



Press release

Study on crowdfunding for project developers:

Project developers still see a need to adjust Crowd-financing

- **Two thirds of project developers wish for higher financing volumes**
- **Marketing effect is even weighted higher than lower financing costs**

Berlin, 04 of October 2016 – Project developers would like to finance higher volumes via crowdfunding. While the investment amounts per project currently mostly revolve around the one million mark, for around two thirds of developers it only becomes interesting from a volume of 2.5 million euros onwards. This is a result of a recent survey of project developers by the real estate crowdfunding platform iFunded.de. "Project developments make the lion's share of the still very young real estate crowdfunding sector," says Michael Stephan, founder and managing director of iFunded.de. "Project developers naturally have very high capital requirements. Our study shows that there is still need for adaptation on the part of the crowd-financers for real estate crowdfunding to establish itself as a genuine financing alternative." For the study, a total of 24 project developers were interviewed, which over the last five years approximately developed a combined 5,250 projects.

Additional marketing effect just as important as financing costs

A third of respondents said the main advantage of real estate crowdfunding was the additional marketing effect it provides. It was thus even weighted a little higher than the traditional mezzanine capital which has lower financing costs. "The crowd naturally has a multiplier effect, investors will tell their friends about the project they invested in and may even share it on social media. Some may even buy the condominium, in whose development they have invested via crowdfunding", explains Mr. Stephan. "The project developers have recognized this additional benefit which is not to be underestimated."

Project developments outweigh existing real estate

27 million euros of money collected by the crowd was used for new real estate development, which is almost ten times as much as for existing real estate with 3.3 million euros. Another eleven million euros was also used for renovation or revitalization projects in real estate sector. "It is expected that the proportion of crowd-financed existing real estate will increase in the future. From an investor's point of view, the typical project development risks such as authorization procedures and construction risks are omitted. The regular rental income also allows for a constant cash flow from the first day", says Mr. Stephan.

About iFunded:

iFunded is an online investment platform on which private as well institutional investors can invest in real estate projects of their choice with experts from the real estate sector. Depending on the project, returns between three and seven percent can be expected. Real estate developers have the opportunity to market their projects through online channels at an early stage on the platform. They can thus use the platform as an alternative financing channel in addition to banks and institutional investors. www.ifunded.de

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