Real Estate Syndication Explained

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Cedar Park, TX based Wealthward Capital recently published an article that aims to educate their community about real estate syndication. While the subject may seem complicated at first glance, the company assures that it represents a great opportunity for those who wish to try their hand at investing in real estate with minimal participation.

According to Wealthward Capital, real estate syndication may be considered the first form of crowdfunding. They explain, ?In modern real estate crowdfunding platforms, people pool together their money and open a company. But it is the owners of the company who are going to manage it and execute the business plan, not the people who funded it.?

The article continues, ?People pool their money into a real estate investment fund that invests in properties such as mobile home parks, self-storage units, automated teller machines (ATMs), land, apartment buildings and so on.? This process is known as real estate syndication, and it allows individual investors to purchase the equivalent of shares in property that they may not otherwise have been able to. Weathward Capital clarifies that this is not the same as purchasing ownership shares in a company, but there are similar principles in play that investors should be aware of. The article notes that a real estate syndicate can help an individual earn more without pouring in an excessive amount of effort, but it is crucial that they learn more

about the process before making any large commitments.

A group of investors can create a real estate syndication by pooling their capital into a Limited Liability Company (LLC) and then using it to purchase real estate. While there is nothing to prevent each individual investor from taking this route for property they would be able to purchase by themselves, its general purpose is to allow them to invest in real estate that would normally be outside their reach. The range of real estate they can invest in is vast: the article says a real estate syndication can invest in apartment buildings, commercial properties, mobile home parks, self-storage units and other large properties.

Notably, none of these investors have to be involved with the operation or management of the property in question. Instead, they will partner with a sponsor (who organizes and sources the funds from the investors). The sponsor may also be known as a general partner, managing partner or operating partner, and they will seek to bring in other investors when necessary.

Weathward Capital goes on to explain that, while a real estate syndication may only require investors to take on the role of limited partners (or passive investors), they should not mistake a lack of participation for a lack of risk. Even with the assistance of other investors, an investment can be sizable depending on an individual budget, so it behooves any party to carefully consider their options and do their due diligence as they would with any other venture. A standard minimum investment is $25,000. While this is far more accessible, it is still a significant sum to lose on an investment that would have shown warning signs with more research.

However, the rewards are great, if pursued correctly. The article states, ?There are enormous benefits to investing in commercial real estate, including predictable income, tax benefits and high-yield equity multiple. Commercial real estate is an asset class that is mostly out of the reach of even accredited investors because financing such an investment usually takes resources only available to institutions. Real estate syndications were created to overcome this hurdle. In today's market, commercial real estate syndications are essential to generate meaningful passive income in your portfolio and provide diversification from stock market volatility.?

Wealthward Capital is committed to helping more people gain financial independence and freedom, and they have published numerous articles on associated subjects. In this article, they provide a great deal of insight on the advantages offered by real estate syndications. It also explains how they function, what it takes to get involved, what warning signs investors may wish to look out for and more. To read it in full, or check out the company?s other resources and services, interested parties may begin by visiting the official Wealthward Capital website. They may also contact the company directly via phone or email.

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Wealthward Capital

Wealthward Capital is a private equity investment firm that educates investors and provides institutional quality investments. We help technology employees grow their careers, build wealth and make an impact.

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