

Real Estate Technology

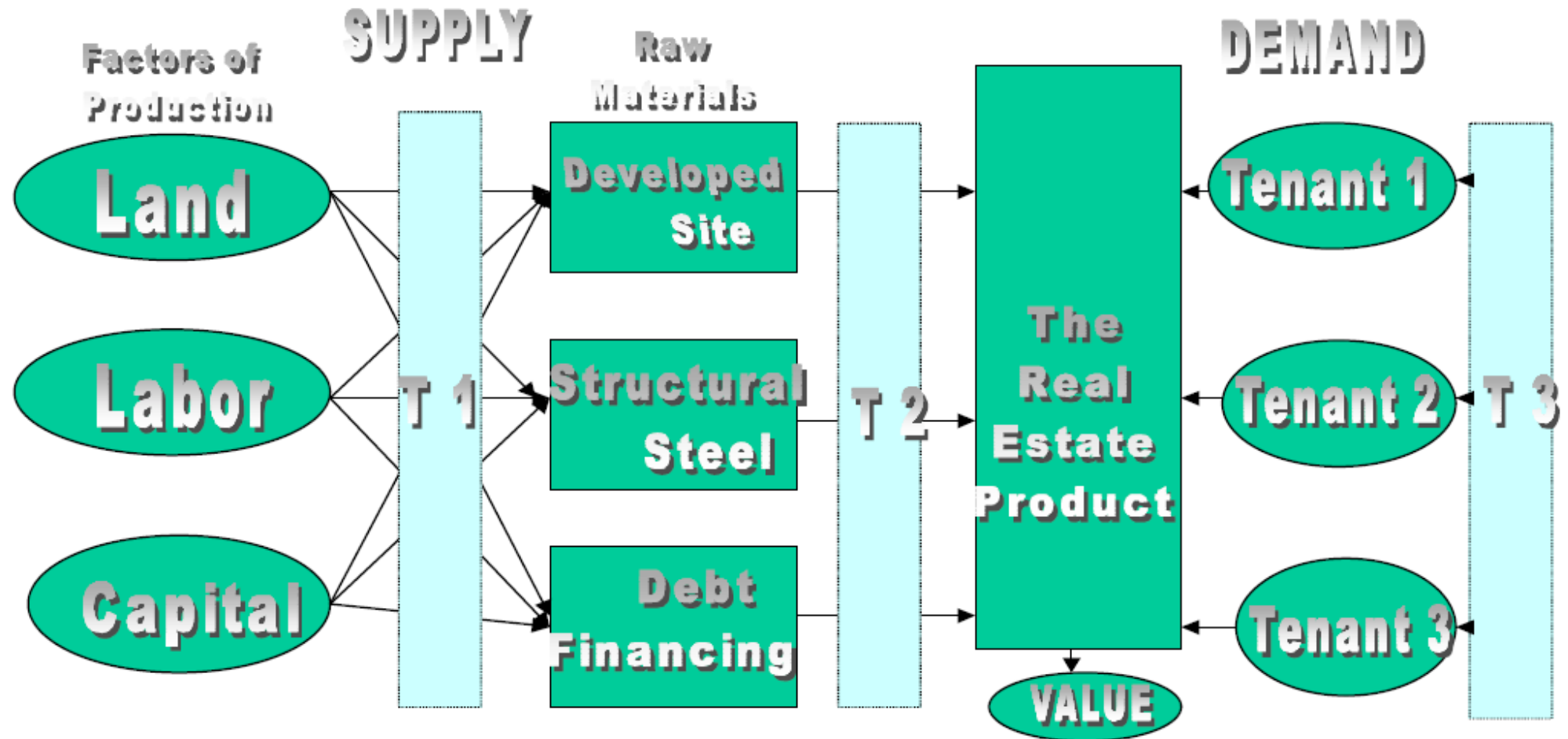
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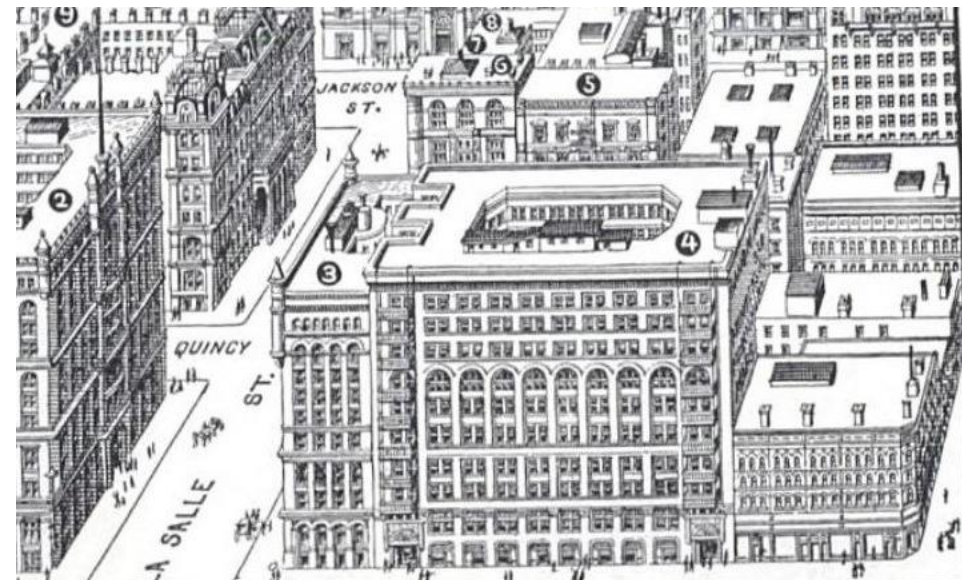
Thinking about real estate technology



Source: Vandell, Kerry, and Richard Green. "[The Impact of Technology on Commercial Real Estate](#)." *Wharton Real Estate Review* 5, no. 2 (2001): 5-22.

Then





Then



Now



REDFIN



Now



Case Study:



Brief Timeline

2015: Started in Utah

2017: Mortgage loans

2018: Expansion to Arizona

Value add:

- ☐ Access to real estate services team
- ☐ Transparency
- ☐ Time savings
- ☐ Reduced brokerage commission

Sources: Ben Lane. (11 January 2018). "[Real estate and mortgage startup Homie expands into Arizona.](#)" *HousingWire*.

Case Study:



Purchase Price \$ 300,000

	Seller Pays	Buyer Pays
Conventional (6%)	\$ 18,000	\$ -
Homie-2-Homie	\$ 1,498	\$ -
<i>Difference</i>	\$ (16,502)	\$ -
Conventional (6%)	\$ 18,000	\$ -
Homie seller / non-Homie buyer	\$ 10,498	\$ -
<i>Difference</i>	\$ (7,502)	\$ -
Conventional (6%)	\$ 18,000	\$ -
Non-Homie seller / Homie buyer	\$ 18,000	\$ (5,000)
<i>Difference</i>	\$ -	\$ (5,000)

Source:
www.homie.com

Case Study: San Leandro Senior Apartments

Location: San Leandro, CA

Units: 85 (30-50% AMI)

Total development cost: \$39.3M

Projected time savings: 22 weeks

Projected cost savings: 10% (based off of Phase I savings)

Developer: BRIDGE Housing Corp.

Modular manufacturer: Guerdon Modular Buildings (Boise, ID)

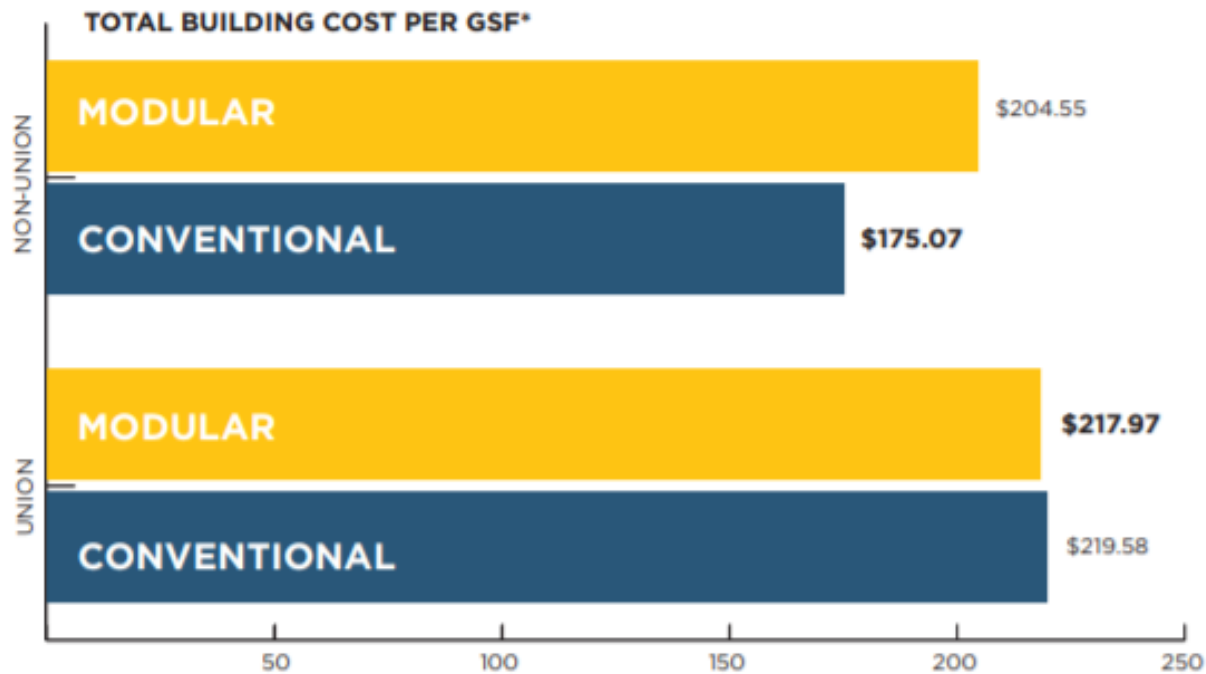
Underwriting concerns: quality control, transportation, storage



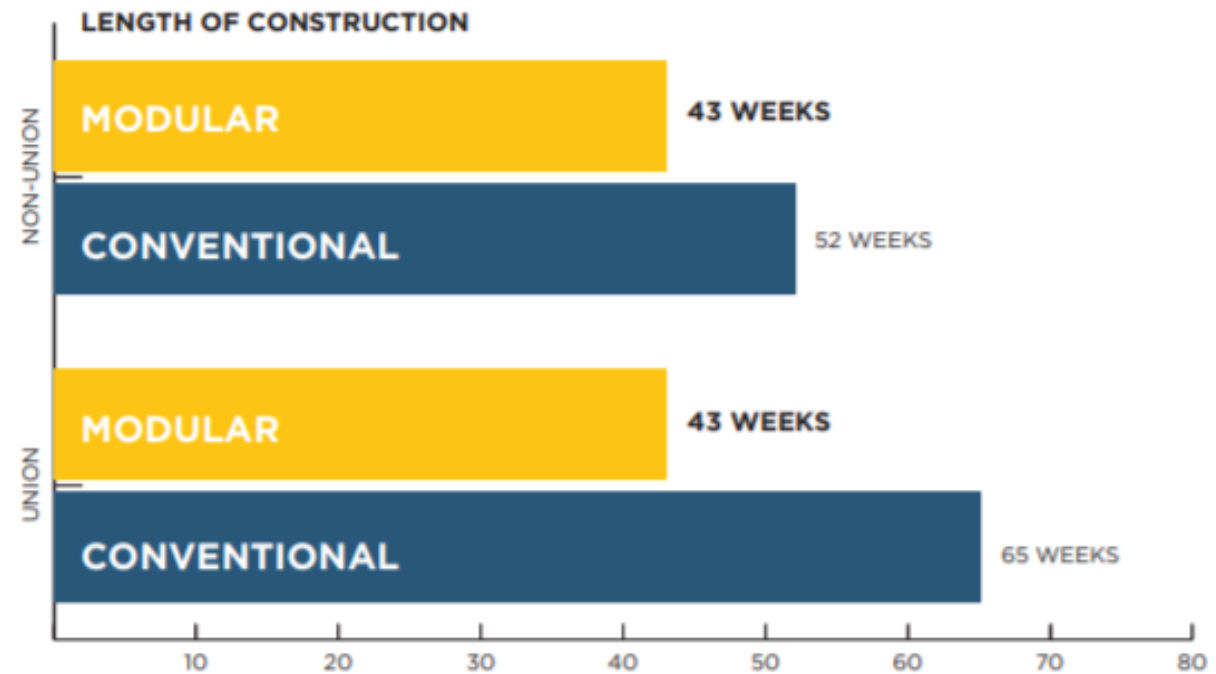
Sources: Teresa Garcia. (3 October 2017). [“Could Modular Housing Be Affordable Answer to Rising Construction Costs?”](#); [La Vareda](#) (BRIDGE Housing website); [“Modular Construction Under Way at San Leandro Senior Apartments”](#) (BRIDGE Housing press release)

Cost/Schedule Analysis

1 How much?



2 How long?



Source: Abigail Brown. (2014). "[Fabulous Pre-Fab: Applying Modular Construction to Multifamily Residential Projects in Washington, DC.](#)"

Implications

New laws – title recording, fraud, brokerage commissions and agreements

Peer-to-peer market – brokers must adapt; lower-cost options for some

Zoning – algorithms are “optimizing” allocation of space, or are they?

Chat bots – vulnerable to hacking? will they lead market to heat up?

Discussion Questions

1. Are brokers a dying breed?
2. What will blockchain and other technologies that increase access to information mean for investors?
3. Will virtual reality tools spur or stifle creativity in design?
4. How should government go about regulating these emerging tools and practices?
5. What do you think will be the next segment of the industry to see technological innovation?