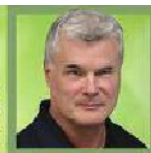


TALKIN' GREEN

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Crowdfunding and the sharing economy are changing real estate

There is a new spin on the economy these days – it's called the Sharing Economy. Basically, it's a market that allows people to turn unproductive assets into income producing opportunities, like cars, parking, homes and apartments. The key to this economy's success are the online platforms that allow easy, affordable connections.

An example is someone wanting a place to stay in downtown Chicago for three nights connecting with someone who is out of town those same three nights and wants to rent their apartment or home while they are gone.

According to Time Magazine, 1 in 5 adults have sold services using these platforms and 2 in 5 have purchased services in this rapidly growing new economy. Airbnb is the leader in apartment and home rentals and is now valued at over \$30 billion which is equal to the entire Hilton Hotel company. However, the new Sharing Economy is a disruptive economy and governments and existing industries are battling over a whole new world. Many local governments have implemented minimum stay requirements if you rent your home or apartment so make sure you not only check local laws but also if you could be liable for taxes. That's right - ultimately it all becomes about the revenue for the government.

For the investor in residential real estate or even hotels and resorts, the Sharing Economy offers an opportunity to open your market and expand your cash flow. Of course the income opportunity is still dependent on location, location, location.

Equity Crowdfunding Leading the Way

By now, most everyone is aware of Crowdfunding – an online platform where people and non-profits can ask for and receive donations for their ideas. Here's a new twist: Equity Crowdfunding. It's defined by Investopedia as, "The use of small amounts of capital from a large number of individuals to finance a new business venture." Crowdfunding is a powerful tool, offering the opportunity of investing in projects, ideas or property to everyone. And though Crowdfunding has, in the past, been highly restricted by regulations in the United States, the passing of the JOBS Act will make Equity Crowdfunding possible and available. This means that once the law is fully

implemented, even small time investors will be able to invest directly in local properties or projects.

Equity Crowdfunding is opening up investing in real estate to everyone. Before, in order to invest in a real estate deal you had to be a high income or net worth individual. You not only had to meet certain investor qualifications but you also had to know someone, because general advertisement for investors was not allowed under the Securities Act of 1933. For real estate companies it meant that access to capital totally relied on who they knew and that wasn't very efficient or predictable. Equity Crowdfunding and the Jumpstart Our Business Startups Act in 2012 is finally becoming a game changer in how capital can be raised and how regular people can invest in opportunities.

The first major change is that Title II of the ACT removed the restriction on general solicitation. This opened the real estate market and 100s of millions of dollars were raised in 2015 with significant growth in 2016.

Just like the new Sharing Economy, Equity Crowdfunding platforms are changing the playing field. They give companies that need to raise money access to investors across the country and allow investors to look at investing in projects nationwide, not just in their backyard. Without the internet and flow of information, these new economic models would have never existed.

The concept of creative economic disruption is changing the investment practices and the utilization of existing assets and becoming an interactive part of all our lives.

Fritz Kreiss is President of Alternative Utility Services, Inc., a nationwide licensed energy aggregator and consulting company for municipalities and commercial businesses. He has been involved in energy procurement and the field of sustainability for over twenty years, with expertise in alternative energy development, including the development of Community Virtual Solar Gardens nationwide. AUSenergy.com | CommunityGreenEnergy.com

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