



WEALTH  
MIGRATE

# Invest with Confidence: The Five Laws of Building Wealth through Real Estate

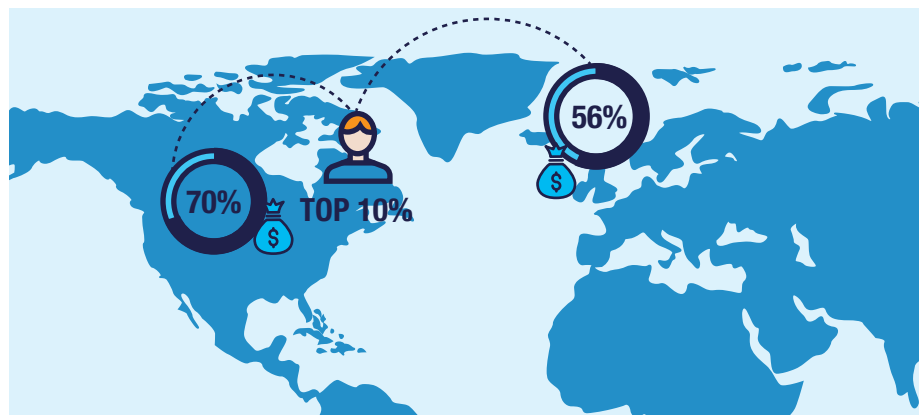


**IN FACT, IN THE U.S.,  
80% OF NON-HOME  
(I.E., INVESTMENT)  
REAL ESTATE IS  
OWNED BY THE TOP  
10% OF PEOPLE IN  
THAT COUNTRY.**

Are you financially prepared for retirement? Do you know how true wealth is generated?

Unfortunately for many people, the answer is “no,” and they find themselves continuing to work longer, well past the traditional retirement age of 65. In fact, only one percent of people worldwide will retire “wealthy,” with the remainder needing to extend their incomes as long as possible, or find other avenues to obtain financial security. But what are the most profitable assets people should invest in?

One of the best ways investors can build and preserve wealth is investing in global real estate assets. Among developed countries, the top 10 percent of society can own between 56 percent of wealth in the U.K. to nearly 70 percent in the U.S.<sup>1</sup>, and such wealth disparity can be even more pronounced in developing countries.



In fact, in the U.S., 80 percent of non-home (i.e., investment) real estate is owned by the top 10 percent of people in that country. According to the U.S. Bureau of Economic Analysis and as recently pointed out by investor Steve Roth<sup>2</sup>, lasting wealth is derived from capital gains from assets like real estate—not merely saving a portion of one’s salary.

## REAL ESTATE CROWDFUNDING

With the advent of investment crowdfunding, people who traditionally did not have access to wealth-generating opportunities in real estate now have hundreds of potential investments at their fingertips online. With just a few clicks, investing in real estate offerings at significantly reduced investment minimums through online platforms is something wise investors are using to build their wealth and hedge against currency and inflation fluctuations.

Real estate crowdfunding has experienced tremendous growth in the U.S. and other first-world countries, particularly since the U.S. Securities and Exchange Commission (SEC) amended Regulation D rules to allow for general solicitation of accredited investors. Regulation D comprises several registration exemptions under which most private securities are transacted in the U.S., and has a significant impact on the country’s real estate markets.

1. G. William Domhof, “Wealth, Income and Power.” Available at [www2.ucsc.edu/whorulesamerica/power/wealth.html](http://www2.ucsc.edu/whorulesamerica/power/wealth.html)

2. Steve Roth, “How Do Households Build Wealth? Probably Not the Way You Think. Three Graphs.” Available at [www.asymptosis.com/how-do-households-build-wealth-probably-not-the-way-you-think-three-graphs.html#sthash.QE5kXwfl.dpuf](http://www.asymptosis.com/how-do-households-build-wealth-probably-not-the-way-you-think-three-graphs.html#sthash.QE5kXwfl.dpuf)

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Real estate developers and sponsors are utilizing crowdfunding platforms more than ever as traditional financing sources continue to restrict lending. It's easy to understand why: technology brings efficiency and transparency to investment and portfolio management processes. For real estate professionals, crowdfunding deals allows for more marketing opportunities and access to a broader swath of investors around the world whom they previously did not have access to.

Crowdfunding has transformed the real estate industry and made it much easier for people to seek out investment opportunities that could lead to greater financial security down the road.

Getting started in real estate crowdfunding requires some strategic planning and solid comprehension of the fundamentals of real estate investing. There are five key "laws" of real estate investing that all investors should be aware of before attempting to build their own portfolio.

## LAW 1 - UNDERSTAND THE FUNDAMENTALS

It's been said that ignorance is the difference between truth and perception. This adage also applies to real estate, when new investors excitedly pour capital into new, seemingly promising deals without a proper education on industry fundamentals. Relying on the advice of (well-meaning) friends and family is an inadequate education and often leads to losing one's investment. Thankfully, the information age has made it possible for everyone to learn about investing in any asset class—but many may not know where to start.

To get started, here are a few excellent resources that will provide a solid understanding of building wealth through real estate investment:

- *Think and Grow Rich* by Napoleon Hill
- *Rich Dad, Poor Dad* by Robert Kiyosaki
- *Real Estate Riches* by Dr. Dolf De Roos



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APPRECIATION.**

These books provide a good starting point, but it will be up to the individual to continue to build on that foundation and consider investments carefully before pulling the trigger. As with any asset class, the world of real estate is cyclical—what goes up, must come down, eventually. Investors should take the time to plan for all possible scenarios, diversify multiple regions and industries, and avoid overexposure to real estate or any class of investments.

## **LAW 2 – BUY FROM A MOTIVATED SELLER**

The internet has made property viewing now instantly accessible, and investors are bombarded with a plethora of deals. However, one principle remains steadfast: the best way to make money in real estate is to buy the smart way. When buying from a motivated seller, an investor is dealing with someone usually in an emotional state and therefore can negotiate the best deal possible, and will no doubt get more favorable terms since the seller is in an inferior position.

Since the economic recession, there are excellent opportunities through bank repossessions or real estate developers who may be facing foreclosure on their projects. At this point, it is no longer about profit for these sellers; it's all about survival and the need to sell quickly. Numerous opportunities exist for savvy investors to pick up real estate from underwater developers. As with stocks, “buy low, sell high” also applies to buying real estate, whether you’re investing in whole properties or buying shares of many different investments through crowdfunding.

When purchasing a property outright, the best way to be in the superior negotiating position is to assure the buyer that you (the investor) can move and act quickly. Cash buyers and those with pre-approved financing from the bank are such a seller’s ideal investor, and most experienced investors look to buy real estate at 20 to 30 percent less than general buyers will pay. By investing alongside “the crowd,” investors also have access to better deals through platforms that allow them to move quickly like cash buyers in the past.



***“BE FEARFUL WHEN  
OTHERS ARE GREEDY  
AND BE GREEDY  
WHEN OTHERS ARE  
FEARFUL.”***

## **LAW 3 – DO YOUR HOMEWORK**

Investing based on your emotions or a gut feeling is usually not a wise decision. Smart investors run the numbers first and makes decisions based on sound financial facts in addition to the returns the investment can generate. With an understanding of the numbers, they can also calculate the risks involved and ensure they can properly manage them.

As with any investment plan, it is imperative for investors to do their homework first. One of the most important things to consider is the track record and expertise of the real estate developers or sponsors who have turned to crowdfunding platforms or other intermediaries to raise capital. Investigate their history—including past development projects—so you can determine if they are worthy of your investment.

Remember, developers are required to submit a company profile along with their real estate offering when they utilize a crowdfunding platform. It is then up to the platform to conduct due diligence on each proposal to ensure they are viable before they are ever listed on their website. A good real estate crowdfunding platform will have its own internal team in place to assess the risks and rewards of its offerings for potential investors and should provide a transparent analysis of the investment. Nevertheless, investors should also perform their own due diligence process to assess risk and potential returns. Expect the best but prepare for the worst by exploring various scenarios that could arise, and then develop strategies to manage them.

With so many platforms to choose from, keep in mind that not all of them are created equal, so look for one that has thorough understanding of the real estate industry by vetting the company’s founders and management team. A team that had real estate experience first and then embraced the crowdfunding technology is more likely to have quality offerings that attract backing from investors. Also, real estate platforms that actually have “skin in the game,” meaning that they are invested in their own listed offerings, have their interests aligned with investors and thus have investors’ best interests in mind.

## **LAW 4 – LOOK AT CASH FLOW, THEN CAPITAL APPRECIATION**

The economic recession has taught investors valuable lessons when it comes to real estate investing. From the biggest funds in the world to retail investors, those who focused solely on capital appreciation without having a “Plan B” in place historically have not fared well.

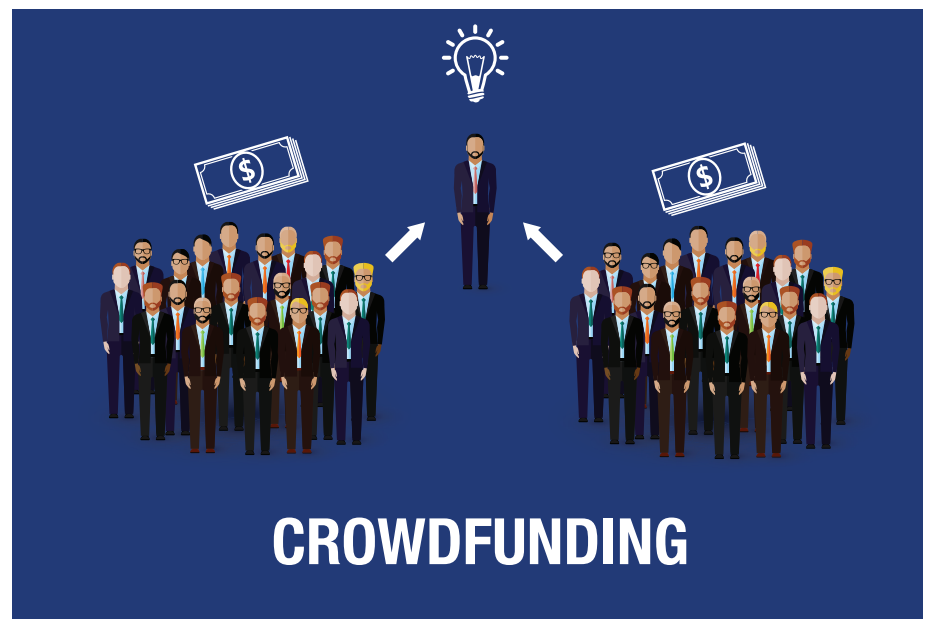
It is actually during the leanest of times that investors can make their best returns. The reason why is simple: savvy investors see opportunity in a down market, focusing on both the upside potential and—crucially—projected income. These investors not only have a Plan B in case of a downturn, but they are also better positioned to “ride the wave” despite fluctuations in the market while maintaining

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more liquidity. Strong cash returns on investments put them in a much better position to buy from motivated sellers. As Warren Buffet said, “be fearful when others are greedy and be greedy when others are fearful.”

It is virtually impossible to know whether any individual investment is a golden ticket—there are no guarantees or “sure things” in real estate, despite anyone’s best efforts. A good rule of thumb is to limit overexposure to any particular asset class, be it bonds, equities, real estate or other investments. In the face of low government bond yields, investors are searching for higher yields, particularly in alternative assets like real estate. However, as the latest global recession demonstrated, investors must prepare for economic downturns and ensure debt and equity investments are properly balanced. If you buy the right property in markets where the fundamentals are right, capital growth will come as a bonus.

Real estate crowdfunding platforms can offer unprecedented transparency and a variety of investments. Moreover, crowdfunding allows investors to diversify globally, which mitigates overall portfolio risk by not tying up assets in one country or currency. Income-producing real estate investments and diversifying between debt and equity assets can help investors realize immediate returns while still providing opportunities for capital appreciation.



## **LAW 5 - BUILD RELATIONSHIPS TO BUILD YOUR WEALTH**

Networking and forming key relationships can help you build wealth, particularly in the world of real estate investing. Even though technology increases efficiency, nothing replaces old-fashioned relationship building.

Start by reaching out to like-minded partners who are considered experts in this space and find ways to work with them, as they are experts in their own particular market niche. Look for genuine investment crowdfunding players who have actual real estate

experience and start building and nurturing those relationships. Time is one of your most precious and valuable assets, and should be used to develop a strong network of contacts, including real estate agents, brokers, developers, bankers and successful property investors. You never know who will be able to help you, or what kinds of opportunities could come your way by having a strong network of contacts. In turn, you will also be able to offer your expertise and assistance to others.

There is significant value in working with an experienced team, and greater results can be achieved when people work together instead of alone. Studies have shown that a flock of 25 birds in formation can fly as much as 70 percent farther than a solo bird using the same amount of energy—and the same is true with crowdfunding investments. By leveraging collective buying power, new real estate investors can benefit from the wisdom of the crowd and invest alongside the veterans.

## CONCLUSION

Hopefully by now you have a solid foundation to help create the wealth needed to retire comfortably. Crowdfunding is poised to revolutionize real estate investing and offers investors exciting opportunities to pool their resources and accomplish great things. By doing some diligent research and strategic planning upfront, investors can build wealth through real estate crowdfunding and make their retirement dreams a reality.

## ADDITIONAL RESOURCES

- Download a free copy of the book *Property Going Global* at [www.propertygoingglobal.com](http://www.propertygoingglobal.com)
- [www.wealthmigrate.com/education](http://www.wealthmigrate.com/education)
- [www.scottpicken.com](http://www.scottpicken.com)





## WHO WE ARE

Wealth Migrate, ***Your Trusted Global Real Estate Marketplace™***, is leading The Wealth Movement in globally creating wealth for all through real estate.

Through Wealth Migrate's best-in-class investment crowdfunding platform, investors **gain direct access to exclusive real estate investment opportunities in premier markets around the world.** Investors benefit from the extensive experience of our executive team, which has invested more than **US\$1.34 billion** for clients in international real estate transactions over the **last three decades on 5 continents.**

Wealth Migrate partners with proven local operators and participates in every deal alongside our investors, ensuring your security and peace of mind are held in the highest regard. By joining, members gain access to details of every investment, can review thorough due diligence reports prior to investing and manage their own real estate portfolio, all online. Through our extensive network, we are able to offer the best global real estate providers access to global investors. Wealth Migrate's mission is to harness the power of the crowd to put global real estate assets within reach.

Wealth Migrate was founded by experienced global real estate investment professionals. The Wealth Migrate platform connects sophisticated investors through an integrated technology solution that reduces the inefficiencies and costs inherent in traditional real estate transactions. This is achieved through automation and economies of scale, which allows for more growth, higher investor returns and secure and economically resilient portfolio building. Through our end-to-end solution, investors can partner with the best-of-breed globally and directly invest in their opportunities.

**Our Global Investment Due-Diligence Systems (GIDDS)™** is one of the most sophisticated and advanced in international real estate and incorporates multiple integrated levels of inspection to ensure global consistency in wealth preservation and sustainability.

Wealth Migrate's foundations are built firmly on three core values: **trust, transparency** and most importantly, aligned interests. The company was founded on the principle that by leveraging collective buying power, investors can realize solid returns and have access to a wider array of quality investments than they ever would on their own. *Just as a bird in a flock can fly 70% farther than a bird flying on its own, Wealth Migrate facilitates the global migration of wealth by harnessing the power of the crowd, adding value to both the individual investor and to society at large.*

By leading The Wealth Movement, our purpose is to empower an extra billion people on this planet by 2020 through access to real estate and the wealth effect. This will ensure we are creating a sustainable and better planet for all!