stay there and go to school there. Tell us about what it was like in Delaware, Ohio growing up and why that community's important to you today.

**A Andy Warnock** 09:03

Yeah, so I am technically a 4th generation Ohio Wesleyan student. So my grandfather, I guess great-grandfather started there before he got taken to World War I. Grandfather and grandmother met there in the '50s. Parents met there in the '70s. Have a brother and cousin who went there. So it was in my blood. But my parents who met there, father ended up starting his law firm in Delaware. I'll be honest, I was committed not going to school there. My grandmother said she'd never buy me another Christmas present if I didn't. That probably weighed some on my decision. But also, again, being able to play a sport at Ohio Wesleyan where my parents could come to the games and support that was important to me. And it was almost 2 different lives. Growing up there and being part of the town was very different than being on campus. And I lived on campus and wanted to make sure I got the collegiate experience. But it allowed me to really understand all of the dynamics in play in that small town. One, from the lens of the kid who grew up there, but also then realizing what an important piece of the, you know, we talk about ecosystems all the time in these small towns, what a big piece Ohio Wesleyan is to that ecosystem there. And it was not until I spent, those first 22 years in Delaware that I started to really appreciate what is a vibrant small town. And Delaware does a really nice job of being a vibrant small town.

**J Jason Duff** 10:27

It's one of the best.

**A Andy Warnock** 10:28

So again, as you grow up there, you think, I just want to go as far away from home as possible. Then you land in your backyard for 4 more years. And then you think, I just, I need to leave and go far away and start my career. And then you keep getting this gravitational pull back. And you can speak to that here. So again, I just, I think when I moved to Hilliard in 2006 to kind of plant my flag there and work in downtown Columbus, there was so much I saw in Hilliard that was missing that I realized I appreciated about the city of Delaware. And I said, okay, this is a blank canvas now for me to take what I learned and loved in my hometown and start a new hometown.

**J Jason Duff** 11:13

A lot of developers ask, what building should I buy next? And one thing that I've observed working and getting to know you is I think the question that you ask is, you know, what does this neighborhood need next? What, tell us a little bit about that formula and how you have used that in Hilliard.

**A Andy Warnock** 11:32

Yeah, so Westwood Collective, one of our mission statements is filling voids in communities. We very much want to listen to the community. What is it that you want and need? And what do we observe as professionals in the space? And try to fill those voids. So when we looked at downtown Hilliard, we were lucky that as we started our work there, Crooked Can came in a few years after we started. It's a brewery. It's a great place to foster community. But those were the types of things that were missing. You had the old bologna shop, you had some dry cleaners, you had a couple of barbers and salons, but the vibrancy, the walkability, the things to be entertained were missing. So we listened to the community, we added Airbnbs and retail and restaurant and winery and indoor golf lounges and all these things that are fun and cool and trendy. And very quickly we started to see that the ecosystem was growing in such a positive way that We started— it almost was like we were on Shark Tank and we were the sharks where we were asking people, bring your ideas to us.

**J Jason Duff** 12:42

Right.

**A Andy Warnock** 12:43

If they make sense, we want to be the supportive developer and landlord to give you the walls to come and be the operator in the business. I am not an operator. I don't want to have to staff these businesses or these restaurants or make pizza at 10 PM. Are you sure? I'm positive. Nor does anybody want me making pizza. But I want to be the one that can bring the space to life.

**J Jason Duff** 13:05

Yeah.

**A Andy Warnock** 13:05

And then bring the passionate entrepreneur into that space to do what they do best.

**E Ethan DeLeon** 13:09

And what—

**J Jason Duff** 13:11

tell us about, is tenant mix important and why?

**A Andy Warnock** 13:13

Exceptionally important. They play off each other. There are synergies. You know, we've talked before about having dessert next to a restaurant where somebody is going to make a plan to come to a downtown to not just go to the restaurant, but to do all the other things that are part of that downtown. So yeah, you're trying to find compatible tenants. You're trying not to overload a certain type of tenancy. So we, all the time, we're saying no to certain tenants that we don't think are accretive to what culture we're trying to build. And nothing against those types of tenants, and I won't name all of them 'cause I don't want to offend anybody, but we have an opinion and it's shaped by what the community is telling us. of who would fit within. And it's not always the same. We're in Plain City, we're in Hilliard, we're in London, we're doing some work now up in Delaware in my hometown. Each community has kind of its own needs and personality that dictates sometimes the type of tenancy that we bring in.

**J Jason Duff** 14:16

You mentioned Crooked Can and several really great businesses that started in those early days of Hilliard really going through its renaissance. What business opened or what tenant did you have that really helped you realize this is some serious momentum and it's begun?

**A Andy Warnock** 14:34

Yeah, it's a good question. So I think that we've had a couple of restaurant tenants that have been really real catalysts. Let's go back to the beginning in Hilliard, Legacy Smokehouse barbecue restaurant. They had a great 10-year run in town. We had this dumpy Victorian home that someone, Chad Smock, who started Legacy Smokehouse, saw an opportunity to add to the restaurant stock in Old Hilliard. We just didn't have a great restaurant stock. And while restaurants are hard and the success rate is low, they do add that vibe that we were going for. So Legacy happened, and then Sexton's Pizza came in, and then Barstool Sports came in and rated Sexton's Pizza, put both Hilliard and Sexton's on the map. Blew them up, right? It was unbelievable to have that type of national media. And then a couple came and we built Firefly Winery for them. So you had all of these, what I would call local organic brands, that it was people who lived in Hilliard starting these restaurants that were the catalyst for now Harvest Pizzeria is coming in to replace Lexi's.

**J Jason Duff** 15:48

Super excited about that. It's great news.

**A Andy Warnock** 15:49

It's a great addition into our downtown core. We have, which I'm sure we'll talk about, but a mixed-use development that we were awarded in downtown Hilliard. We're going to have 4 brands, not quite ready to share, but a couple of bigger regional brands that will make a great splash there. So it goes back to just having those restaurant concepts that believed in us, believed in that town, that made forged a path to then get the bigger brand names that want to take a chance.

**J Jason Duff** 16:23

If you could create the Hilliard playbook from looking back over the last 10, 15 years, what does that recipe look like that may be helpful to other developers that are listening?

**A Andy Warnock** 16:35

Yeah, I think again, what we did is we came in and we would have neighbors and community members Sit down with us for a Q&A and try to disarm this idea of it's Westwood or it's Andy's way and move out of the way or we're going to run you over. It was more so take the time to be collaborative. We did this out in London as well. We did a public Q&A when the new developers coming to town to again just try to get folks to understand that we are collaborative. We're not combative. And that was, again, it was disarming. And I think that it set the path for positive engagement with others. The restaurant piece was a big thing. We knew that people wanted restaurant optionality. And that, so bringing those folks early, we brought the entertainment side. There was nothing to do. in the downtown.

**J Jason Duff** 17:39

I think that was a lot of feedback that you were getting, right?

**A Andy Warnock** 17:42

It was.

**J Jason Duff** 17:42

It's like people were looking for more things to do. And I, I hear that a lot in some of the markets that we work in. It's hard because some of, many of the things they ask, it's like they want free things to do and maybe there's not the funding or the source of interest from the public side to create the new civic center. You've found a way to, I think, find that middle ground of using for-profit, examples, but keeping them approachable and affordable.

**A Andy Warnock** 18:11

Yeah, and look, I would be doing a disservice to the city of Hilliard if I didn't credit that there is a good deal of public investment in that town.

**J Jason Duff** 18:19

Yeah.

**A Andy Warnock** 18:20

And I get it. We are in municipalities, they don't have deep pockets publicly to do those things, but the city put in a splash pad.

**J Jason Duff** 18:28

That's great.

**A Andy Warnock** 18:29

They brought DORA. DORA is an unbelievable asset to these downtowns. And we've heard all of the horror stories about it's going to bring Folks, the deplorables, I remember somebody saying in quotes. It doesn't, it brings the families down.

**J Jason Duff** 18:43

Right.

**A Andy Warnock** 18:43

The parents wanna come have a glass of wine, have a beer. The kids then can run through the splash pad, or on Thursday nights in Hilliard, they bring in bands, which are publicly arranged, privately funded. And what I mean by that is there's someone at the city of Hilliard who's doing the programming, but they're going out to these businesses and getting sponsors, including from us. Right. And it's that type of collaboration that, look, do I always want to write the \$5,000 or \$10,000 check from Westwood Collective for these bands? Some years that aren't as profitable, it's harder to write the check. But I know, and we know that by writing that check and getting those bands on Thursday nights, you're bringing people down to the Core. They're seeing all of those tenets that you've put into those spaces. And rising tide lifts all boats.

**J Jason Duff** 19:30

So it's an investment for the future too.

**A Andy Warnock** 19:31

Absolutely. So I just think The earlier you can get in and have that public-private conversation about how can we collaborate, whether they have money or not, they might have resources to help program and plan, that's been huge for us.

**J Jason Duff** 19:46

I think another Cadillac example of what I think you do really well is patience. This may surprise you, but like, I think I've observed you being very thoughtful about some projects and knowing that It may not happen overnight, but you're building something 5, 10, 30 years, 40 years from now. Tell me more about the term patience and for other people that might be listening, how that's evolved for you.

**A Andy Warnock** 20:15

And my parents would be grateful that you said that. That's not always been my strong suit, but I think I've said on another podcast before that I think patience is a muscle that you can build patience just as you can, you know, going into the gym and working out. And we've had to do that. Nothing goes as quickly as I want it to. But our mantra at Westwood, I tell all of our young up-and-coming colleagues that you're planting seeds and you have to water those seeds. And many of those seeds will never germinate or grow into anything meaningful. But the ones that do are worth all of the time and energy and heartache and having to be patient. So that becomes a very critical education piece for our staff is, look, plant a bunch of seeds, go water 'em and nurture 'em, and it will eventually grow. And we're not as far into this as you. I always say you're out in front of us a little bit, but we have had enough wins and enough success stories now that that's the soul food we need to keep going and know that this, this is meaningful and productive work.

**J Jason Duff** 21:23

If you could talk to the younger version of yourself, is there any wisdom or lessons you would love to pass back 20 years ago?

**A Andy Warnock** 21:29

I'm sure there are, but honestly, I love that I was naive.

**J Jason Duff** 21:33

Yeah.

**A Andy Warnock** 21:33

You know, I think that—

**J Jason Duff** 21:35

You have to have the courage to do stuff. And I think if we would've known some of the things—

**A Andy Warnock** 21:38

Absolutely.

**J Jason Duff** 21:38

You may not have taken those steps.

**A Andy Warnock** 21:40

I have friends all the time who, back in my early days, were saying, you're crazy, what are you doing? look how much debt you've signed on, that now are saying, can I invest in your deals?

**J Jason Duff** 21:51

Right, right.

**A Andy Warnock** 21:52

And so it's just this funny full circle moment where, yeah, I'm sure there are some lessons I would've rather not learned the hard way.

**J Jason Duff** 22:00

Yeah.

**A Andy Warnock** 22:01

But being naive and not knowing and being competitive and all of those things, it fueled me to fight through those tough moments. You know, my father, He was a landlord for a while, only for a handful of years because it was hard.

**J Jason Duff** 22:17

Usually attorneys are risk adverse.

**A Andy Warnock** 22:20

Yeah, that might've been part of it too.

**J Jason Duff** 22:22

Yeah. Do you think that helped shape you? Things that he, deals that he did or what you would hear at home of conflict or lawsuits or anything that he was dealing with his world?

**A Andy Warnock** 22:32

Probably. But I was, my middle name is Thomas for a reason. Doubting Thomas was always something that was affectionately said towards me. And I think I oftentimes went against the grain. So my father being an attorney, my brother is an attorney, I went the business route. I was a little bit more risk tolerant probably than the rest of the family. So I think, again, sometimes I just like to swim upstream. And it, again, over time, that proved very fruitful. And I've had some luck along the way. I tell people, There are 3 things that I really hang my hat on. Working hard, not working anybody else. 2, learning, constantly evolving. So the education piece. And then there's this, the risk piece. How much risk tolerance are you willing to take? I know a lot of people who are 2 of the 3 of those, very few who are 3 out of 3. And the more times I talk to folks like you and others in our circle, you start to realize those who are willing to take risk, outwork the competition, and constantly learn and obtain new information, they're the ones that tend to win in this.

**J Jason Duff** 23:43

They're also a little crazy.

**A Andy Warnock** 23:45

We are a little crazy.

**J Jason Duff** 23:46

But this is why I'm your friend.

**A Andy Warnock** 23:47

We have a sickness. We have a sickness, a shared sickness.

**J Jason Duff** 23:50

So taking the model beyond Hilliard, what did you kind of— how did you wake up and realize, hey, this has worked here. I've got this playbook. I've started to achieve some success. I want to take it other places.

**A Andy Warnock** 24:03

Yeah, I wasn't looking to grow in all honesty outside of Hilliard. I was a senior level at the lending firm at Lument that I still do business for. And Race Robinson, a colleague now in Plain City, called and said, Andy, I love what you're doing in Hilliard. I want to bring it to my hometown of Plain City. I'm not a real estate guy. Will you come and, and do it alongside me? And I went out to Plain City and you just realized what a great building stock they have and the growth of, of that corridor in Columbus. And I said, let's do this. So we've now done 3 really marquee projects there. Had a colleague who was working for me that found a listing of, I wanna say it was 40,000+ square feet in downtown London, a place that was not on the radar. But I had said, you know, I wanted to be in a 30-minute radius of Hilliard and I'd be willing to go out 30 minutes so I could still be home for dinner and to be with the kids in the evening. So London checked that box. It was 30 minutes away. It had great building stock. Both of those towns offered tax abatements in their downtown, which was unique. Hilliard doesn't. They didn't need to, in all candor. And then most recently, Delaware has drawn me home. You know, my parents are getting older. It's an excuse to get up there and, and reacquaint myself with the people in the town. And it's, I think those are more legacy projects where I can go back to my hometown. So again, we, we, we often talk about how organic this business is and sometimes best laid plans, you, you throw 'em out because you're led a different way. And that's really what's happened in, in our universe.

**J Jason Duff** 25:45

The projects in Plain City, I happen to live 5 minutes away, so I get to enjoy them. You know, when you work in your, you know, I love Bellefontaine and I love what we build here, but sometimes it's good to go to another town where you can sit down and actually enjoy a dinner and not worry about —

**A Andy Warnock** 26:04

Absolutely.

**J Jason Duff** 26:05

A sewer drain that's backed up or a trash can that's not getting empty. But the clock tower certainly is something you have to be incredibly proud of, not only what you did in the transformation of that building, but also finding the operators and the quality restaurant that you have there?

**A Andy Warnock** 26:21

Well, thanks to you for bringing the operator to us. But we are, I mean, it's every time you go in there, you know, all that was not an easy project. Contractor issues, whole host of things I'll spare the audience, but really tough to bring it to a head. And now to be able to go in there and just take a deep breath and know you're in good hands with unbelievable tenants, And a building that, you know, it was, one, it was built, buildings were built better then than they are now. But for us to be able to go in and really put our finishing touches on it, like, it just, it's exceptional. But to your point, it's really hard to go in your buildings 'cause you always see something that needs fixed.

**J Jason Duff** 27:01

Oh, don't worry. I text some of your team members things that I see. Good, thank you. And they do the same for me, so. Thinking through some of those deals, that haven't played out the way that you hoped they would, how do you accept that loss or how do you pivot? And I think that's another lesson that we probably don't talk about a lot. People normally see the successes on the surface and they think that it's very easy, but in reality, you are making tweaks and turns and readjusting information almost all the time.

**A Andy Warnock** 27:36

Yeah. So I'm lucky. Not every small town developer has the multiple revenue streams that we do. So we have the lending business at Lument, we have the apartment portfolio that we built for many years that has become very profitable. And then we have what I call the missional development work that we're doing in these small towns. And the problem children are the deals that are just grossly over budget. And those happen in these old buildings more often than any of us want to want to admit. So I'm blessed in that I have these other means to fund those holes, or those are deals that can really turn a business upside down in a hurry. But it allows us to take these apartments, which they're not the sexiest or the most fun, they're suburban apartments, and take those dollars and plug them into these hometown deals, these downtown deals. But I think, you know, once you've weathered a storm, again, you can talk about building up these muscles, whether it's patience or whether it's getting through the challenging days. I mean, there are days every year I say I'm selling it all. I'm done.

**J Jason Duff** 28:46

You know, you get that email. It could be a government regulator. It could be, you know, a tenant, an key employee that leaves. Like, all those, if you've not been through that as a As a developer, it's probably coming.

**A Andy Warnock** 29:01

Yeah. Right? Oh, it absolutely is coming.

**J Jason Duff** 29:03

Yeah.

**A Andy Warnock** 29:04

And those storms are the test. And once you make, make it through those, those challenges, you know, a roof that you didn't think you were gonna have to, to repair or replace, and insurance isn't there because it's not an insurance-related claim.

**J Jason Duff** 29:16

And your bank may even decline you to get the extra capital to do it.

**A Andy Warnock** 29:19

That's exactly right. That's exactly right. Yeah. So you get through it. You, you learn from it. You put some protections in place the best you can to prevent that in the future, and you then breathe your sigh of relief and move on. But look, this business, you get kicked in the mouth, you have sleepless nights.

**J Jason Duff** 29:39

Yes.

**A Andy Warnock** 29:39

But again, you talk about the Clock Tower or those deals, Firefly Winery was another one that comes to mind, that when you get to the end of an arduous marathon, and you can just sit there and take it all in, that feeling is the fuel you need to just keep going.

**E Ethan DeLeon** 29:58

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**J Jason Duff** 30:11

As you think about the industry, what's most exciting for you right now? do you think for developers that maybe just be getting into the game or if you wanna expand or grow your portfolio, what has you excited right now?

**A Andy Warnock** 30:27

I think there are some real shifts post-COVID that, you know, particularly for us who are playing in this small, the suburban downtown development space, I just think the world is looking for developments to fill needs differently than it used to. The big downtown Columbus projects, I mean, you see guys like Jeff Edwards who've been very successful pulling out of the big downtown projects because I think there's a fundamental shift. We know there's a fundamental shift. We know that the major core downtowns are different and these suburban downtowns are becoming where people want to eat, Drink, be entertained, shop, share in community. So for me, in the space that we live, I'm just really excited to see how the next 5 to 7 years play out in terms of how these communities and these neighbors within these communities continue to redefine the spaces in these suburban downtowns. Because every day there's something new and exciting that's happening, particularly in the markets that we're playing in. So while there's a much bigger industry at play, I just, I love when there are, there's change and people have to find a way to adapt. And you're seeing that play out in a big way.

**J Jason Duff** 31:52

What is housing gonna look like as we look into the crystal ball?

**A Andy Warnock** 31:56

Look, we're working with a gal at Ohio Wesleyan, unbelievable undergraduate who has a concept called Grad House. And I can talk about it 'cause it's, she's getting some traction with it, but it's, kind of micro-living, independent, tiny home type living in and around college campuses to retain people that graduate from Ohio Wesleyan instead of letting them go to the big city, give them an affordable housing option, a trendy, fun, different housing option nearby campus. So you're seeing all of these people trying to solve this affordability crisis. in really unique ways. And I'm— I don't have those answers. If I did, we'd have the next billion-dollar idea. But you're seeing 3D printing of homes. So the speed and execution of getting homes from start to finish faster would, would allow a cheaper product to be built, not more— less expensive product to be built. So I'm just— I'm really excited. You've got factories now that are doing modular housing where they can assemble apartments you know, in a factory, build year-round, weather is not an impact. You see zoning codes changing to allow accessory dwelling units, ADUs, in the rears of properties, above garages. All of that to me is very exciting.

**J Jason Duff** 33:20

Yeah.

**A Andy Warnock** 33:21

You know, apartments are a 4-letter word in most communities, but I think if you had the ability to have an accessory dwelling unit in your backyard and be a landlord and offset some of your mortgage, You know, those are the things that people embrace. So I don't know. It, it's a blank canvas. We'll see where this goes.

**J Jason Duff** 33:38

Well, you know, I look and I admire you've done a few unique models in real estate, things like coworking and creating shared office space. You also have invested in building an athletic pavilion for basketball, something that you're very passionate about in your community. You've done models like creating virtual golf. Clubs. As you think of different things that is like the future, is there anything that you're curious about right now or studying or looking into for real estate?

**A Andy Warnock** 34:13

Well, I think the AI craze has us really interested in terms of how you use that to find new designs, one, and then speed up the design process too. So I hate to be cliché because everyone's talking about AI, but I think it's so relevant even in real estate development that I talk to some of our design teams, some of our architects, that I'm convinced I can give them a parcel of land, give AI a parcel of land in the very near future and tell them, this is the type of product I want built there. I need you to do the electrical, the plumbing, and the HVAC design. Here are the code requirements for the city. Here's the Ohio building code that you have to adhere to. Show me what's available.

**E Ethan DeLeon** 35:00

Yes.

**A Andy Warnock** 35:01

And in minutes rather than months. And, and, and look, one of the things I lament about all the time as a developer is how much money you have to spend before you—

**J Jason Duff** 35:10

the preplanning.

**A Andy Warnock** 35:10

The preplanning. No, it doesn't. The engineering, the architecture.

**J Jason Duff** 35:13

And it may not even go through.

**A Andy Warnock** 35:14

That's right.

**J Jason Duff** 35:14

We've, we've done a, a project together where we had really great visions and big hopes and it just didn't pencil out.

**A Andy Warnock** 35:20

That's right. And so sometimes 6 figures worth of plans that if interest rates move against you, the economy moves against you, the product type is no longer in vogue, those plans now are collecting dust on a shelf somewhere and cost you hundreds of thousands of dollars in some cases. So I'm really excited about how can AI transform the, really the pre-planning piece of this. And no offense to all of my architect and engineering friends who are watching, I think there's still a role for those folks. It's just going to look differently. So that will allow us just efficiencies that we've never seen before in our lifetime.

**J Jason Duff** 35:59

Is there any fun, creative ways that you're using AI to make yourself or your team more efficient that you're like, hey, this prompt was actually, actually pretty helpful to me, or I'm using this tool? Anything you wanna shout out?

**A Andy Warnock** 36:13

More so in space planning. Again, we're, we're taking some of these ideas, and, and I tell people all the time, I'm a visual creative, meaning Meaning I need to see someone else's really cool idea and then steal it and modify it to use.

**J Jason Duff** 36:25

Make it authentic to you.

**A Andy Warnock** 36:26

Correct.

**J Jason Duff** 36:27

Yeah.

**A Andy Warnock** 36:27

So I'm really good at responding to what AI gives me, whether it's good or bad. So we have a 9-acre site in Hilliard that the landowner came to us recently and said, hey, what would you do here? And we have enlisted architects to really help define what we can and can't do. But the reality is we went in and we modeled the site with AI. We came up with some really neat concepts a concept called the Garage, which would be an outdoor turf, outdoor bar, outdoor concerts right next to a high-end miniature golf course. So again, something to do in these towns that need more activity. And what it spit out was exceptional. So we've— the other piece is one of the things that drives me crazy as the business leader is how many people come to you and ask a question before they've tried to find the answer. And AI now is that tool where we say, look, have you asked Chat before you've come to us?

**J Jason Duff** 37:25

Right.

**A Andy Warnock** 37:26

And if you haven't, go do it, then come to us and we'll corroborate whether what they're giving you is good or bad. And it— that piece frees me up to be the visionary, the leader, and not be so much in the weeds. So again, every day we're asking our staff, play with it. Just learn it. Learn how to prompt it. Let it start to learn who you are and what you're— what you like. So, again, I'm— I am by no means an AI expert, but it is an amazing tool. And then you get into running Airbnbs and all of these different things that AI can be that bot that makes that process even more efficient.

**J Jason Duff** 38:06

That's right. It is gonna be wild how, you know, more of us are gonna be incorporating those tools, more consumers. are gonna be incorporating those tools. And there's just shifts, there's these massive shifts. The other shift that could be quite interesting for historic downtowns is some people rebelling because of how much time we are on devices.

**A Andy Warnock** 38:27

Mm-hmm.

**J Jason Duff** 38:28

I mentioned I got first pair of sunglasses or pair of eyeglasses about 6 months ago, and I'm fighting it as long that I can. But like how often we stare at devices and what that's doing to our bodies and the need to maybe go a little more analog. And I think that's, historic downtowns are perfectly set up to be these experiences that you can sit down and have a conversation with someone, admire the beautiful streetscape, walk in and actually physically shop in a retail store. I've been probably in 3 or 4 historic downtowns over the past few weeks, and the ones that have used bookstores. The used bookstores are popping. I mean, people there, and I'm just looking at the audience, the people that are in these shops, they're generally younger people too. So I don't know, as you, you know, you're a dad of 4 kids, as you are around your kids and looking at them of being future consumers, does that shifting how you're thinking about and planning about designing some of your projects?

**A Andy Warnock** 39:31

I love that you said that. I think The fast-paced nature of life, including the amount of information available to you in your pocket on your phone, has folks craving simplicity. And not everybody, but I think there's— if people are being honest with themselves, they want a simpler, easier way of life. And these old downtowns are nostalgic, and nostalgia is an unbelievable drug. But I go back to— we used to vacation at Lakeside on Lake Erie. It's a charming gated community. No one locks their doors. You feel like you go back in time 40 years. The patio restaurant at the time was cash only. Old school movie theater, putt-putt, shuffleboard, you know, a diving dock into the water. No one, even when phones started coming out, was using a cell phone. It was almost like you walked in there and people forgot that they had a device in their pocket. And I look at that community and how genuinely happy people seem to be on that type of vacation. And that's what I want for our downtown. It's the engagement. And as a father, the looking somebody in the eye, the putting your phone away and having real conversation, getting out of your bedroom and going to be social with your friends, that is something that we have forged in our community. Now, the problem then you're dealing with, which I think is a great problem, is, what do you do with these darn e-bikes that are flooring through your downtowns? And I would look anybody dead in the eye and say, look, that's the problem we want. Because these kids are now—

**J Jason Duff** 41:06

Out of their house.

**A Andy Warnock** 41:07

They're out of their house and they're engaged. And there's a reason they want to come down there, whether it's the ice cream shop, the pizza place, to sit on a bench with their girlfriend by the splash pad. There's a reason they want to be in these downtown cores. So I say, let's solve the problem. Let's have e-bike parking. You know, put the restrictions you need to in place, but invite them down here because they become a critical consumer to a lot of our tenants.

**J Jason Duff** 41:32

I love that. As you travel around the state and you look at other places that are trending, that are interesting, any shoutouts of other really awesome downtowns or places that you're keying off of right now?

**A Andy Warnock** 41:47

Look, we, we travel for AAU basketball all the time. And we get to go to these places. So Hamilton, Ohio is a really unique example. They had an old paper factory that's now called Spooky Nook. It's a basketball facility.

**J Jason Duff** 42:00

Incredible model.

**A Andy Warnock** 42:01

It is.

**J Jason Duff** 42:01

Yeah.

**A Andy Warnock** 42:01

That's a town that literally people not very long ago wouldn't wanna walk around town at night. And now you have all of the coffee shops and breweries and things around this hotel and event center and this basketball volleyball facility. And you look at places reinventing themselves. Obviously, that was a paper town, that when that paper mill went away, that town started to deteriorate, and they thought, okay, sports tourism is something that we can use to put ourselves on the map. And they threw resources behind that. So I love these towns that were prominent, they fell on hard times, they've reinvented themselves in a completely different way. And that's one example of, I think, great public-private investment and leadership that it's still, I think, probably in its infancy on what it could be. But that's one place that really struck a chord with me.

**J Jason Duff** 42:57

I think a goal that a lot of developers have is how do they get their town strong and sustainable? What signs tell you that downtown has become self-sustaining. It doesn't need those grant dollars, that public prop up. Is there anything that you kind of look at when, as a developer, it's like, I do this test or I do some mystery shopping that really kind of helps determine the real situation there?

**A Andy Warnock** 43:26

Yeah, a handful of things. What's it like in the middle of the day? Is there a lunchtime crowd in those towns? And if there's a vibrancy from 10:00 AM until 3:00 PM, they're doing something really well because that is a really tough stretch of time for retailers and restaurants. So if there's a vibrancy middle of the day, why? I wanna know why. The obvious one is if storefronts are full, that's a great, and then people, who's down there? What are they doing? there for a meaningful period of time? Are they stopping in to get their dry cleaning and leaving? But the towns that people come and they park and they stay for hours tends to tell you that they're doing something right with those downtowns.

**J Jason Duff** 44:14

Great example. And I think a lot of developers rely on demographic data. They're looking at things, you know, on their computer, but doing that real walkabout test, eating in the restaurants, spending money in the shops, and observing from early till evening, weekends versus weekday. Those are some really great tips, Andy. This is my favorite part. This is like our rapid fire. I'm gonna shoot you a few key questions. One project you're most proud of?

**A Andy Warnock** 44:43

Westwood Fieldhouse. You talked about the gymnasium facility. Yeah. It's, it's arguably my least profitable deal I've ever done. It's just hard to make money in a, in a smaller boutique gym, but it's the one we've made the most family memories, the most community-centric. And, and frankly, I just love giving kids, youth, the opportunity to play the game that I loved.

**J Jason Duff** 45:06

I love that. Can your kids beat you yet?

**A Andy Warnock** 45:08

Not yet.

**J Jason Duff** 45:09

They're working on it.

**A Andy Warnock** 45:10

They're getting closer by the day. I'm going downhill, they're going uphill, and one day we'll cross.

**J Jason Duff** 45:14

A business every downtown needs.

**A Andy Warnock** 45:16

Oh, boy. You know, it's funny, I just met with a salon owner this morning, and salons and barbershops bring people during the day.

**J Jason Duff** 45:26

They do.

**A Andy Warnock** 45:26

So as much as people may roll their eyes at that response, I'm sorry.

**J Jason Duff** 45:30

Or they say, we already have those. You don't have enough.

**A Andy Warnock** 45:33

That's, that's right.

**J Jason Duff** 45:33

It is really the answer. You do not have enough. That's right.

**A Andy Warnock** 45:35

So, so again, to, to start the foundational core of redeveloping a downtown, having salons and barbershops are important.

**J Jason Duff** 45:43

I, I agree. Um, a mistake that communities make?

**A Andy Warnock** 45:46

Uh, thinking they have all the answers.

**J Jason Duff** 45:50

Good point.

**A Andy Warnock** 45:51

You know, I, I think bureaucrat— look, we have a great city planner in Hilliard. Um, not every community has that, and, and they're trained professionals. And many of them want their ideas for a town. And oftentimes they don't live there, nor are they from there. So I think making sure they're also listening to what people want.

**J Jason Duff** 46:11

One thing communities worry about too much that shouldn't matter. Oh, boy.

**A Andy Warnock** 46:19

Signage.

**J Jason Duff** 46:20

We could do a whole episode about signage.

**A Andy Warnock** 46:24

Yeah. I mean, look, that's— it's one of our biggest pain points, I think. So it might not be the sexiest of answers.

**J Jason Duff** 46:30

I thought you were going to say parking, but no, signage.

**A Andy Warnock** 46:31

Parking. So yeah, maybe I try to push that from out of my brain.

**J Jason Duff** 46:36

One trend that you're most excited about?

**A Andy Warnock** 46:41

Outdoor space.

**J Jason Duff** 46:44

Yeah. People really desiring outdoor spaces they can hang out.

**A Andy Warnock** 46:50

There's a development. My favorite development in Ohio right now is Quarry Trails in Hilliard. It's old quarry. just unbelievable outdoor amenity space. And for me, again, maybe it's just that I'm stuck inside, you know, working all day, but you see there seems to be, even in places like Ohio where the weather's not perfect year round, that people wanna be outside.

**J Jason Duff** 47:15

I love that. So kind of as we're wrapping up this episode, I'd like, I got a closing question for you. Imagine someone listening owns 1 or 2 buildings in their downtown on Main Street, They're not trying to become the biggest developer. They simply want to make a meaningful difference. What's the mindset shift that takes them from being a property owner to truly being a neighborhood developer?

**A Andy Warnock** 47:38

How much are you willing to subsidize? So those early years, you know, you want your tenants to be successful. You want to bring tenants into your town that might not already be there. Are you willing to not make a dollar for some period of time to get the right type of business in your town and in your building? Because once you do, again, others will follow, and then the pop comes. And, and I've been in this long enough, bought my first building in 2006, so been in it long enough to know that those early projects that don't make a lot of money It's a marathon, not a sprint. And eventually they make money, rents grow, you pay down your debt, there's appreciation of your asset. So again, how long can you be uncomfortable in the financial side of it?

**J Jason Duff** 48:34

There it is, folks. That's the secret. And truthfully, it really is. The early days of building and rebuilding downtown Bellefontaine, It was very lonely and it took putting all the chips in, knowing very well that maybe this wasn't going to work. But some things we had to put that right leasehold improvement in, the right light fixtures in the space, the right signage on the building, and then find those right tenants and operators that you lock arms with that you're going to work harder than anyone else to make it work.

**A Andy Warnock** 49:10

That's right. That's right.

**J Jason Duff** 49:11

Well, I think today that the story, I know, you know, your story reminds me that meaningful developers aren't just measuring square footage. They're not just looking at occupancy and the financial returns. It's like, what can we do to make a positive impact in our community, in our neighborhood, amongst our team members? And that's one thing I think, Andy, you built an incredible team. There's so many things that I know that, that you've inspired me on. And I think for a lot of the other listeners, they're just excited about what's to come. And I think you teased out a few of those projects today. I know we're looking forward to watching them and seeing them continue to grow. The difference between developing property in a place is that being— becoming that neighborhood developer. Thank you for joining us on the podcast today and excited to follow your journey and what's to come.

**A Andy Warnock** 49:59

Thanks for having me.

**E Ethan DeLeon** 50:02

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