

Article

Sustainability and Real Estate Crowdfunding: Success Factors

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Abstract: The objective of this paper is to analyze the factors influencing the success of real estate crowdfunding projects in Spain. This type of crowdfunding invests in real estate assets. We analyzed 60 projects published on the Housers platform, a kind of participative platform that uses the lending and equity crowdfunding modalities. These projects have involved around 36,623 investment decisions and have raised a total amount of almost 26 million euros. The empirical analysis is based on ordinary least squares and negative binomial regression. Our main findings reveal that success differs depending on the type of project; in fact, buy-to-sell projects are less successful than development loan projects. In addition, while total return has a positive impact on project success, in the case of risk level and project term, the impact is negative.

Keywords: real estate crowdfunding; sustainable development; investment crowdfunding

1. Introduction

There are still unsolved questions about the effects of the global financial crisis and how it was transmitted from one country to another within the European Union, as well as the strength of the credit crisis in all countries and its social consequences [1]. Real estate financing has become an increasingly important issue in the aftermath of the global economic crisis because of the integral role that real estate plays in the economy [2]. However, since the 2008 global financial crisis, many economists became convinced that real estate markets need to be incorporated into the analysis of macroeconomic models to improve our understanding of the transmission mechanisms and policy implications of financial frictions [3].

Real estate crowdfunding had its first beginnings in the US, later expanding to Europe and Latin America. Investment-based crowdfunding is becoming increasingly popular around the world and is gaining a strong differentiating character [4]. This type of crowdfunding aimed at investing in real estate assets favors both the investor and the project developer. From the investor's point of view, it is not necessary to spend a large amount of money, thus assuming little risk and allowing the investment to be diversified. For the project developer, access to financing is more convenient, agile, and simple, assuming lower costs and allowing the analysis of the evolution of the funded project. Moreover, through online fundraising, we tend to take advantage of the expertise and instinct of many investors [5].

Speculation must be considered when analyzing the housing market. In this regard, Nathanson and Zwick [6], among others, maintain that the prices of assets undergo cycles of sustained increase

followed by bankruptcies, and that house price booms are smaller in cities where building is easier. Leung and Tse [7] stated that the purchases of owner-occupied homes by investors trying to profit from buying low-price homes and selling them at high prices instead of occupancy are common in certain real estate markets. Real estate crowdfunding requires the creation of an online company to invest and underwrite in this type of asset. This company will market the completed deals to the members of the platform as an investment opportunity. They can choose to invest or just to wait for the next deal [8]. People can make small investments in companies started by entrepreneurs thanks to crowdfunding platforms [9]. Entrepreneurs willing to avoid classical funding channels, such as venture capital and loans, have contributed to the popularity of these platforms [10], which have grown on a large scale, providing the infrastructure to reach millions of investors online [11]. Unlike other forms of market-based financing, collective financing creates new investment opportunities with shared risk for investors who might otherwise have refused to invest [12]. In Spain, real estate crowdfunding is being carried out in three ways: Loans that offer investors an interest in exchange, share or equity acquisition, and joint account contracts.

One of the best examples of the two-faced market is undoubtedly crowdfunding, and a perfect simile to define this kind of market is real estate. Here, the same market responds to buyers and sellers, while the real estate agent (platform) that connects them oversees the selling process. In the case of crowdfunding, the “seller” would be the fundraiser, and the investors (various) would be comparable to “the buyer” [13].

In this sense, crowdfunding uses a Participatory Financing Platform (PFP) through which project promoters apply for and receive financing from several investors. These PFPs are a way of obtaining funding on a sustainable basis for companies and entrepreneurs without capital resources or possibilities to access financing through bank credit in contexts of credit restriction [14]. This growth is due to the accessibility of this type of financing. Practically anyone with Internet access can use crowdfunding platforms [15]. The sharing economy is constantly growing thanks to the rise of online platforms, and the idea of investing in the same project with all people will also become more and more interesting [16].

According to the principles of sustainable development, economic growth must result in greater social cohesion [17]. Therefore, many problems would be solved if living units were uniformly distributed. Unfortunately, that is not the case. Some families have multiple housing units to invest or for other purposes [18].

Martínez et al. [19] analyzed the contribution of crowdfunding to sustainable development. In this sense, real estate crowdfunding can promote access to sustainable housing. Thus, the definition of sustainability used by [20] involves changing private property for the idea of sharing in order to split costs and reallocate resources differently. This will result in a hybrid space where the concepts of environmental, social, and economic well-being could be supported. According to [21], sustainability in crowdfunding can heavily depend on diversity, knowledge, and networking.

This article aims to analyze the factors that influence the success of real estate projects published on the Housers platform. To measure the success of the project, we specified two dependent variables—the amount raised during the campaign and the number of individuals who contributed to the project. The analysis is interesting from different points of view. First, there are very few studies on real estate crowdfunding, despite the fact that it is a modality that attracts more and more investors and raises significant funds. Furthermore, knowing the factors that influence the success of a project is relevant both from the point of view of the project developer and the platform where it is presented in order to promote worthy projects. Finally, because this type of crowdfunding promotes sustainable development, it is important to analyze its viability. The rest of the document is structured as follows: Section 2 presents a literature review and analyzes the features of the main real estate crowdfunding platforms in Europe, then Section 3 presents the Housers platform and describe the dataset and the methodology used. Section 4 outlines the main results. The final section contains the conclusions and discussion.

2. Background and Principal Platforms in Europe

2.1. Theoretical Background

This study focuses on the crowdfunding real estate platform Housers, which offers loan and equity financing modalities. Therefore, it is relevant to review the most relevant studies on these crowdfunding options.

2.1.1. Equity Crowdfunding

For [22], equity crowdfunding is a financing model in which funders receive an interest in the form of equity or similar arrangements (e.g., profit sharing) in the companies they finance. Entrepreneurs use an online platform to attract many investors by selling a number of equity or bond shares. If start-ups and more mature companies are to use this type of financing successfully, they will have to find ways for small investors to perceive their value [23].

By definition, projects on collective equity financing platforms are business-related [24], thus offering entrepreneurs an online social media marketplace where they can access many potential investors who can provide financing in exchange for a share of ownership [25]. As a result, entrepreneurs have also begun to use this innovative form of financing in the early stages of companies, as they find in it a new channel in which to relate to investors [26]. In this context, entrepreneurs provide online information and have limited interaction opportunities with potential investors. Therefore, persuading them is even more complicated than in classical business financing. In addition, crowdfunders are less capable of dealing with information asymmetry issues [27].

However, Crescenzo et al. [28] consider that there is relatively little research on the market for equity crowdfunding, although there has been an increase in recent years in the number of studies on the factors influencing this type of finance [27,29–32].

On the other hand, Lukkarinen et al. [33] points out that the key success drivers of online equity crowdfunding campaigns have hardly been analyzed. In our study, we found a similar problem, since there is very limited research on the factors that influence the success of real estate crowdfunding, as it is a relatively recent form of crowdfunding.

2.1.2. Lending Crowdfunding

Crowdlending is an emerging form of intermediation with quite a significant potential to complement traditional financing, as it gives the possibility to offer financial services to retail segments without following banking trends. In short, it is a more agile way to get a loan instead of going to a financial institution. In addition, specialized crowdlending platforms have been enhanced thanks to several technological advances and, therefore, represent an alternative to traditional financial intermediaries [34].

European Central Bank [35] includes crowdlending in the promising set of alternative sources of financing due to its potential to meet the particular needs of small entrepreneurs, becoming a new alternative form of financing that is real, innovative, and quite popular for financing new, small, or medium enterprises and has been growing substantially over the last few years [36].

This type of crowdfunding leads capital seekers to call for loan financing for private consumption and private or commercial purposes [37] (giving small investors the opportunity to combine their investments to finance different and varied projects [15]).

2.2. Principal Platforms in Europe

Table 1 analyzes the features of the main real estate crowdfunding platforms in Europe.

Table 1. Main real estate crowdfunding platforms in Europe.

Platform	Country	How It Works	Minimum Amount for Investment
Reinvest24	Estonia	Reinvest24 allows the purchase of housing or business shares. One makes a deposit on the platform and can invest in all properties in different countries, creating a diversified investment portfolio. There are no limits on the investment period. It is possible to leave the project at any time by selling the shares. https://www.reinvest24.com/en	100 EUR
EstateGuru	Estonia	EstateGuru invests in pre-valued, short-term, property-backed loans in Europe—still one of the safest investment types in time. It offers real estate development loans as well as bridge loans and business loans. https://estateguru.co/	50 EUR
EvoEstate.com	Estonia	EvoEstate.com brings together projects from different platforms. The types of deals are: Rent (like having a little share of real estate); fixed-interest loans (users become like financial institutions, providing financing for real estate development companies; equity (this is the highest-risk investment, but also the one with the highest return, since customers become co-owners of the business). https://evoestate.com/	—
Property Partner	UK	PropertyPartner allows users to invest in three ways: Build their own investment (the team of property experts chooses the best investment opportunities and makes them available in the platform; investment plans (users can create a diversified real estate portfolio, choosing from three investment plans, each with a different return profile, set the investment amount (from 5000 GBP), and watch their portfolio grow; premium services (for users who want a more personalized service and have over 25,000 GBP to invest). https://www.propertypartner.co/	1000 GBP
IFunded	Germany	IFunded has Financing Tranches: Senior Debt, Mezzanine Debt, Total Financial Solutions. Project Phase: Development, Existing Property, Renovation Financing: All asset types. Terms: 12–48 months. Volume: Up to 50 million euros. https://ifunded.de/en/	250 EUR
Crowdestate	Estonia	Crowdestate aims to provide a complete capital stack, from senior loans to mezzanine debt to equity. It offers investment opportunities in high-quality, pre-vetted mortgage, commercial, and real estate loans. It has a secondary market where it sells its loans. https://crowdestate.eu/en/home	100 EUR
Bulkestate	Latvia	Bulkestate enables investment in loans to develop the property or to participate in the purchase of apartments in groups. The main difference is a combination of loan and group purchase services. It provides an efficient solution if the initial loan agreements fail and the real estate mortgage must be foreclosed upon and sold. https://www.bulkestate.com/en/	50 EUR

Table 1. Cont.

Platform	Country	How It Works	Minimum Amount for Investment
CrowdProperty	UK	CrowdProperty is a peer-to-peer lending business that deals exclusively with debt. Each pledge will be a loan for the project as specified by the developer, and the returns will be in the form of interest on the borrowed capital. It specializes in bridge loans and property development loans with a low loan-to-value ratio. https://www.crowdproperty.com/	500 GBP
CapitalRise	UK	CapitalRise is an online crowdfunding platform that allows eligible customers to acquire property-backed securities to finance high-quality real estate secured loans. There are two main types of investment products to choose from: Debt and equity. Debt products are credits issued to property promoters who normally pay a fixed annual interest rate/yield and are guaranteed by a legal fee on the property and/or a personal guarantee from the promoter. Equity products are funds granted to developers that typically do not have a fixed return rate and are often classified as the last funds to be repaid upon exit from the investment. https://www.capitalrise.com/	1000 GBP
Rendity	Austria	Rendity is an innovative Fintech Startup located in Vienna (Austria), which has developed a platform that enables users to invest in high-quality real estate projects through collaborative investment. It offers two investment options: Development projects (return up to 7.5% per year, duration 12 to 36 months, planned distribution at the end) and rental projects (return up to 4% per year, duration 3 to 7 years, resale after 24 months, quarterly distribution). https://rendity.com/	1000 €

Source: Elaborated by the authors. Data collected from the different platforms' websites.

3. Materials and Methods

3.1. Housers Platform

For our study, we used the real estate investment platform “Housers”, the first pan-European platform for saving and investing in real estate assets, which has been operating in Spain since January 2016 and in Italy and Portugal since April and August 2017, respectively.

In accordance with the Spanish Law 5/2015 of 27 April on the Promotion of Business Financing [38], which regulates PFPs for crowdlending or equity crowdfunding, the Housers platform has been registered at the Spanish National Securities Market Commission (CNMV) since June 2017 as a shareholding and loan platform. In the equity type, investors are offered shares in a company [39], while in the crowdlending type, investors participate in the project as lenders [40].

This register specifies the activities carried out by this platform including: (a) Main services, such as the reception, selection, and publication of participatory financing projects, and the development, establishment, and operation of communication channels between investors and promoters; (b) other services, such as advice to promoters, project analysis, assessment of project risk levels, determination of any other useful variables for investors to make investment decisions, setting up communication channels between users, investors, and promoters, making available model contracts for participation in projects, sending information to investors, and claiming credit rights in and out of court; and (c) additional services, such as the conclusion of loan contracts and share subscription contracts (CNMV website). However, the fact that the platform is registered with the CNMV does not mean that the participative financing projects published on the Housers website are authorized or supervised by the Commission or the Bank of Spain, or by any other regulator. Investment in published projects involves risks such as: Total or partial loss of the invested capital, not obtaining the expected monetary return, and illiquidity to recover the investment. Furthermore, when the financing project is implemented through the issue of securities, there are risks linked to the transferability of the securities, as well as risk of dilution, risk of not receiving dividends, and risk of not being able to influence the company’s management.

The projects published in Housers are medium or long term, and if any investor wishes to recover the investment before the established term, liquidity is not guaranteed. The lack of liquidity of shares (equity crowdfunding) or loans (crowdlending) is a major risk of real estate crowdfunding. Housers created its own market within the platform to allow investors to exchange shares [40]. The promoter may have more than one project published on the platform, thus increasing the risk. In addition, the promoter’s responsibility is limited to its own resources.

3.2. Data Collection

The data used in this paper were gathered from Housers, which is the first savings and investment platform, with more than 107,000 users, a total amount raised of 85,805,080 EUR, and funds paid out of 28,899,496 EUR (in May of 2019). The minimum investment may be as low as 50 EUR.

The dataset contains all financed projects of the Housers investment platform in Spain from January 2018 until May 2019. We were not able to use a longer period of time because of a change in the categorization of the risk variable from May 2019 and the absence of this variable before 2018. Most of the projects are in Madrid (65.4%), Valencia (9%), and Marbella (5.1%).

Regarding the types of projects, 10.3% are buy-to-lease projects, which are projects for the investment in buy-to-lease opportunities, aimed at monthly income (average amount of financing is 259,300 EUR, average number of investors is 550, average term is 90 months; on average, financing is obtained in 29.25 days), 41% are buy-to-sell projects, which are projects to invest in building or renovating properties for subsequent sale (average amount of financing is 227,923 EUR, average number of investors is 386, average term is 12 months; on average, financing is obtained in 9.28 days), and, finally, 48.7% are development loan projects, which are investments in loans to developers for

new construction (average amount of financing is 554,868 EUR, average number of investors is 755, average term is 16 months; on average, financing is obtained in 17.05 days).

From the dataset, we selected buy-to-sell and development loan projects, which represent 90% of the total projects, because we do not have information on all variables for buy-to-lease projects. This means a total of 60 projects involving around 36,623 investment decisions and a total amount raised of almost 26 million euros.

Table 2 contains a description of the variables involved in this study. All explanatory variables are based on previous pre-campaign information in order to solve the endogeneity problem. Specifically, we analyze the type of the project, risk, total return, and the term of the project, as well as the raised funding amount and number of investors at the end of the campaign. Regarding the level of risk, lower risk is considered in the platform Housers as “A” and higher risk as “F”.

Table 2. Description of the variables.

Variable	Description
Dependent variable	
Amountraised	Raised funding amount (EUR)
Investors	Number of individuals who contributed to the campaign
Independent variable	
Typedum	=1 if it is a buy-to-sell project; =0 if it is a development loan project
Riskdum1	=1 if the project has level of risk C; =0 if the project has level of risk A or B
Riskdum2	=1 if the project has level of risk D, E, or F; =0 if the project has level of risk A or B
Totalreturn	Total return of the project
Term	Term of the project (in months)

Source: Elaborated by the authors.

The descriptive statistics for all variables are included in Table 3. We can see that the amount raised ranges from 100 and 1300 EUR, with a mean of around of 430 EUR. Regarding the level of risk (dummy variables Riskdum1 and Riskdum2), it is relevant to indicate that 10%, 45%, and 45% of the projects have low risk (levels A and B), medium risk (level C), and high risk (levels D, E, and F), respectively. On the other hand, the total return of these projects ranged between 5% and 22%, and with a term from 6 to 60 months, respectively. Furthermore, in this study, there are 38 projects considered as development loan projects and 22 as buy-to-sell projects.

Table 3. Descriptive statistics.

Variable	Mean	Standard Deviation	Min	Max
Amountraised	430,673.3	285,424.9	100,000	1,300,000
Investors	610.4	331.6	131	1484
Typedum	0.37	0.49	0	1
Riskdum1	0.45	0.50	0	1
Riskdum2	0.45	0.50	0	1
Totalreturn	0.09	0.04	0.05	0.22
Term	14.57	9.61	6	60

Source: Elaborated by the authors. Data collected from the Housers platform.

3.3. Econometric Approach

Our study focuses on analyzing the success factors of real estate crowdfunding projects. We specified two dependent variables to measure the success of the project: The natural logarithm of the total amount raised during the campaign and the number of individuals who contributed to the project. Research works by [33,41,42] are some of the previous studies that analyzed the influence of the number of investors on project success.

We report the ordinary least squares regression (OLS regression) for the first measure (the variable logarithm of Amount raised) (Equation (1)):

$$\log(\text{Amount raised}) = X_i' \beta + \varepsilon_i \quad (1)$$

In the case of the number of investors who participated in the campaign (variable Investors), we used a negative binomial regression model [43]. Thus, the negative binomial model is estimated by taking the maximum likelihood; the log likelihood for the negative binomial distribution is defined as (Equation (2)):

$$l(\beta, \eta) = \sum_{i=1}^N y_i \log(\eta^2 m(x_i, \beta)) - (y_i + 1/\eta^2) \log(1 + \eta^2 m(x_i, \beta)) + \log \Gamma(y_i + 1/\eta^2) - \log(y_i!) - \log \Gamma(1/\eta^2) \quad (2)$$

where η^2 is a variance parameter to be estimated with the conditional mean parameter β .

A logarithmic transformation was used for the dependent variable of total amount raised in order to reduce the asymmetry of the variable and to improve the model fit. In addition, we used negative binomial regression for the dependent variable of number of investors because it is a count variable. In fact, negative binomial regression is more appropriate than a Poisson regression when there is overdispersion [44]. Moreover, we have included all the explanatory variables available in the Housers platform and measured at the beginning of the campaign in the model.

4. Results

This section contains the empirical results of the factors affecting the projects' success. We start with a univariate analysis to check the equality of means between groups (with equal or unequal variances) and, in the subsequent analysis, we use multivariate adjustments through regression analysis.

Table 4 shows Pearson's correlation coefficients and the p -values in brackets below the coefficients. Although some peer correlations are statistically significant at the 5% and 1% level, these correlations do not create severe multicollinearity among the explanatory variables in regression analysis based on variance inflation factor (VIF) values. Multicollinearity is not a concern, since the VIFs associated with each model specification are far below the acceptable threshold of 10 [45].

Table 4. Correlation matrix.

Correlations	TYPEDUM	RISKDUM1	RISKDUM2	TOTALRETURN	TERM	VIF
Typedum	1.0000					2.0741
Riskdum1	0.6692 *** (0.0000)	1.0000				5.3341
Riskdum2	-0.5521 *** (0.0000)	-0.6912 *** (0.0000)	1.0000			7.5141
Totalreturn	-0.3590 *** (0.0012)	-0.2466 ** (0.0295)	0.3706 *** (0.0008)	1.0000		5.8991
Term	-0.3163 *** (0.0048)	-0.3446 *** (0.0020)	-0.2575 ** (0.0229)	-0.2231 ** (0.0496)	1.0000	7.4970

Note. (**), (***): Significant at the 5% and 1% level, respectively. Source: Elaborated by the authors. Data collected from the Housers platform.

In addition, based on the equality of means test, there were significant differences in the number of investors (p -value 0.000) or in the amount raised (p -value 0.000) between the buy-to-sell projects and the development loan projects. In fact, while the average amount raised for development loan projects is 554,868 EUR, in the case of buy-to-sell projects, it is 216,154 EUR. On the other hand, in the case of investors, we observed an average of 755 investors in the case of development loan projects compared to 360 investors in buy-to-sell projects. This shows the preferences of real estate crowdfunding investors for development loan projects versus buy-to-sell projects.

On the other hand, since most successful crowdfunding projects can be considered as those that raise both a sufficient amount of funds and attract a large number of individual investors, in this study, we measured the success of the project with the amount raised and the number of investors.

In the first model, we consider the variable Ln (Amountraised) as a dependent variable to measure the success of the project because the main objective of crowdfunding campaigns is typically to raise funds. Therefore, we obtain statistically significant positive results on the amount of funding raised for the variables representing the total returns of projects. The variable that represents the term of the project is negative, indicating that longer-term projects have lower fundraising. Moreover, the variable types and risks of projects were also negative, which indicates that the projects with the highest risk and those of the buy-to-sell type also have lower fundraising (Table 5).

Table 5. Estimation of the ordinary least squares (OLS) regression model (dependent variable Ln (Amountraised)).

Variable	Coefficient	Std Error	p-Values
Constant	11.6237 **	0.0856	0.0000
Totalreturn	13.0120 **	4.196958	0.0031
Typedum	−0.8867 **	0.189548	0.0000
Riskdum1	−0.3491	0.294440	0.2410
Riskdum2	−0.7203 *	0.349466	0.0441
Term	−0.0575 **	0.018223	0.0026

Note. (*), (**): Significant at the 5% and 1% level, respectively. R-squared: 0.48. Source: Elaborated by the authors. Data collected from the Housers platform.

Regarding the second model, we used the number of investors that participated in the campaign as the dependent variable (Table 6). We obtained statistically significant positive results for the number of investors for the variable that represents the total return of the project (Totalreturn). This indicates that investors may therefore prefer real estate crowdfunding projects that offer a higher total return.

Concerning the variables related to the risk of the project (Riskdum1 and Riskdum2), we observed that the higher the risk, the less attractive the project is for investors. In addition, the projects with higher terms have a smaller number of investors who contribute to the campaign. On the other hand, the variable representing the type of project indicates a negative effect on the number of investors for buy-to-sell projects with respect to the development loan one. This latter result may be due to the fact that, while in development loan projects, interest is paid monthly and the principal is repaid at the end of the term, in the case of buy-to-sell projects, these opportunities do not generate monthly income (there is no rental income).

Table 6. Estimation of the negative binomial model (dependent variable Investors).

Variable	Coefficient	Std Error	p-Values
Constant	6.7235 **	0.3197	0.0000
Totalreturn	7.8010 *	3.5102	0.0263
Typedum	−0.8050 **	0.1453	0.0000
Riskdum1	−0.2496	0.2294	0.2766
Riskdum2	−0.5480 *	0.2709	0.0430
Term	−0.0305 *	0.0146	0.0364

Note. (*), (**): Significant at the 5% and 1% level, respectively. Pseudo R-squared: 0.92. Source: Elaborated by the authors. Data collected from the Housers platform.

We conducted a set of robustness checks. First, we performed the regression analysis using two different estimations, negative binomial and OLS. Thus, the results were in line for the two dependent variables used in this research.

5. Conclusions and Discussion

The main findings of this research reveal that the success of the real estate crowdfunding differs depending on the type of project. In fact, buy-to-sell projects are less successful than development loan projects. These results suggest that investors prefer projects with higher monthly liquidity. Actually, while in development loan projects, the interest is paid monthly and the principal is repaid at the end of the term, buy-to-sell projects do not generate monthly income, and the investor will receive the capital invested and the corresponding capital gains upon the sale of the property. Furthermore, the analysis shows that the total return has a positive impact on project success, which suggests that investors prefer the real estate crowdfunding projects that offer a higher total return.

On the other hand, the risk level and the duration of the project have a negative impact on its success, suggesting that a higher risk and the project duration imply a greater adversity for investors. Real estate crowdfunding is causing a great revolution in this sector, where both large investors and those with a limited economic capacity can participate. This type of crowdfunding allows diversification of the investment and minimization of the risk.

According to the 2018 Annual Report on Participatory Financing, in just over a year, crowdfunding went from 101,651,284 EUR in 2017 to 159,691,767 EUR in 2018. The greatest growth occurred in the loan platforms, occupying 43.32% (which means a collection of 69,182,839 EUR), followed by the real estate crowdfunding platforms with 20.79% (39,018,875 EUR). Likewise, the real estate investment platforms are consolidating and rising to the second position, with 68.56% more funds collected than in 2017, accounting for approximately 22% of funds collected in Spain. Given the financial importance of these data, it is necessary to continue studying this type of crowdfunding. This study shows that variables such as the type of project, risk, profitability, or time frame influence the success or failure of a real estate crowdfunding project.

Real estate crowdfunding is a recent and growing field of research. We believe that the Housers platform is very suitable for our purpose because it has an important role in the growth of participative real estate financing in Spain. However, there is little research on real estate crowdfunding. Real estate crowdfunding can potentially improve the availability, accessibility, sustainability, and affordability of real estate financing, thus helping to solve the problem of financing shortages in real estate projects.

However, it is necessary to continue working on the regulation of this type of crowdfunding, since the risks associated with it, such as lack of liquidity, platform insolvency, and real estate market fluctuations, among others, must be reduced in order to provide incentives for this type of financing, allowing developers to access the necessary resources through other channels apart from the traditional ones. A successful campaign is the beginning and not the end of the project, as the main objective of crowdfunding is to build a lasting business [46].

5.1. Theoretical and Practical Implications

This research provides theoretical implications in real estate crowdfunding. Firstly, it is one of the pioneering studies in this field of crowdfunding, analyzing variables such as risk, profitability, and term, which have not been studied before. In this respect, it contributes to the literature that can be complemented with other variables that might be relevant and that have been previously analyzed in equity or lending crowdfunding studies.

The results of this study also have practical implications for both project developers and investors. From the point of view of the project developer, it allows them to know how the potential financiers of a project act according to the risk they incur, the time frame in which the investment is expected to be returned, and the profitability. In this sense, it is possible to segment the projects they launch and, according to their characteristics, to focus them on one type of investor or another, which would make it possible to reach a specific target audience and design projects that would attract them in order to ensure their success. On the investor's side, this study allows the analysis and knowledge of the existing relations between risks, returns, and terms, making the investor aware in advance of the possible results that may be obtained when making a certain investment.

In this sense and following [47], the implications of this study can go further, causing the information from entrepreneurs to include detailed messages with clear, convincing descriptions of the quality of the products sold and promises related to the credibility of the project managers.

5.2. Limits and Future Research Direction

Since there is limited empirical analysis of mass real estate financing to date, various control factors used in this research justify further investigation. On the other hand, and according to [27], whereas equity crowdfunding markets are already a reality in some countries, legal issues have restricted their development in others. In this regard, a future line of research would be to analyze how the regulations of the different European states affect the development and success of real estate crowdfunding. Furthermore, it would be interesting to study the success of the projects according to the platform's features, such as the fees charged to developers or the information provided by the platform about the project, among others. Lastly, it would be relevant to carry out this study considering the projects launched by other real estate crowdfunding platforms from other European countries in order to analyze their characteristics, the projects they offer, the estimated benefits, the deadlines, and, in this sense, to extract other variables that may influence the success of the campaigns.

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