CROWDSTREET

Can commercial real estate investments protect investors against rising inflation?

A WHITEPAPER FROM THE OFFICE OF OUR CIO

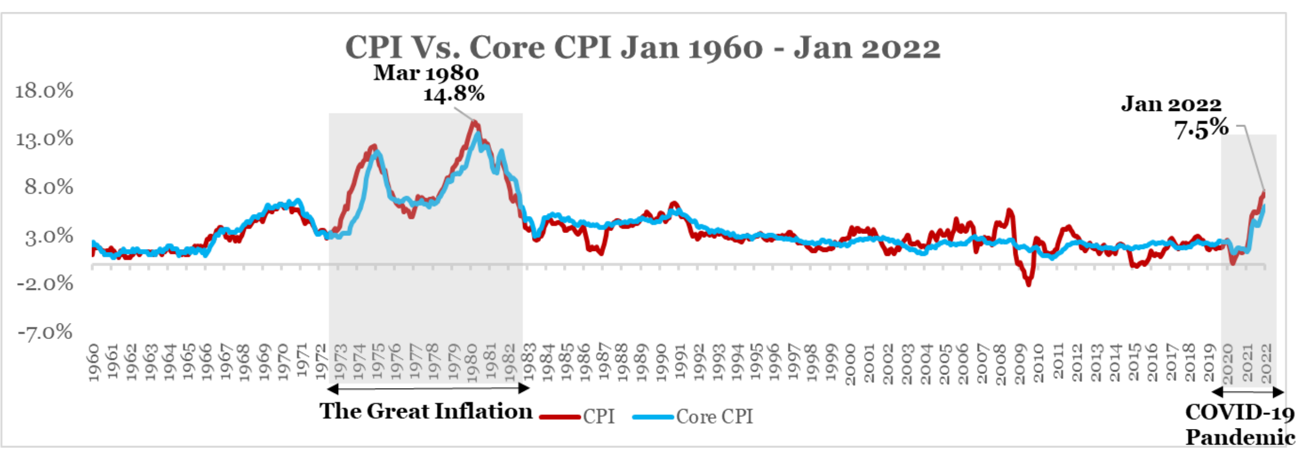
Regardless of whether you're interested in economics or not, you've likely had inflation on your mind more frequently over the last few months than you probably have in years. It's an unavoidable topic and, more importantly, an unavoidable reality. Why are gas prices significantly more expensive (up 40.0 % yearly)? Why are apartment complexes raising rents significantly (up 11%* yearly in 2021)? The regular grocery run is costing more each trip, and so is the cost to buy and own a house. Is the current inflationary hiccup transitory? Should investors be concerned? The discussion is nuanced. We've done the research, so let's dive into it. We'll tackle the topic of inflation spurred by the COVID-19 pandemic, and add clarity as to how it relates to commercial real estate (CRE) investors

*CoStar data

What is inflation and how did we get here?

Early in the pandemic, we saw nearly empty shelves in retail stores, when panic and uncertainty led to the overstocking of household products among consumers. Then came the mandatory government lockdowns, travel restrictions, employee resignations, lay-offs, back-logged ports, and business closures, all resulting in a slow-down of daily operations and a globally distressed supply chain. The supply chain is the backbone of a strong economy, as all businesses and transactions rely on the successful and timely delivery of products to carry out operations and to meet consumer demand. With that in distress, the delicate balance of our economy was majorly disrupted as our demand for goods severely outpaced the supply. Adding to the distress, there are now 2.2 million fewer workers in the economy as compared to the pre-pandemic labor force. Dislocation in the economy ties back to the real estate market and can adversely affect development pipelines, business operations, and even market fundamentals, such as cap rates, rents, and occupancy.

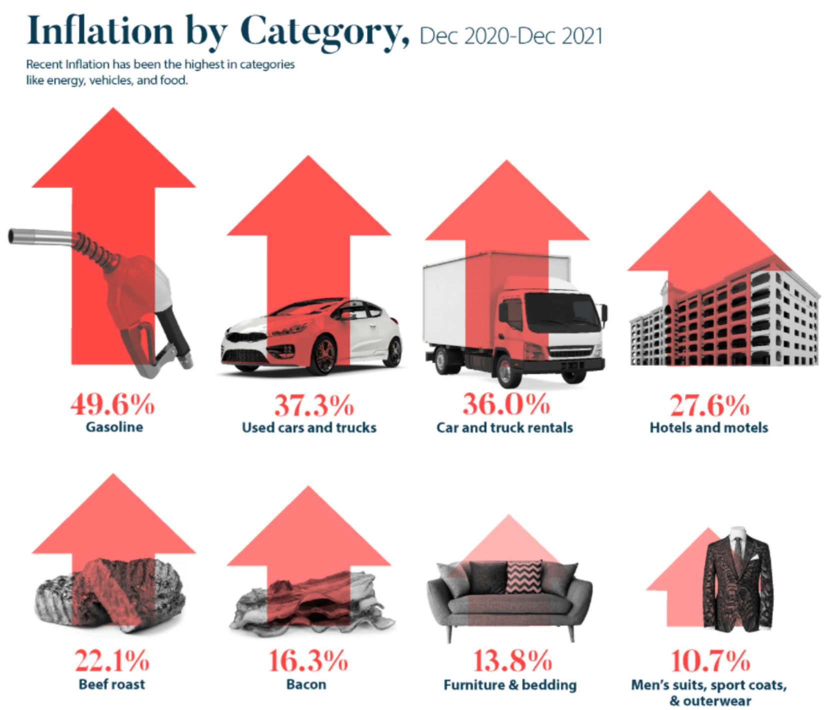
Inflation, in its simplest form, is the decrease in the purchasing power of a currency–this means you can buy less with the same amount of dollars in your pocket because the cost of products and services around you went up. A reasonable yearly increase in the cost of goods and services (ideally not more than 2%) is considered good for the economy because it encourages demand, which increases production and boosts supply, keeping a healthy "competition" in the economy. Problems tend to arise when inflation increases at above-average levels without commensurate increases in wages.



The rise in inflation spurred by the COVID-19 pandemic in 2020 is the steepest yearly rise since The Great Inflation of 1973-1982.

Source: U.S. Bureau of Labor Statistics

Two major indicators of inflation, the Consumer Price Index (CPI) and the Producer Price Index (PPI) rose to 7.9% and 10.0% in February 2022. The core measure for these two metrics, which subtracts the effects of volatile categories like food and energy was recorded at 6.0% for the CPI and 6.9% for the PPI. The current increase in inflation is now the steepest yearly increase since The Great Inflation when it reached 14.8% at the end of February 1980. According to BLS, the increase in these indexes in 2021 was "broad-based," with significant yearly price increases transferred over to food, gasoline, fuel, shelter, and apparel. Interestingly, the highest yearly increase was made up by a 40.5% increase in the price of used cars and trucks, spurred by dealers having to pay more for used cars due to supply-chain issues. Combining this with a limited inventory of new cars, the overall cost to buy used cars is being pushed on to the consumer.



Such cost-push scenarios are in action with most of the price increases we see in the economy currently which suggests that as the supply chain issues resolve in the near future, the economy should start to stabilize.

Source: Advisor Channel. U.S. Inflation. Past, Present and Future

How long will inflation stay and is it transitory?

Many of the price increases we currently see in the economy are a result of supply chain disruptions. An empirical study by the Federal Reserve Bank titled "Global Supply Chain Disruptions and Inflation During the COVID-19 Pandemic" found that industries that "rely on inputs from countries whose production has been most affected by disruptions (also) experienced large price increases due to the inability to keep up with demand." Whether the effects of inflation are transitory or permanent, "absent any policy adjustment," depends on how well the global supply chain eases up in the months ahead to compensate for the demand. Economists refer to this as the cost-push inflation, which has historically proven to be temporary. While it is possible that inflation may continue at relatively high rates for another year or more, an environment where the price of used automobiles is driving a meaningful percentage of CPI suggests to us that our current inflationary environment is relatively transitory and should abate as supply chains begin to catch up to demand within the next two years.

How does inflation relate to CRE?

Inflation can meddle with the CRE market in many ways. Firstly, when the general cost of purchasing and producing goes up in the economy, it puts a strain on development costs which can restrict the future supply of inventory. When new construction becomes stunted, the value of the existing inventory tends to increase, especially if there is high demand for the product. With increased demand and moderate overall supply for CRE in 2021, we saw record-breaking price appreciation and cap rate compression for most asset types, especially for industrial and multifamily. Secondly, a steep rise in inflation tends to increase operational costs like maintenance, utilities, and insurance, which is a nuisance for property owners as it cuts into their cash flow.

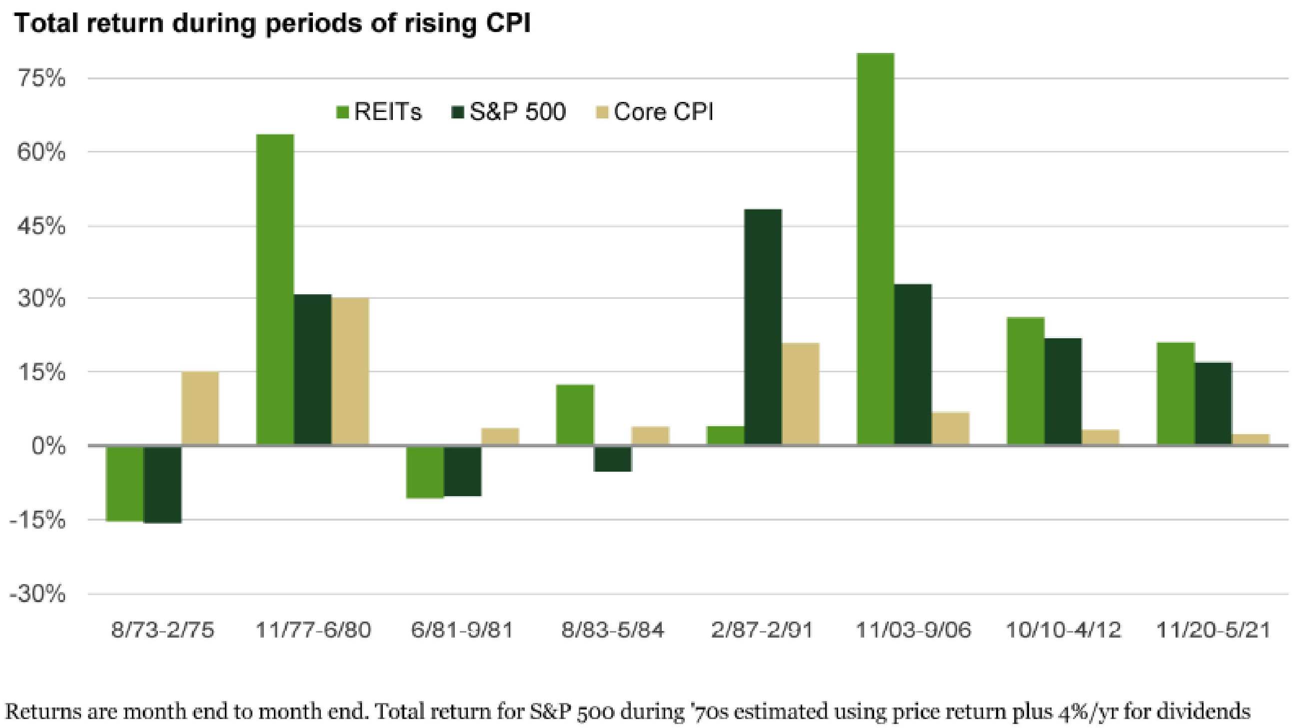
On the investor's side, when the purchasing power of the currency falls, it usually diminishes the real value of future cash flows and returns on their real estate investments, especially if the cash flow is constant or locked in during high inflationary periods. Another consideration for CRE in times of high inflation is the potential rise in interest rates. When the Federal Bank increases interest rates, the cost of borrowing goes up, which further impacts supply and demand for CRE.

Overall, the CRE market is not insulated from the impacts of rising inflation, as it tends to increase the cost of labor, construction, and operations, which ultimately adds pressure on supply and demand trends and can increase the probability of interest rate hikes.

What does the past CRE performance during periods of high inflation tell us?*

To equip ourselves for the future, we looked to the past to better understand the link between inflation and real returns on investments.

During the high inflationary periods of the 70s and 80s, publicly available data shows that both private real estate (tracked through the NCREIF index) and public REITs (tracked through the NAREIT index) beat annualized S&P returns and provided real returns (real return is what is earned on an investment after accounting for inflation). According to a report by Green Street Advisors**, REITs delivered a 13% annualized total return which translated into a 5% annualized *real* return on investment for the REIT investors. Meanwhile, other investments like the S&P 500, long-term Treasuries, and corporate bonds all generated *negative* real returns during that period of inflation. During the eight instances of above-average inflationary periods from 1973 to 2021, REITs, on average, provided returns that were 9% above common stocks and 13% above the inflation rate.



Source: An Inflation Refuge, Heard on the Beach, GreenStreet Advisors, 2021.
This graph is for illustrative purposes only.

A 2011 study titled Inflation and Real Estate Investments analyzed publicly traded equity REITs and compared them to other inflation-sensitive assets like commodities, stocks, TIPS (Treasury Inflation-Protected Securities), and gold. The study analyzed high inflation periods from 1978 to 2011 and assigned "success" rates to measure how often returns equaled or exceeded inflation. During high inflationary periods (average annualized at 6.1%), commodities provided the strongest returns of 19.2%, followed by Equity REITs at 12.3%, stocks at 10.2%, TIPS at 6.9%, and gold below inflation at 6.0%. Further analysis in the study applied success rates by different asset classes. Assets that performed the best (based on returns) during periods of high inflation were those with comparatively shorter lease terms and those with adjustable rents that were tied to the sales revenue. When the prices of goods and services increased steeply, controlling the levers for rent helped mitigate the effect of a devaluing currency by increasing the net operating income (NOI). The study concluded that "real estate can be considered a perfect hedge against inflation, under the strong assumption that future rent growth and discount rates move in line with expected and actual inflation rates."

Overall, research shows that what typically differentiates a hard asset like real estate from a soft asset like stocks and bonds is the lever owners can pull to control the NOI. An asset that has more of these levers generally offers more control to the owner to change the financial outcome and cash flow during inflationary hiccups instead of letting the economy decide the real returns on investments.

*Past performance is no guarantee of future performance or success.

**Green Street Advisors - An Inflation Refuge, Heard on the Beach, 2021.
The 2011 study referenced within is based on publicly traded equity REIT data. It is important to note that publicly traded equity REITs may offer more liquidity options than more traditional, non-traded REITs or private placement real estate investments. Non-traded REITS and private placement real estate investments typically have restrictions and limitations on overall liquidity. Non-traded REITs and private placements are illiquid investments and are intended for investors who do not need a liquid investment.

Drawing insights from the past, what are the main ways that CRE provides a hedge against inflation?

By definition, a hedge is a type of investment that helps protect owners and investors against the decreasing purchase power of money when inflation hits. Our research into the historical inflationary trends, coupled with our team's experience, point to the premise that CRE can act as a hedge in times of above-average inflationary periods, which can benefit property owners and, in turn, benefit investors.

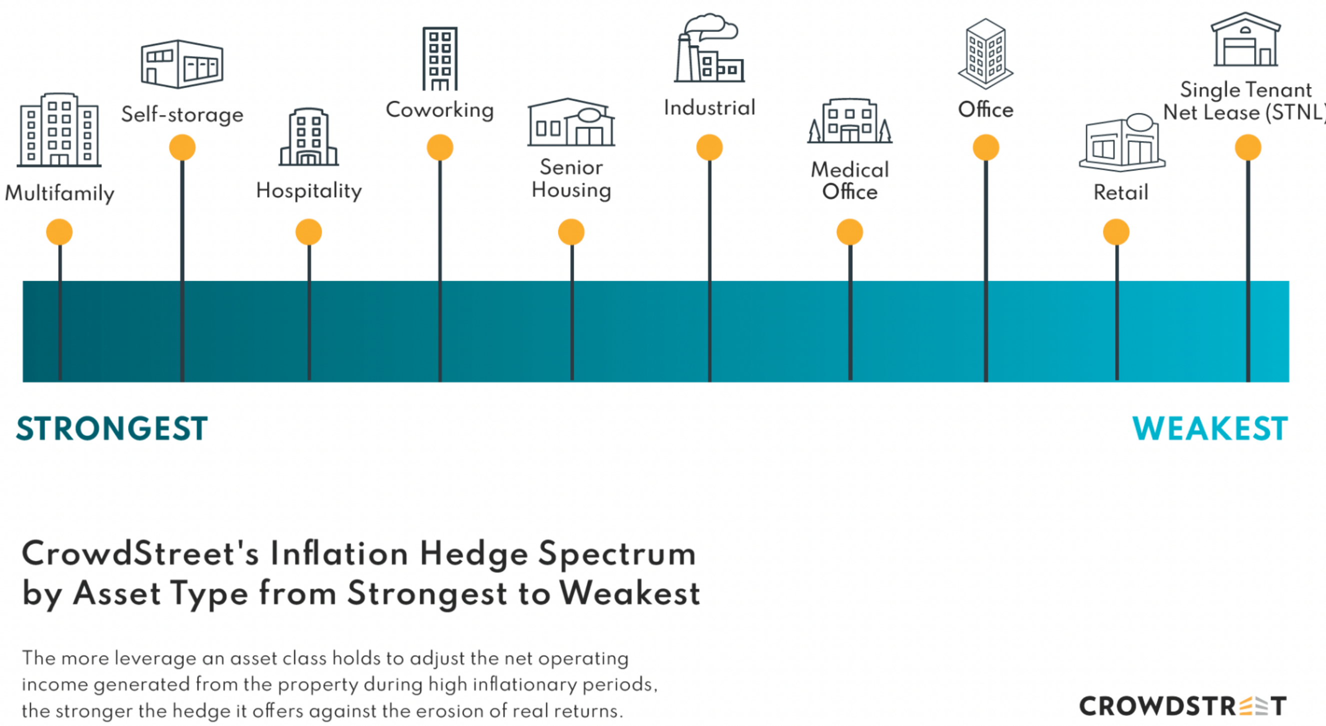
Keeping in mind that CRE investments usually earn money through cash flow and appreciation, there are mainly four ways they can act as a hedge against inflation:

1) A property's inflation resiliency largely hinges on the dynamism of marking rents to market. This means that as consumer prices rise, property owners can change the rent at the expiration of their lease terms to keep on par with rising inflation. The shorter the lease term, the quicker owners can maintain rents commensurate with rising inflation.
2) On top of the fixed lease term, CRE leases may include negotiated annual rent escalations to keep up with inflation. Some office and retail leases include CPI rent adjustments which offer escalations based on inflation.
3) The underlying business model of the tenant occupying the asset can bolster the strength of the hedge against inflation. For example, although retail owners cannot usually adjust rents quickly, many retail leases include "Percentage Rent" which essentially translates into a supplemental rent payment that is directly tied to the gross sales of the tenant. When retailers experience increased costs of their products and services due to inflation, you can expect many of these increased costs to be pushed on to the consumer through increased prices. Provided that that demand doesn't fall by more than the amount of price increases, gross sales of the tenant would rise, which in turn would increase the Percentage Rent paid to the property owner.
4) For properties financed with long-term fixed-rate debt, when rents go up, net cash flows (what is left over after servicing debt and reserving for capital expenditures) increase, all else equal.

In essence, the more leverage an asset class holds to adjust the net operating income generated from the property during high inflationary periods, the stronger the hedge it offers against the erosion of real returns.

How is CrowdStreet rating different asset classes from what we believe are the strongest to the weakest hedge?

We developed a spectrum in which we rank different CRE asset classes from the strongest to the weakest inflation hedges, based on the level of control owners have over the NOI and the value of the asset.



Strongest Hedges

MULTIFAMILY

We believe multifamily is a strong asset class to hold during inflationary periods due to three primary factors:

1. Relatively short duration leases (typically 12 months) that constantly roll each month;
2. Institutional favorability of this asset class which gives it great liquidity*; and
3. Widely available and inexpensive fixed-rate agency debt made available through Fannie Mae and Freddie Mac.

*This is not an institutional offering. Individual investors should consider their individual situation, including their investment objective, risk tolerance and need for liquidity before making an investment.

Freddie Mac tracks the Apartment Investment Market Index (AIMI) that showed record high yearly and quarterly NOI growth in Q3 2021, which along with lowering mortgage rates, bumped up the AIMI Index. This suggests that investors are increasingly favoring multifamily investment opportunities, especially as it demonstrated its resilience in the face of the COVID-19 pandemic. Institutional investors are "doubling and even tripling" their anticipated hold periods for multifamily amid rising inflation. Long-term and fixed-rate loans secured by multifamily can provide stability in inflationary periods. When debt payments are fixed and rents are adjustable, investors benefit from increased cash flows. In such an environment, reinvestment risk heightens, which is leading institutional investors to increase the value they attribute to the certainty of those increased cash flows.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of multifamily investments include competition from single-family homes, fluctuations in the average occupancy rate, and increases in mortgage rates that can make debt financing more expensive.

SELF-STORAGE

Self-storage is an attractive inflation hedge as operators can adjust rents month-to-month in the face of rising inflation. We also like self-storage because of its sticky nature–once people move in their items, they tend to not want to remove them. The demand for self-storage usually arises during major life transitions like relocation. The COVID-19 pandemic spurred an increase in the need for self-storage units due to migratory patterns which, according to Green Street Advisors*, led to an all-time high occupancy rate. The growth in the self-storage sector is expected to keep its momentum in 2022 and beyond.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and tenants' credit quality, another factor that can impact the success or failure of a self-storage investment is its sensitivity to rent increases, especially if there is competition nearby.

*Green Street Advisors, U.S. Self-Storage Outlook, 2022

HOSPITALITY

For the hospitality asset class, rates can be adjusted daily which generally makes hotels a highly attractive inflation hedge. However, not all hotel investment opportunities will offer the same advantage in today's turbulent times. Due to the contagious nature of the virus, the pandemic-induced downturn was uniquely crippling for the hotel sector as compared to other inflationary periods like 9/11 and The Great Recession. In addition, during periods of excessive inflation (e.g. levels that rapidly erode household purchasing power), certain forms of discretionary spending, such as leisure travel, could be adversely affected as consumers react to surges in the prices of necessities. As the economy recovers from the COVID-19 pandemic, travel is expected to surge again and we are already seeing a bump in travel activity. Provided that our current inflationary environment doesn't reach levels that shock households into materially changing their leisure expenditures, we view the hotel industry as well-positioned to buffer inflationary effects over the course of the current real estate cycle through adjustments in daily rates–something we are already seeing in the current market.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of hospitality investments include higher operating expenses or changes in travel patterns.

COWORKING

Further down the spectrum of stronger inflation hedges would be the management model of office coworking used by groups such as Industrious. Under this model, the coworking tenant charges the property owner a management fee based on a percentage of total coworking rents collected each month, with the rest of the revenue and operating expenses flowing through to the property owner. This model is more favorable for property owners in an inflationary environment as coworking subscriptions are marked to market monthly, allowing property owners to increase rental revenues at rates that can meet or exceed increases in operating expenses. But although coworking structures like Industrious can provide a potentially great hedge, not all coworking structures are the same. For example, the lease long-term and sublet short-term model of coworking (used by WeWork) is good for the coworking operator, but not for landlords as they have already locked up their rent escalations with the coworking master tenant. For any period where inflation exceeds the predetermined rent escalations, the property owner loses relative to the management model.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and tenants' credit quality, another factor that can impact the success or failure of a coworking investment depends on the coworking business model used (WeWork differs from Industrious, for instance) Both are affected by tenant demand risk. There is also the risk of high competition from other office properties, and different tenants coming in have different budgets, so rent increases could lead to losing customers to cheaper competitors. Unlike general office spaces, coworking properties may have limited options to attract specific tenants.

SENIOR HOUSING

Like multifamily, senior housing has annual leases that can be marked to market relatively quickly compared to assets with long-term leases. However, we believe the hedge provided by senior housing is not as strong as it is with multifamily. Firstly, labor is one of the highest operating expenses for senior housing, making it susceptible to wage inflation. Inflation increases the overall cost of operating senior housing facilities, especially when labor becomes restricted and expensive. Also, with monthly rents already reaching levels that are unaffordable for many families, senior housing may have more price sensitivity relative to apartments. Increasing monthly rents could pose a risk whereby some families elect to postpone the move-in decision for their loved ones which can hinder occupancy, and hence the NOI, in inflationary times. On the positive side, the senior housing asset class has some financial backing from programs like Medicaid, which covers rent payments for some seniors. Additionally, senior housing benefits from numerous and readily available options to finance long-term debt with loan programs such as Fannie Mae and Freddie Mac, and government enhancement programs offered by the U.S Department of Housing and Urban Development (HUD) such as FHA, Ginnie Mae, and USDA. These programs offer favorable financing options on debt which lower the overall operating cost of these facilities, especially when debt payments are fixed in periods of high inflation.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and tenants' credit quality, another factor that can impact the success or failure of senior investments include how operationally intensive these properties are. Like hospitality, senior housing has high operational risk as it relies heavily on labor. The success of the investment can also rely on the demand for senior housing facilities in the area, so properties need access to local senior populations to find tenants.

Moderate Hedges

INDUSTRIAL

Industrial has been one of the best performing CRE asset classes in recent years with a significant price appreciation of 41% in 2021*. Changing consumer behavior and the e-commerce boom further bolstered the demand for industrial facilities in the last two years, with some areas, such as the Inland Empire, now at a 0.5% vacancy rate. Despite the strong performance of this sector, we ranked industrial as offering a more moderate hedge against inflation due to relatively its longer-term leases, typically 5-10 years. Although industrial leases are typically longer compared to other asset classes, leases for industrial properties are typically structured as triple net ("NNN"). Under the terms of a NNN lease, the tenant is responsible for paying all operating costs, including insurance, property taxes, and maintenance. As inflation increases the true cost of operating expenses, owners remain insulated from the impact, while tenants bear the brunt of any spikes in expenses.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of industrial investments include declines in manufacturing activity due to reduced demand or trade agreements that outsource manufacturing efforts.

*GreenStreet, Commercial Property Price Index, February 4, 2022

MEDICAL OFFICE

In many respects, medical offices behave similarly to industrial properties. They can offer a moderate hedge against inflation as they usually have five years or longer NNN leases. Cap rate compression for this sector has been akin to multifamily in the last few years. Although the sector faces inflation risks due to increased operating costs, the underlying business fundamentals for healthcare tenants, on average, are stronger than a typical office tenant. The healthcare sector is poised to benefit from strong demand and subsequent growth for the medical office sector over the course of the next decade. During the first year of the COVID-19 pandemic, hospitals canceled elective procedures and postponed non-urgent treatments, while urgent care facilities operated at maximum capacity. There is pent-up demand for postponed procedures which will likely increase in-patient visits in 2022 and beyond. According to the 2020 Profile of Older Americans, the average U.S. population is aging. U.S. Census data estimates that one in five Americans will be 65 or older by 2030, which increases to one in four by 2060. Furthermore, population projections from the census show that by 2034, older adults will outnumber children for the first time in U.S. history. Americans in this age cohort visit their physicians more frequently than younger people do, which means increased demand for medical office facilities.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of medical office investments include rising or falling healthcare demand in the area and high turnover costs. Medical offices are highly specific buildings with waiting areas, exam rooms, and specialized healthcare characteristics. When a new tenant comes in you have to repurpose the space for their specific needs, increasing TI (Tenant Improvement) costs.

OFFICE

The inflation resiliency of an office property depends heavily on the length of the lease term, asset quality, location, rent escalations, and occupancy. A well-situated, multi-tenant, amenitized traditional office, offering short-term (3-5 year) leases should fare better in inflationary times as compared to an office with tenants tied up in longer-term leases (5-10+ years) and fixed rent adjustments. A good-to-moderate hedge would be an office where no single tenant occupies more than 20% of the building and most tenants are on 3-5 year lease terms. The mix of tenants and their industry type also plays a role in deciding the overall health of the office building. In some cases, like with government agencies, the lease agreement and rent structure is tied to an inflation clause allowing owners to bump up the rents before the lease resets. Where weighted average lease terms (WALT) fall in line with industrial or medical office properties, both of those asset classes would likely serve as a better overall inflation hedge given the NNN nature of their leases.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of office investments include whether the property is single or multi-tenant and average length of the lease.

RETAIL

Retail is a mixed bag with many subtypes, each offering varying levels of inflation resiliency depending upon the financial strength of the underlying business and structure of their leases. We ranked retail as offering a moderate- hedge against inflation as its leases are similar in length to industrial or office (5-10+ years). However, in recent years, its income streams have not proven to be as durable as other asset classes, such as multifamily and industrial, so it does rate somewhat lower on our list. We have not only seen store closures leading to tenants exiting shopping centers, many smaller, weaker tenants have not been able to survive the pandemic, which has also led to tenant turnover. With that said, grocery-anchored neighborhood centers, especially those anchored with junior e-commerce tenants like Amazon Fresh have performed remarkably well and better than traditional shopping malls and second-tier big-box stores during periods of high inflation.

One unique aspect of retail is that sometimes leases will incorporate a percentage of the sales revenue into total rent or tie escalations to the CPI index. The inflation resiliency of the property can become stronger or weaker depending on the ability of the retailer to bump up the prices of goods and services commensurate with the rise in inflation. When inflation affects the prices of consumer goods, owners who have a percentage of tenants' sales incorporated into their leases can earn additional rent as prices adjust upwards (assuming that the price increases net additional gross sales revenue). A well-performing neighborhood center with a financially healthy tenant mix will usually fare well during periods of high inflation. The lease term usually varies for different tenants in the mix. Consider a typical multi-tenant retail center with a mix of retailers–a bakery with a 5-year lease, neighboring a 10-year leased grocery anchor, and a restaurant with a 15-year lease. The inflation resiliency of that retail center would depend on the overall property income. The more that sales revenue can catch up to the rise in inflation, the higher the NOI and the stronger the hedge it would offer against inflation.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and credit quality of tenants, some of the factors that can impact the success or failure of retail investments include the length of the lease(s) and whether it's single or multi-tenant.

Weakest Hedges

SINGLE-TENANT NET LEASE (STNL)

On the end of the spectrum of strongest to weakest hedges would be a NNN fully-leased asset on a long-term (20-30 year) lease. The NNN aspect of the lease gives some buffer against inflation, but predetermined rent bumps of 2-3% annually lock the investment on a rigid rent schedule. Long-term NNN leased assets are the closest thing to a real estate-backed bond and long-term bond prices tend to decline during periods of inflation. For any period where inflation exceeds the rental increase rates, investors suffer from a real returns standpoint. An example of this type of asset would be a Starbucks, a Walgreens, or a single-tenant industrial deal leased to Amazon.

In addition to more general risks such as high vacancy rates, oversupply of product in the market, and tenant credit quality, one critical factor that can impact the success or failure of single-tenant net lease investments is the fact that it's one tenant, which means a high vacancy risk. It's either 0% occupied or 100% occupied. Rental income is highly dependent on one tenant's business success.

Why are most CRE investors in a good place during inflationary hiccups?

Investing in and holding hard assets like CRE in above-average inflationary periods is generally a good strategy, especially if the asset class allows for rent adjustments at a rapid enough rate to stay on par with rising inflation. Hard assets like CRE have historically provided competitive real returns during inflationary periods as compared to soft assets like stocks and bonds. Unlike with soft assets, which provide little to no control to investors over their valuation, with CRE, owners can adjust rents in an inflationary environment, with some asset classes providing more control over the NOI than others. When high inflation surfaces in the economic environment, rent adjustments can bump up the NOI and increase asset values, assuming cap rates hold relatively constant. Furthermore, hard assets hold intrinsic value, which can appreciate over time due to supply and demand trends. Another layer of hedge comes from a level of control over pricing the product or service offering of the underlying business, for example, in the case of retail. Overall, when the purchasing power of the currency falls, adjusting the NOI increases the cash flow of the investment property commensurate with the rise in inflation which protects the true value of future cash flows and, ultimately, investor returns. And with a long-term appreciation of their real estate assets, investors are usually in a good position during transitory periods of high inflation.

What should investors keep in mind about the limitations of the CRE hedge during periods of high inflation?

Not all CRE classes will provide a strong hedge against high inflation. In cases where leases are locked in longer-term, investors and owners can experience a period of low or negative real returns.

Price sensitivity is a concern when increasing rents to catch up with the inflation rate. The Goldilocks zone of attracting and retaining tenants while raising rents is an important consideration, especially if wages do not rise in time and in proportion to rent increases. For commercial tenants, if occupancy costs become too high, it can cut down on the business profits, possibly to the point where remaining a tenant in that property is no longer financially feasible. In such cases there is a risk that the tenant will trade down to a lower class property to protect profits, hurting the occupancy during high inflation periods. If rents increase to a point where it causes a shock to the system, commercial property pricing can suffer.

The current pandemic-induced inflationary period is historically unique. Although, historically, real estate has performed well in periods of high inflation in terms of providing real returns, any extrapolation from a returns standpoint in the current environment is essentially speculative.

About CrowdStreet

CrowdStreet is the nation's largest online private equity real estate investing platform[1], focused on bringing institutional-quality real estate investments directly to individual investors. As of March 2022, we've launched over 615 deals, including both individual assets and funds. Some of the nation's largest sponsors have turned to CrowdStreet to raise capital. Since 2014, our investor community has committed more than $3 billion[2] in investments.

Guided by our Investment Thesis, we're committed to giving individual investors direct access to institutional-quality investment opportunities. Through our Marketplace, investors can compare and review dozens of deals across every asset class and risk profile, allowing them to choose the right investment opportunity for themselves and their portfolio. Our deal flow enables investors to build real estate portfolios with some of the nation's most sought-after projects, backed by some of the nation's most trusted sponsors. Each deal, and the sponsor behind them, undergo our objective review process for inclusion on the Marketplace. We share much of the information we gather with investors to make more informed investing decisions.

Learn more at www.crowdstreet.com

1. As reported by Dr. Adam Gower in Best Real Estate Syndication Platforms | Gower Crowd - UNLEASHED, published 2022, based on dollars raised by individual investors.
2. Information provided by CrowdStreet as of March 2022.
3. Information regarding distributions is provided by the sponsors as of March 2022. Though CrowdStreet believes the information contained herein has been obtained from sources believed to be reliable, they make no guarantee, warranty or representation of it.