

Disrupting Manhattan commercial property

Rodrigo Niño of Prodigy Network explains the firm's vision in revolutionising both the commercial real estate and crowdfunding industries – by being the first to meld the two worlds in the US, and then bring it to investors globally.

Prodigy Network's crowdfunding model is all about offering an efficient and secure mechanism that enables investors from around the world to buy into specific projects that were previously only accessible to the wealthiest individuals.

It was recently dubbed by Harvard Business School as 'democratising real estate design and financing'.

This is based on the vision of Rodrigo Niño, the firm's chief executive officer and founder, that the crowd can finance the solution of many of the problems of the current society.

"We are giving smaller investors access to institutional-quality projects, through the use of technology, that were previously privy to the very wealthy," he explains. He says the share-value paradigm ingrained in the crowdfunding formula can level the playing field for everyone. In turn it

changes the way individuals relate to each other in the context of money.

More specifically, he sees capitalism evolving into a crowd-economy, "where profit and positive impact line up, ideas are rewarded over capital and there is a shift from self-interest at the expense of others into a function of positive impact on society."

GIVING MORE ACCESS

Prodigy Network is referred to as one of the largest real estate crowdfunding platforms in the world.

Its portfolio is worth over USD800 million dollars, with USD500 million raised from investors in 29 countries and 27 US states. In addition to the equity provided by 'smaller' investors from around the world, the firm has also obtained traditional financing from large institutions such as Deutsche Bank, Bank of America, and CIBC. "Investors from around the world can have access



RODRIGO NIÑO
Prodigy Network

to private equity-type returns by investing in commercial real estate in Manhattan [New York City]," says Niño.

The first of these opportunities was AKA United Nations, completed in 2015, around two years after the JOBS Act was signed by President Obama, which allowed such investments. “We were there at the right place at the right time,” acknowledges Niño.

Since then, the company has a total of 5 projects that are fully funded in New York City, including two successful exits with double-digit IRRs for its investors.

TRUE COLLABORATION

Niño is careful to clarify that Prodigy Network is not an intermediary. “We are sponsors and co-developers in every project,” he explains. “This ensures accountability from our development partners on behalf of our investors.”

For the first 5 projects in Manhattan, Prodigy has joint ventured with de-

velopment firm Shorewood Real Estate Group, led by Larry Davis, who brings over 30 years of real estate investment and development experience. The strategy consists of providing value-add development to well-located, under-performing assets.

The portfolio consists of two extended-stay hotels operated by AKA and three collaborative workspace variations under ‘The Assemblage’, the first of which will be opening its doors in less than one month’s time.

“We provide access to an investor dashboard for easy monitoring of investments,” says Niño.

Overall therefore, Niño believes this clearly has appeal to investors around the world, including in Asia, as a way to diversify portfolios.

WEALTH MANAGEMENT GROWTH

Prodigy has built a strong footprint in the Americas but has recently been growing its distribution throughout Europe and Asia via wealth managers.

A unique part of the business model is the ability for financial advisers to invest on behalf of clients through their private banking channel. “We are seeing more and more independent wealth managers utilise our FlexNote product, which allows for the adviser to purchase our single asset funds on behalf of their clients,” says Niño. “Each project is structured using an exchange-traded note with a unique ISIN code.”

The private banking channel makes up about 50% of the capital that Prodigy Network raises for its assets. The average ticket size for these investments is around USD200,000. ■

