



# 2021 Investor Sentiment Survey Results



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# Executive Summary

After the unforeseen volatility of 2020, we wanted to know how individual investors were thinking about the road ahead, particularly how they were approaching real estate investing. With 1,240 responses tallied, we believe this is the largest survey of individual real estate investors ever conducted.

In this survey, we asked investors how they're approaching real estate investing in 2021 to gain insight into:

- Their appetite for real estate investments in 2021
- Which asset classes, risk profiles, and regions they're most interested in
- How they're evaluating future real estate investment opportunities

Even as our Investments team restructured our deal flow to meet the market in the wake of COVID-19, demand for the real estate investment offerings on the CrowdStreet [Marketplace](#) remained strong throughout 2020. That strong interest appears to be rolling into 2021—a whopping 96% of respondents plan to make at least one commercial real estate (CRE) investment this year. Almost 30% are aiming to make four or more new investments.

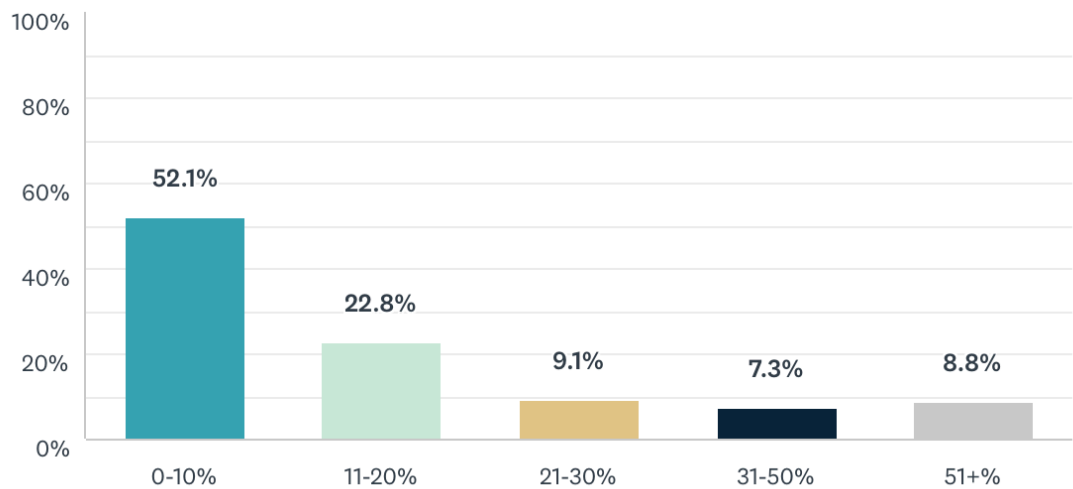
Investors had a wide variety of reasons for adding commercial real estate to their portfolios, with a slight preference for diversifying their portfolios and preserving their capital and wealth. When evaluating investment opportunities, they value working with experienced sponsors who have a well thought-out business plan and a strong track record of success over simply a targeted high internal rate of return (IRR). After the 2020 roller coaster, it seems like investors are valuing sponsors who have experienced several economic cycles and successfully weathered the ups and downs more than other factors.

As we head into 2021, investors are telling us they're excited about making additional investments in real estate and making them online. They're looking for the right opportunities—deals led by best-in-class sponsors who have the savvy to navigate the waters of the developing recovery. Their enthusiasm could indicate that 2021 may well be a banner year for the online real estate investing industry.

# Investor appetite for real estate in 2021

96% of investors plan to add commercial real estate (CRE) to their portfolios this year, beating out both stocks and bonds.

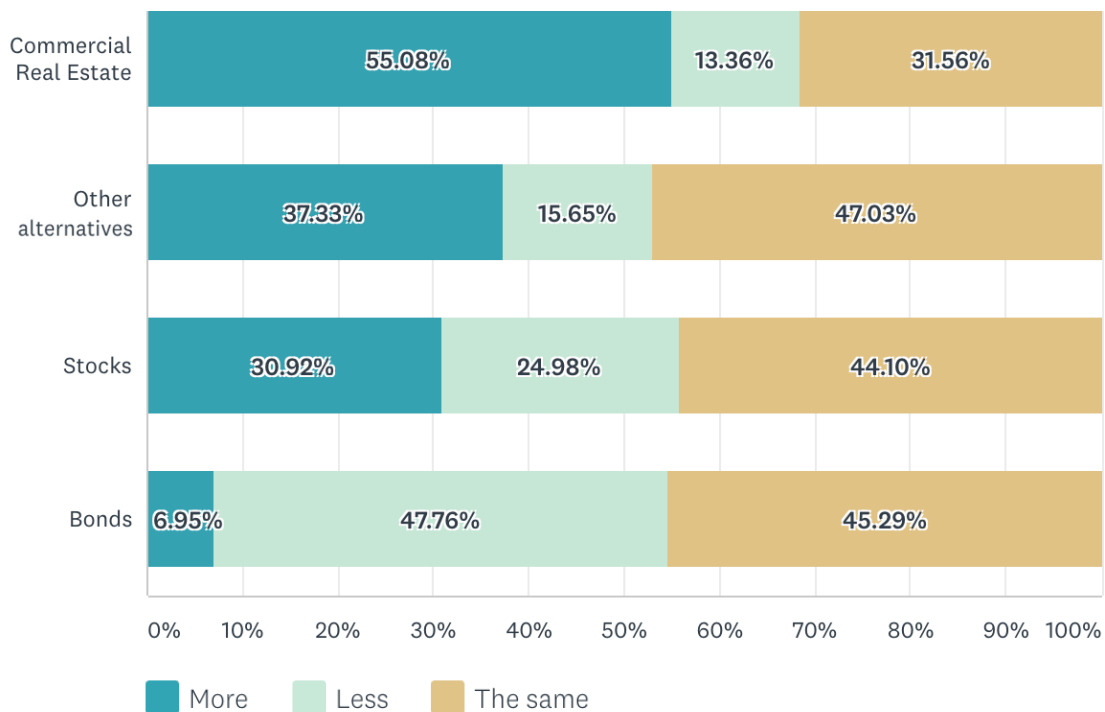
At the end of 2020, what percentage of your total investment portfolio was allocated to CRE?



52% of investors reported that commercial real estate currently makes up less than 10% of their portfolio, but they're looking to turn up the dial in 2021. And they're not just testing the waters—more than half of the respondents plan to invest more in CRE this year than they did in 2020.

This was especially true for investors who have never made a commercial real estate investment before—95% intend to make their first CRE investment in 2021. Investors with less than 10% of their portfolio allocated to commercial real estate continue to feel enthusiastic after dipping a toe in; 59% expect to invest more in commercial real estate in 2021 than in 2020.

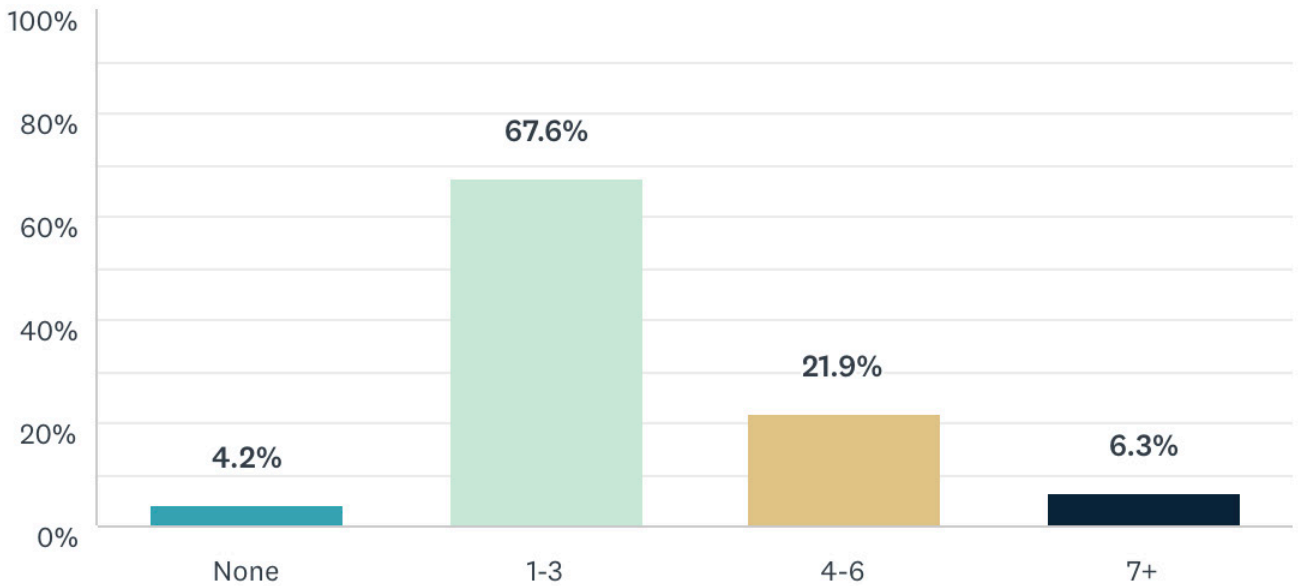
Compared to 2020, in 2021 do you expect you'll invest more or less in:



Compared to 2020, commercial real estate investing leads the way for asset class investment growth in 2021. Investors reported they're planning to temper their exposure to the stock market—only 31% plan to invest more in stocks—and 48% will actually invest less in bonds (only 7% plan to invest more). That's in comparison to the 55% who reported they want more CRE in their portfolios this year.

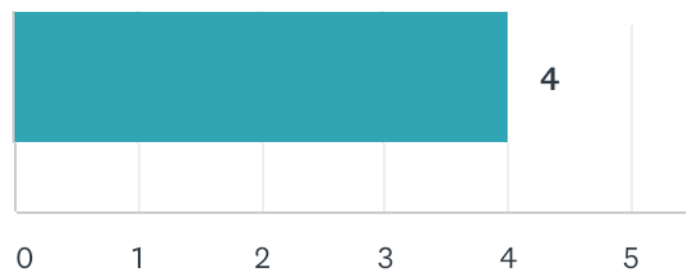
**“We were conservative in 2020 due to the pandemic, but hoping to be more aggressive in 2021 as we come out the other side and get a better understanding of where the markets are.”**

Provided you find the right deals, how many CRE investments would you like to make in 2021?



96% of all investors plan to make at least one CRE investment in the coming year, and 28% said they intend to make four or more. They also averaged a 4 on a 5-point scale when rating their likelihood of using an online platform to invest in CRE.

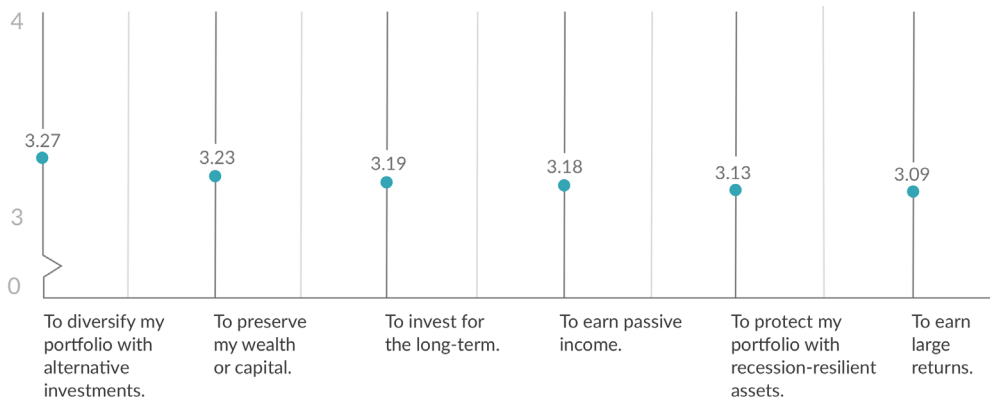
On a scale of 1–5, how likely are you to use an online platform to invest in CRE in 2021? (1 being not at all and 5 being definitely)



# What do investors value in a deal?

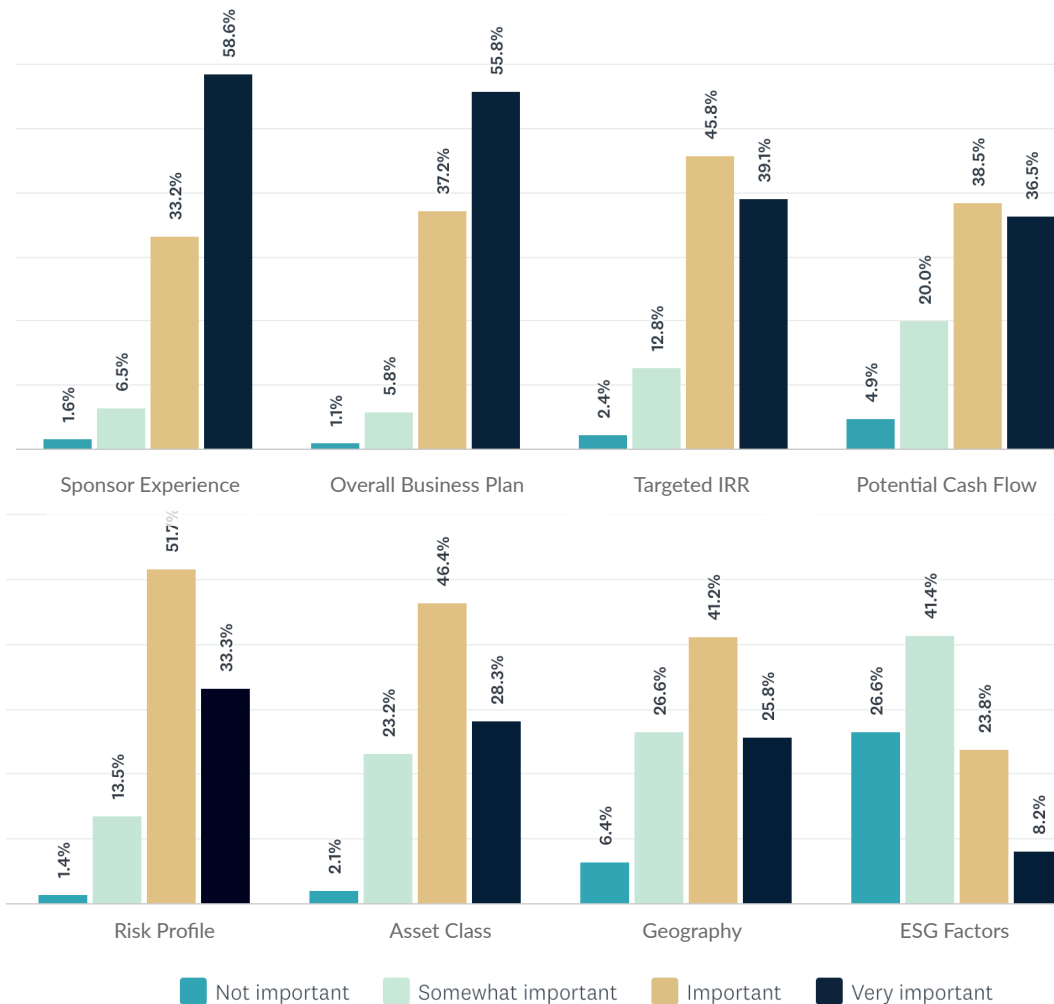
While the goal of investing is to earn returns, investors value best-in-class sponsors over chasing IRR.

Why are you interested in investing in CRE?



Investors' reasons for choosing commercial real estate were multifaceted. However, they did express a slight preference for diversifying their portfolio (a weighted 3.27 on a 4-point scale) and preserving wealth or capital (3.23) as two of the main reasons they were looking to add CRE to their portfolios.

How important are the following factors to you when evaluating a CRE investment opportunity?

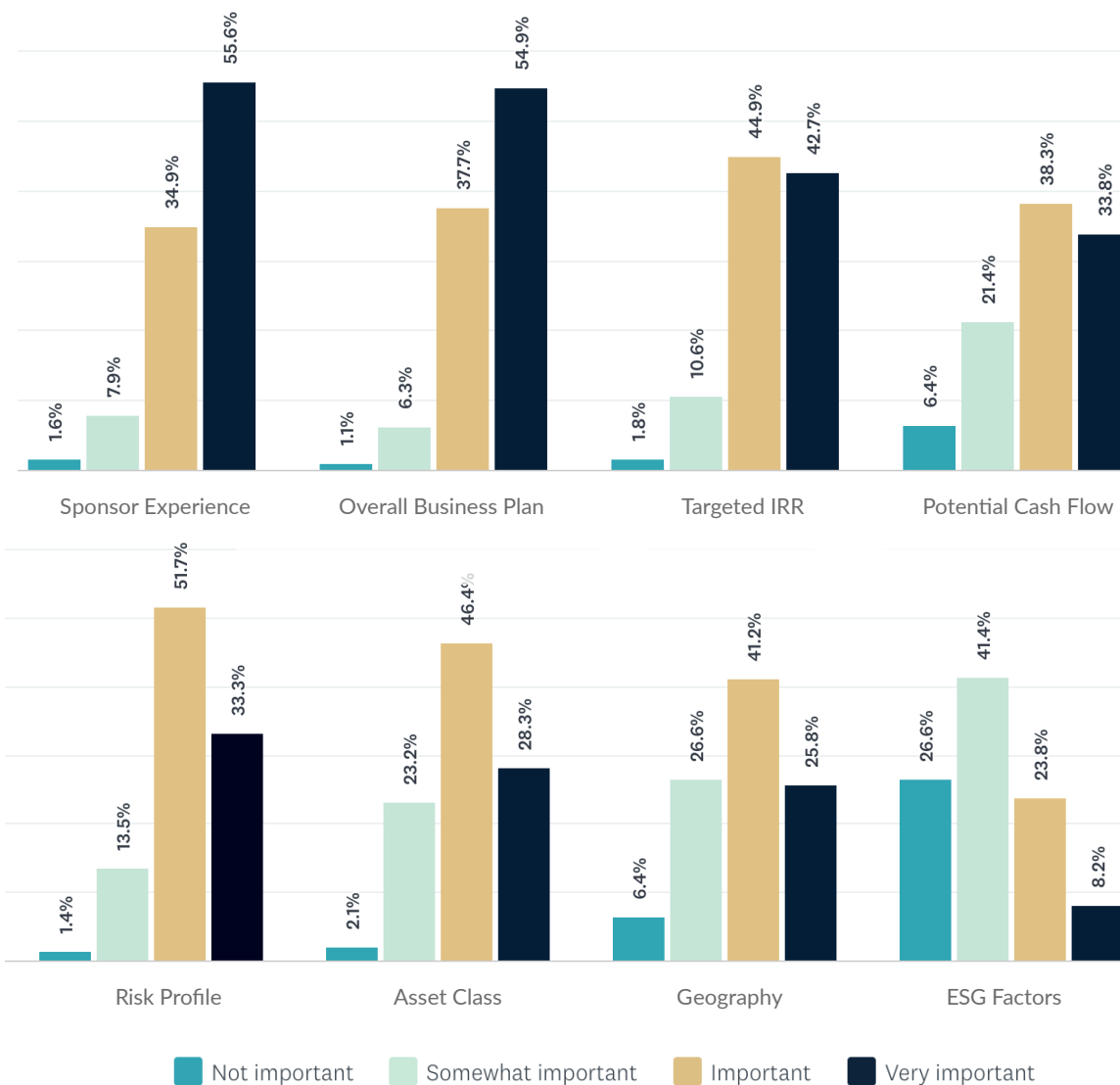


Overall investors are focused on reliability when evaluating an investment opportunity. Well over half marked sponsor experience and the overall business plan as very important to their evaluation process, with double-digit percentage point drops to the next reasons on the list (targeted IRR and potential cash flow).

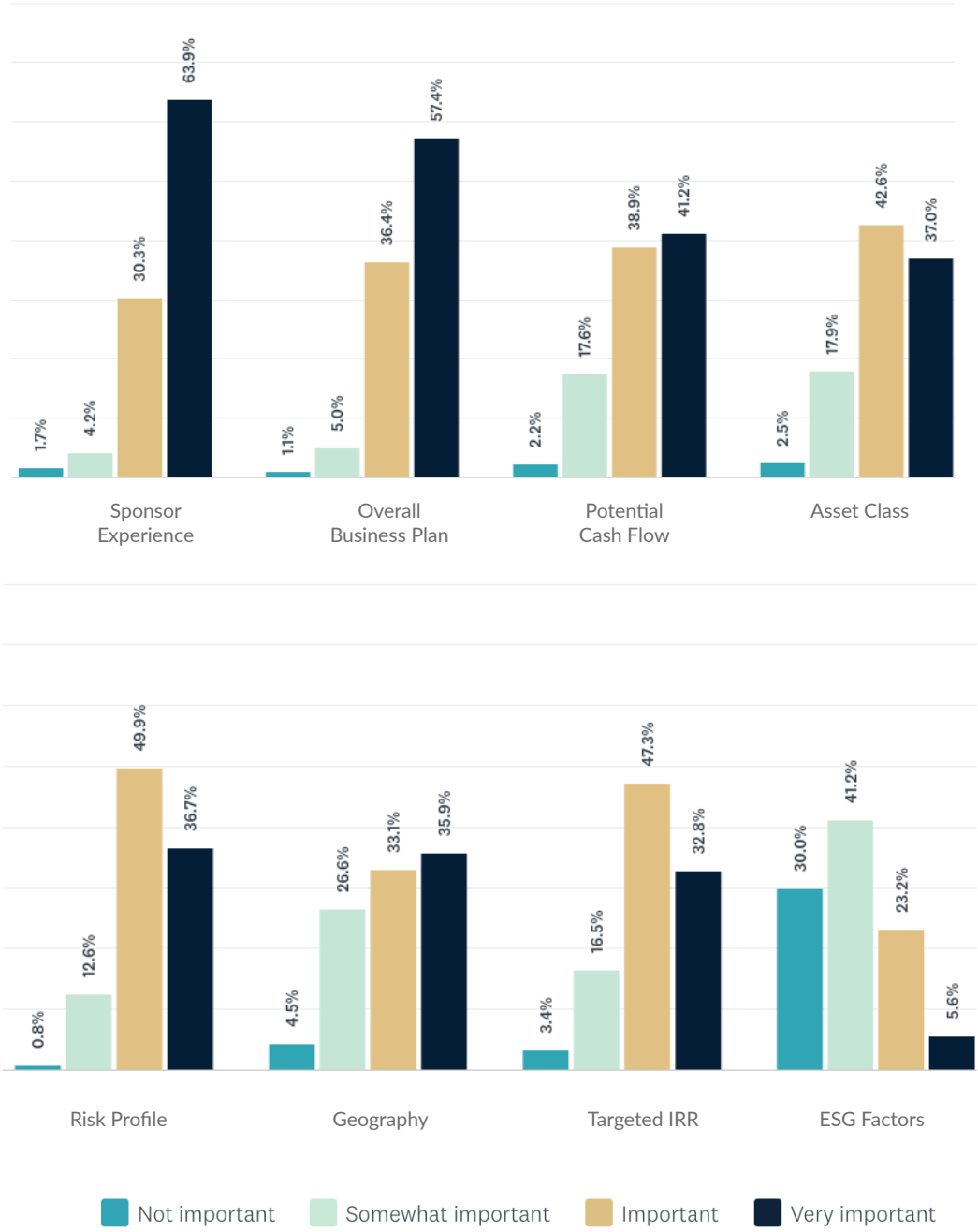
“More focus on short-term core plus, value-added, and developmental CRE investments in high growth areas with experienced and solid track record sponsors.”

However, looking at responses by years of commercial real estate investing experience, we noticed an interesting split. 43% of investors with less than three years of experience indicated targeted IRR was very important to them. In comparison, only 33% of those who’ve been investing in CRE longer than three years agreed—they showed a much stronger preference for sponsor experience.

How important are the following factors to you when evaluating a CRE investment opportunity? (0-3 years experience)



How important are the following factors to you when evaluating a CRE investment opportunity?  
(4+ years experience)

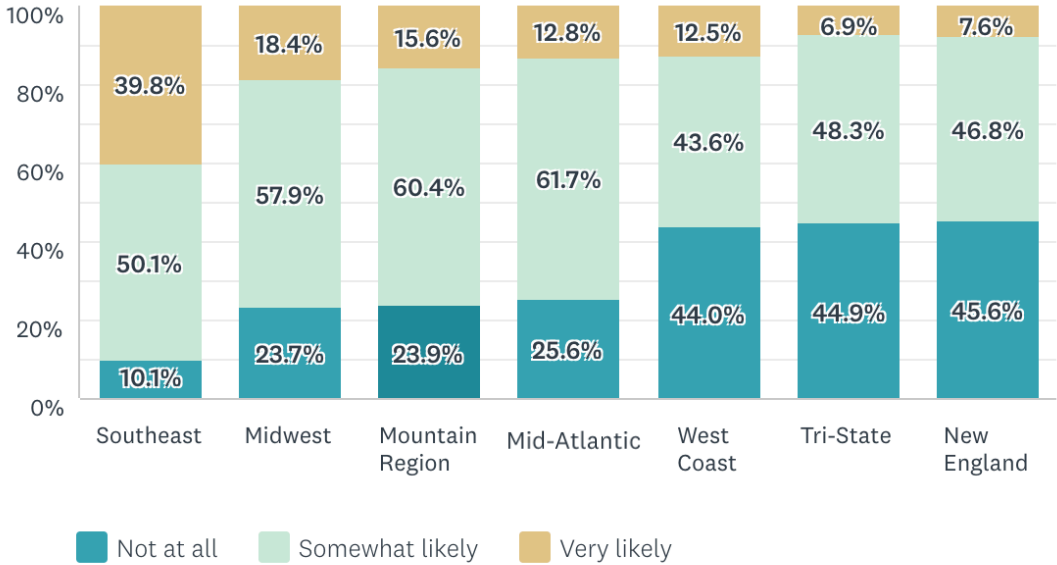




# High demand for multifamily, value-add, and/or projects in the Southeast

Investors are looking to take advantage of trends that were in place before the pandemic and value the markets that are most likely to recover first.

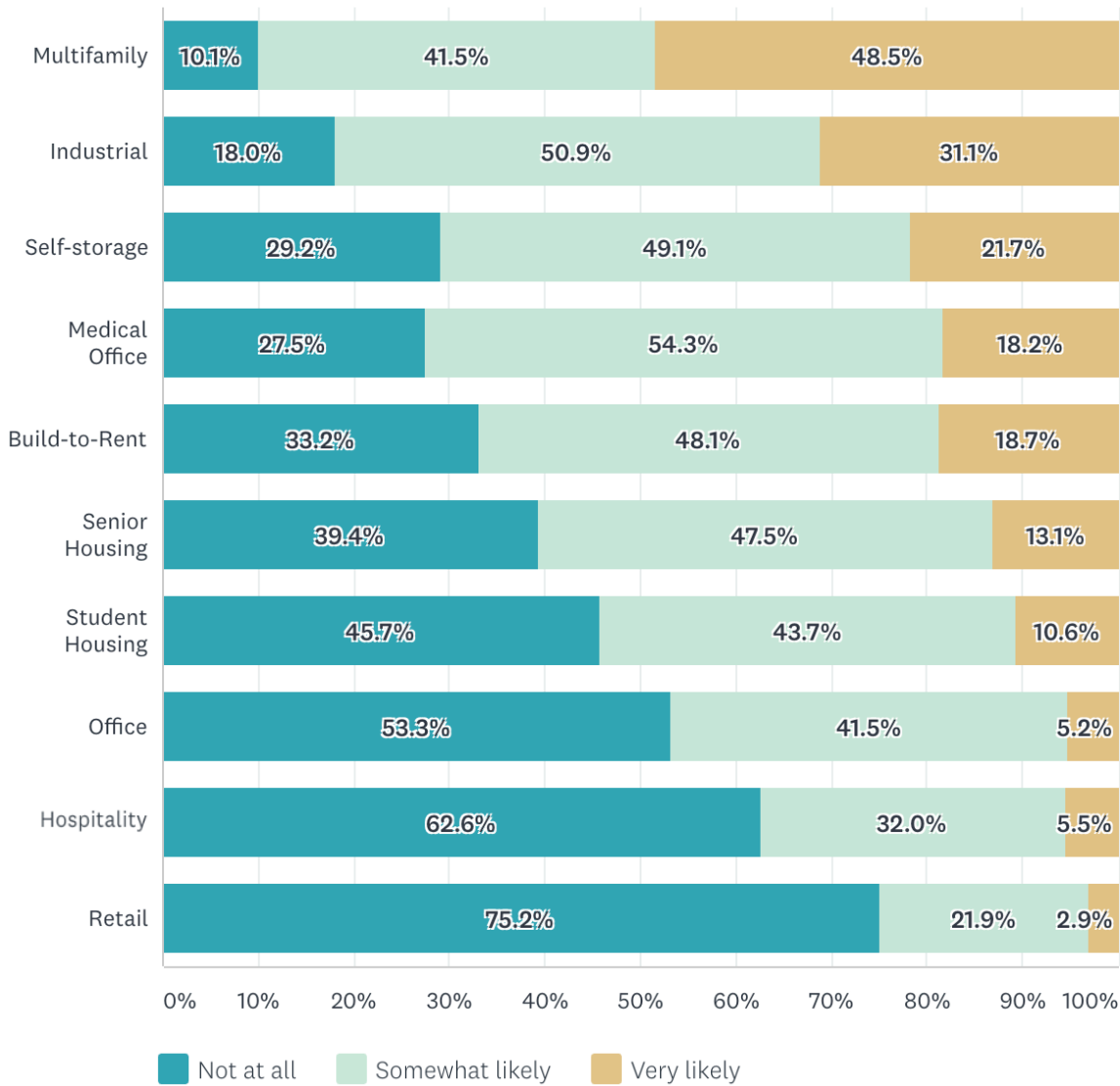
How likely are you to invest in the following regions:



While the individual particulars of a deal weren't the most important factors to respondents when evaluating a potential investment, they still had preferences.

The Southeast was the clear region winner, beating the Midwest and Mountain Region by 13 percentage points. This mostly holds with pre-existing trends, with the pandemic-related migration boom in cities like Boise likely giving the Mountain Region an extra boost.

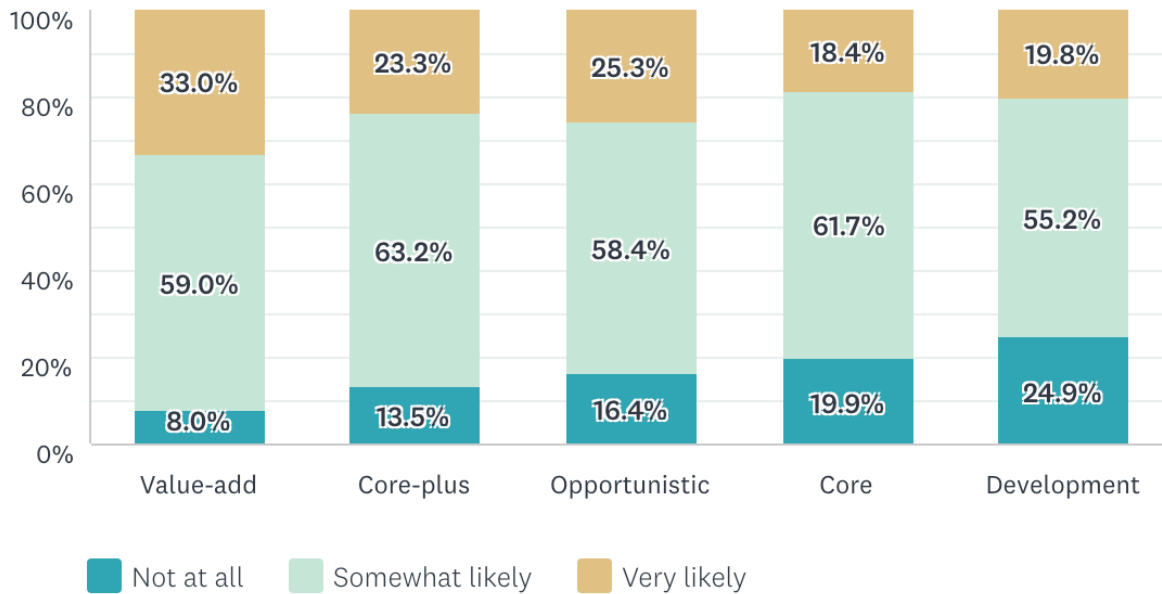
How likely are you to invest in the following asset classes:



“ I am very selective. The right type of property, in the right geo-location with the right plan is critical for me.”

The effects of the pandemic really showed in investors’ opinions on asset class, with multifamily and industrial topping the most-favored list and a whopping 75% of respondents showing no interest in retail. Among risk profiles, value-add came in on top, with 92% somewhat or very likely to invest.

How likely are you to invest in the following risk profiles:



Development was at the bottom of most investors' lists. However, investors with less than a year of CRE experience were the most open to that risk profile, with 84% indicating at least some interest versus 73% of the rest of the respondents. This group was also more open to risk overall, with 21% saying their overall investment strategy in 2021 would be less conservative than 2020, compared to 11% of the rest of the group.

**“I would like to see additional opportunities in the hot markets such as Austin, Nashville, Charlotte and even in the better tier 2 markets (Raleigh, Charleston). Sunbelt!”**

## Final Thoughts

While the recovery timeline is still uncertain, investors are overwhelmingly enthusiastic about making online investments in real estate in 2021. Both experienced and newer investors want more real estate in their portfolio in 2021 compared to stocks and bonds or other alternatives.

As investing online in real estate has become mainstream, with top-tier real estate developers making their offerings available, we've seen more and more investors of all experience levels jump in. Many of the respondents who have been watching this trend from the sidelines said this was the year they anticipate making their first online real estate investment.

Overall, individual investors are optimistic. Across the board, investors value real estate's multifaceted benefits, and are particularly using this asset class to spread out the risk in their portfolios and to protect their wealth and capital. With less emphasis on just earning large returns, they're interested in the stability provided by less risky opportunities. They're also looking to invest in regions and asset classes that were on the rise before March 2020 and will likely recover first, and want to work with the sponsors they can trust to get the job done.

 **Ready to get started."**

Thank you to all the investors who made the time to participate in the survey.

## About CrowdStreet

CrowdStreet is the leading online real estate investing platform. To date, we've closed over 455 deals, including both individual assets and funds. Some of the world's largest sponsors, including Greystar, Harbor Group International, and KBS have used CrowdStreet to raise capital. Since 2014, our investor community has committed more than \$1.62 billion in investments and earned more than \$160 million in distributions.

Guided by our **Investment Thesis**, CrowdStreet has given individual investors access to more institutional-quality investment opportunities than any other platform. Through our **Marketplace**, investors have access to dozens of deals across every asset class and risk profile, allowing them to choose the right investment opportunity for them and their portfolio. Each deal, and the sponsor behind them, undergoes a comprehensive **review process** for inclusion on the **Marketplace** and we share much of the information we gather with investors so they can make more informed investing decisions.

Learn more at [www.crowdstreet.com](http://www.crowdstreet.com)