Can commercial real estate provide investors a hedge against volatility?

It’s a strange time to be an investor. We’re in a longtime bull market, but the 2008 financial crisis is still fresh in most investors’ minds. As we continue to ride this bull, we see volatility everywhere, and most markets appear unable to shake it off.

Investors are starting to act on their fear of volatility: Bitcoin and other cryptocurrencies continue to fluctuate erratically in value. More and more people are buying and selling off gold. Unfortunately, these assets are subject to daily (or minute-by-minute) price fluctuations.

Oh, and economists say we’re due for another recession.

The real estate sector, long considered a reasonably safe investment option, is not immune from these factors —2008 proved that —
and it’s been facing complications of its own. Millennial debt is delaying first-time home buyers and housing price appreciation has stalled out.

But there is hope for investors. As we approach 2020, it’s possible to diversify your portfolio and lessen dependence on the stock market. In fact, tens of thousands of investors are doing it by investing in real estate.

Commercial real estate, that is.

Commercial real estate is a vast and vibrant market full of opportunities. Compared to residential real estate, commercial real estate brings a greater variety of property types, including office and industrial buildings, medical centers, retail stores, and multi-family properties such as apartment complexes and condominiums. Indeed, it’s perhaps a mistake to think of “residential” and “commercial” as opposite categories, as the latter encompasses millions of housing units.

Where the two categories do significantly differ is in investor involvement. Commercial real estate is relatively hands-off for individual investors, as the typical deal is offered by a real estate sponsor who will oversee management responsibilities of the property.

Commercial real estate also allows for better diversification within the market. Investors can spread capital among a number of assets, with differing risk profiles, sponsors, property and across multiple geographic regions.

So, why aren’t more people investing in commercial real estate?

Maybe because they haven’t realized they can. For years, commercial real estate was traded

privately among institutional investors and elite, exclusive networks. The rest of us were limited to real estate investment trusts (REITs), which are often subject to the volatility risks of public markets and may carry significant upfront costs.

In 2012, federal legislation changed that. The Jumpstart Our Business Startups Act made it easier for members of the general public to directly invest in commercial real estate — paving the way for companies like CrowdStreet.

Today, CrowdStreet manages the leading commercial real estate investment platform in the US. The company's vision has remained the same since day one: an accessible, transparent, and efficient investment market. Launched in 2014, it's already led to $528 million invested across more than 309 offerings with a total real estate value of $12 billion. Clearly, investors in these volatile times are looking for something new–and CrowdStreet is helping them find it.

Investors on the CrowdStreet Marketplace, have three ways to invest:

1. Direct equity into individual properties as a limited partner offered by experienced real estate developers
2. Instant and easy diversification through the CrowdStreet Blended Portfolio, a diversified fund of 30-50 properties
3. Get a balanced portfolio based on your own goals by enlisting CrowdStreet Advisors, who can invest on your behalf through a Private Managed Account.

To see the current properties and funds available on the CrowdStreet Marketplace, create a free account at CrowdStreet.com. You can review the deal, sponsor, the targeted returns, and financial documents and even make the offer to invest, all online.

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