

Crowdfunding Is Perfect for Real Estate Investment

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Crowdfunding is a natural fit for commercial real estate investment, according to developer **Jonathan Genton**, founding partner and CEO of **Genton Property Group**. The capital platform is, of course, not totally new. It arrived on the industry five years ago as an alternative equity and debt source, and since, several companies have emerged to provide crowdfunding services. Crowdfunding has been sold to real estate players as a way to reach both large and small investors they otherwise wouldn't be able to access. However, crowdfunding can tell the real estate story to capital investors and capture a new investment pool for the industry.

"Crowdfunding matches investors that want to access real estate with owners or real estate holding companies through a transparent process," Genton tells GlobeSt.com. "Through crowdfunding, investors can see the property, the developer and the holding company, and they can make their evaluation. When you are dealing with real estate, you are dealing with larger projects that are asset based as opposed to product based. There is some comfort in buying apartments in Los Angeles because the investor can see an asset there."

Crowdfunding not only matches investors with the appropriate real estate opportunity, but it reaches investors that might not have considered real estate investment otherwise. "Real estate is very understandable to most people. It is a piece of property, and it is pretty fundamental. There is an asset value there from day one. We all live in a house and we work in offices," explains Genton. "We consume real estate, and our families consume real estate. So, there is a fundamental understanding of what we do. While real estate is always an idea, it is also an

asset that people can touch. That is very different in terms of fundraising than an idea or a concept or an initiative.”

Previously, investors interested in real estate assets had a very limited pathway to investment. “Small investors heretofore only go to a broker and try to buy into a syndication, and those broker fees are costly,” adds Genton. “Or, you buy into a REIT or a public company that holds real estate. Unless you were a high net worth individual or a family member, you didn’t have access to these types of investments.”

Real estate has a similar capital structure to other popular investment options, especially in California, like the entertainment industry and tech industry. From Genton’s perspective, crowdfunding not only makes real estate more accessible to those investors but more attractive as well. For that reason, he expects this to be a growth area for the industry. “Crowdfunding is really coming around to real estate because it is a very logical investment class,” explains Genton. “We are a lot like the movie industry or the tech industry in how we operate. We have ideas; we have seed capital; we have equity; we have debt; we produce something and sell it or it generates income. Those sectors where you see crowdfunding and syndication as attractive methods of raising funds, real estate is a logical place to go.”

The original article can be found [here](#).