

PROS AND CONS OF SYNDICATIONS

PROS



PROFESSIONAL MANAGEMENT

Syndications are typically managed by experienced real estate professionals who handle the day-to-day operations, including property acquisition, management, and eventual sale. This expertise can lead to better investment outcomes. (This is StoneCrest Equity’s Role)



TAX BENEFITS

Real estate investments offer various tax advantages, such as depreciation deductions and the ability to defer capital gains taxes through strategies like 1031 exchanges. Syndication investors can benefit from these tax advantages.



DIVERSIFICATION

By investing in syndication, you can spread your investment across multiple properties or projects, reducing the risk associated with investing in a single property.



POTENTIAL HIGHER RETURNS

Real estate syndications often target higher returns compared to traditional investments like stocks or bonds, especially when investing in value-add or new development.



PASSIVE INCOME

Syndication investors often receive regular distributions of rental income generated by the properties in the portfolio without having to actively manage them. (This is our partners role)



PROFESSIONAL DUE DILIGENCE

Syndication sponsors typically conduct thorough due diligence on properties before acquiring them, mitigating the risk of investing in underperforming or overvalued assets.



ACCESS TO LARGER INVESTMENTS

Real estate syndications pool funds from multiple investors, allowing individuals to participate in larger real estate deals that they might not be able to afford on their own.

CON'S



LACK OF LIQUIDITY

Real estate syndications pool funds from multiple investors, allowing individuals to participate in larger real estate deals that they might not be able to afford on their own.



MARKET DEPENDENCY

Real estate values and rental incomes are subject to market conditions, economic trends, and local factors, which can affect the performance of syndication investments.



POTENTIAL FOR LOSSES

While real estate investments can offer attractive returns, they also come with risks, such as market fluctuations, property vacancies, and unexpected expenses, which can lead to losses for syndication investors.



LIMITED CONTROL

Investors in real estate syndications have limited control over the management and decision-making process, as these are typically handled by the syndication sponsor.



FEES

Syndication sponsors typically charge fees for their services, including acquisition fees, asset management fees, and performance-based fees (although projected returns are after these fees)