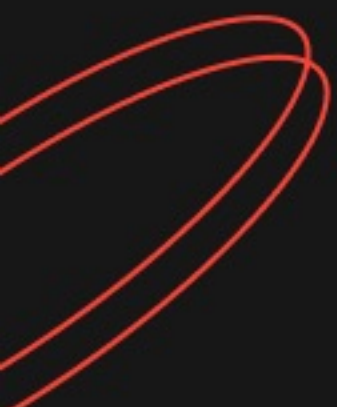# A Step-by-Step Guide on Crowdfunding Real Estate Development

Some people may find the idea of creating a real estate crowdfunding platform intimidating.

Keeping this in mind, we recommend following the outlined steps and putting them into single measurable actions.

Here, we go through the main points of the development process.

01. Choosing the Right Platform Type

The first step in crowdfunding real estate development is to perform a market research to determine the type of platform you want to build. The most common types include:

↗ **Equity crowdfunding platforms:** involves investors gaining ownership stakes in property, profiting from the rental income or eventual sale of the property.

Example: RealtyMogul

↗ **Reward-based crowdfunding platforms:** users invest their capital expecting some returns that are not monetary and mostly applied for environmental or social causes.

Example: Kickstarter

↗ **Debt crowdfunding platforms:** developers borrow money from investors, allowing them to earn interest on real estate investing.

Example: Fundrise

↗ **Hybrid crowdfunding platforms:** connect an equity crowdfunding model and a debt model of investment provide a greater versatility in the market.

02. Choosing the Right Platform Type

Keep in mind that your platform's focus could significantly vary based on the target audience.

For example:

- **Residential real estate:** for the individual investors interested in small and local commercial properties.

- **Commercial real estate:** targets individuals or institutions with high ROI expectations.

- **Eco-friendly projects:** specializes across niche markets, such as renewable power products, residential sustainable structures, etc.

Mind Studios' tip:

When developing the **Mulki** project, a real estate management app, our primary goal was to create a platform that would catch on with the associated audience quickly, as well as make user experience tailored and applicable to a specific need.

It resulted in a rapid market adoption and a high client retention rate.

03. Defining the Feature Set of the Platform

The main features of your platform should always be implemented depending on the type of platform and its audience. Here's a quick breakdown:
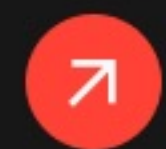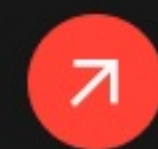
Residential platforms
User-friendly property listings with 360° tours and secure payment gateways.

Why?
These features build trust and engage first-time investors.

Eco-Friendly platforms
Storytelling features for projects, reward tracking, and community updates.

Why?
Engages investors with shared values and transparent progress reporting.

Commercial platforms
Advanced analytics, secure and proficient compliance tools, detailed ROI projections

Why?
Attract top investors with transparency and data-driven analytics.

04. Choosing Monetization Models

Of course, your platform requires a complete revenue model.
Here are some common models:

Commission-based:
get paid a percentage
from successful campaigns.

Example:
Fundrise holds an annual asset
management fee of 0.85%
of the invested amount.

Listing fees:
developers pay upfront
to list their projects.

Example:
Some niche platforms charge
listing fees to cover operational
costs.

Subscription-based:
premium features are governed
by recurring charges; hence,
usage is paid.

Example:
EstateGuru offers subscription
tiers for investors seeking
detailed analytics.

Freemium model:
provide free service as the primary
service while charging the customer
for the enhanced tools or reports.

Example:
freemium and commission are
the best foundations for hybrid
models to be scalable.

Mind Studios' tip:

Choosing the right model requires a deep analysis of your audience. From experience we can state that, whenever it comes to the diverse user bases, the hybrid approaches provide the best returns.

05. Creating an MVP (Minimum Viable Product)

An MVP refers to a basic form of your future platform that includes only the core elements necessary to test the market viability.

Why does it matter?

- Minimizes upfront development costs and shortens the time required to enter the market.

- Early feedback involves making changes according to research evidence.

- Reduces the chances of developing unnecessary features.

Challenges without an MVP:

- Missing the MVP can easily end up with investing in features that cannot resonate with your audience, which means time and money spent will be doubled!

Mind Studios' tip:

Our experience of MVP development will guarantee a quick and effective launch of the project. For instance, during the development of the **Mulki** project, we firstly focused on basic features to go live quickly. After gaining user feedback, our team returned to the next modifications.

All in all, crowdfunding real estate development is a systematic process that includes lots of processes! All of these choices — from marking the focus area to implementing the high-level features — are equally crucial when it comes to your platform's success.

This journey can be a daunting affair, but with Mind Studios around, you don't have to worry! Contact us for a FREE consultation, and let's turn your vision into reality!

Contact us

Mind Studios