

# [Guest Post] Top 4 Reasons Online CRE Investing Might be Right for You

*Have you noticed? The real estate crowdfunding space has been blowing up. There are now hundreds if not thousands of these platforms out there. Where do you start? How do you know if this type of investment is right for you? Those are fantastic questions and exactly what this guest post from the [CrowdStreet](#) team is going to try and answer. This is not a sponsored post but I have recently formed an affiliate relationship with them.*

*I chose to partner with CrowdStreet due to an alignment of investment values. Their filtering process is tight and only allows 3% of all deals reviewed to make it onto the platform for investment. This aligns very well with my preference of viewing investments through a risk mitigation lens first. I have not yet made an investment on this platform but it is something I plan to do in the near future.*

*The most interesting characteristic of investing in real estate through online platforms is the ability to truly be a passive investor in real estate. Although the GYFG household does have plans to eventually get back into the physical real estate investing game, Mrs. GYFG and I constantly ponder whether we would be better off sticking with all of our investing through online platforms. That way, we don't have to worry about rents, rodents, roaches, or repairs. The other benefit of investing through an online platform is the ability to get into larger deals than we would ever be able to invest in on our own.*

*Now on to the guest post!*

---

Commercial real estate (CRE) continues to be a highly sought after investment opportunity due to its attractive yields, as well as the stability and diversity it provides to investor portfolios. Investing in real estate has become increasingly accessible because of the emergence of [online commercial real estate crowdfunding platforms](#) that are changing the way we invest, and which allow investors to invest in direct CRE offerings across the country.

# Start Building Wealth Today

INVEST IN INSTITUTIONAL QUALITY CRE INVESTMENTS



Browse Offerings

Read on to find out why it might be right for you:

## **(1) You want a diversified portfolio.**

Commercial real estate has a long history of being an attractive investment play during both up and down market cycles. Investors don't have to look much further than the recent volatility on Wall Street to understand why investing in commercial real estate investment is especially attractive right now.

Real estate represents the third-largest asset class, after equities and bonds, and is not directly or causally related to financial markets, so it has long been a go-to choice for savvy investors looking to balance their overall portfolio.

To maintain a truly diversified portfolio, it's important to not only invest in different asset classes outside of stocks and bonds, but to also spread investment types within each asset class. Online CRE investing makes this easy by offering investment opportunities across various real estate categories such as office, retail, industrial, multifamily, and more, which provides investors with an additional layer from which to diversify investments.

[GYFG: I would echo the importance of diversification in any solid financial plan, incorporating all the many types available: diversification among asset classes (stocks, bonds, real estate, alternatives); diversification within an asset class (as stated above, such as commercial vs. residential real estate); within an asset class by choosing to invest in debt, equity, or a combination of both (in real estate you can invest in equity or debt which represent different parts of the capital stack); and finally, the additional levels of diversification in real estate that can be achieved by geography and duration.]

## **(2) You want attractive returns.**

Commercial real estate returns are attractive compared to alternatives in stocks or bonds. [A \\$50,000 investment in commercial real estate in 2000 would have resulted in an average portfolio value of \\$215,821 by 2017](#), 73% greater than the returns achieved from investing a similar \$50,000 position in stocks or bonds, which would have grown to approximately \$125,000.

[In 2016, commercial real estate transactions topped a whopping \\$490 billion](#), and with the increasing inclination of the CRE industry to utilize technology to raise capital for deals, the future of real estate crowdfunding looks bright. The global market for real estate crowdfunding surpassed [\\$3.5 billion in 2016](#) and the crowdfunding industry is projected to grow to [\\$300+ billion by 2025](#), so it appears the industry is here to stay.

[GYFG: I'm personally very excited to gain access to commercial real estate through the various crowdfunding platforms that are popping up everywhere. Historically this has been an asset class that was reserved for institutions and high net worth individuals. Crowdfunding has lowered not only the investment minimums but also the barriers to entry for the average investor. Unfortunately, a lot of the platforms are only open to accredited investors, like CrowdStreet, [but there are now also options for the non-accredited investor as well.](#)]

### **(3) You want convenience.**

Online CRE investing provides the convenience of being able to [access a platform](#) for investing from anywhere at anytime. Investors can take advantage of the speed and convenience of being able to access information, compare and contrast choices, form a conclusion and complete a transaction from wherever they are. This level of access to commercial real estate investing has only been available in recent years, with investors responding by flocking to online platforms.

Online CRE investing is also a more convenient option to investing in real estate via residential investing such as single-family residences. Owning and operating single family rentals is tough work and riskier than most people realize. CRE investing is passive investing whereas residential real estate comes with landlord headaches and hands-on managing of the asset, let alone the time required to go out and find the property in the first place.

[GYFG: The ability to invest so passively in real estate, whether commercial or residential, is a huge benefit. Is owning the physical real estate directly worth the effort required? Despite plans to eventually get back into the physical real estate game in the near future, we still often consider whether we might be better off keeping all of our investments in real estate passive.]

### **(4) You want choice in your investments.**

Online CRE crowdfunding provides individual investors the opportunity to access CRE

opportunities all over the country. Investors can now invest in any market of their choice, not just in the narrow pockets of their own geography (or the narrow lane of their own knowledge base) that were previously available to them. Investors now have the advantage of choice in direct investing that gives them access to a specific property in a particular region. For example, investors can choose to invest in an office building in L.A. or a new senior living facility in Denver. Or both.

[Online platforms](#) are also extremely easy to use and provide a wealth of information about the available assets right at their fingertips. Investors can quickly compare and contrast competing offerings to find what is best for them and their portfolio. They can filter offerings by geographic location, asset type, hold periods, returns, cash flow structures, and more, to find exactly what is best for them and their portfolio. The benefit in the breadth of options gives investors the ability to broadly diversify their portfolios and can ultimately lower their investment risk.

[GYFG: I recently [read a post from Millionaire Doc that walked his readers through an investment in Industrial Real Estate](#). Think warehouse/distribution centers. As the Amazons of the world continue to grow the eCommerce market exponentially, there is going to be a need for more and more of this type of commercial real estate. Ironically the case study of his own investment in this particular part of the market was through the [CrowdStreet investing platform](#). Industrial Real Estate is a niche within the Commercial market that is of particular interest to me. You could say I'm very bullish on Industrial Real Estate.]

## **Conclusion**

Now that you know all of the benefits, how do you select the best crowdfunding marketplace with so many sites continually popping up? Here are some of the most important factors to consider:

**Deal flow** – More deals means more opportunities for you to diversify your investments.

**Deal quality** – Choosing a platform with rigorous deal vetting standards is extremely important. A platform that only offers institutional-quality deals is an even greater indication of deal quality.

**Transparency** – Having the full investment summary, capital stack, investor level cash flows, etc. is important to ensure you know the deal details before making an investment. If you have the ability to ask the deal sponsor questions directly, that's

an added bonus.

**Ease of investor experience:** Pick a platform that includes robust portfolio analytics so you can view documents and distributions all in one place.

There's no better time than now to start reaping the benefits of [commercial real estate crowdfunding](#). Do your research, and dive in!

[GYFG: Do any of my readers have experience with CrowdStreet or another platform they are excited about? You guys already know that I'm a big fan and investor on the [PeerStreet](#) and [Rich Uncles](#) platform. Share your experience in the real estate crowdfunding space in the comments below.]

Start Building Wealth Today

INVEST IN INSTITUTIONAL QUALITY CRE INVESTMENTS

CS CROWDSTREET

Browse Offerings



## Gen Y Finance Guy

**Hey, I'm Dom** - the man behind the cartoon. You'll notice that I sign off as "Gen Y Finance Guy" on all my posts, due to the fact that I write this blog anonymously (at least for now). I like to think of myself as the *Chief Freedom Officer* here of my little corner of the internet. In the real world, I'm a 30-something former C-Suite executive turned entrepreneur turned capital allocator. I am trying to humanize finance by sharing my own journey to Financial Freedom. I believe in total *honesty* and *transparency*. That is why before I ever started blogging, I decided that I would share all of my own [financial stats](#). I do this not to brag, but instead to inspire motivate, and also to hold myself accountable. My goal is to be a beacon of hope, motivation, and inspiration for *you*, the reader, by living life by example and sharing it **all** here on the blog. My sincere hope is that you will be able to learn from me - both from my successes and my failures! [Read More](#)