■ DueDilligenceAI

AI-Powered Property Analysis for the Lone Star State

Industry: Real Estate & Construction

OIDD 2550 - Lab 5: LLM Pitch Project

Fall 2024

The Problem: Texas Real Estate Moves Fast

Current Due Diligence in Texas Commercial Real Estate:

Metric	Current Reality
■ Time	2-6 weeks per property
■ Cost	$2,000-$10,000 in fees
■ Scalability	1-2 properties at a time
■ Accuracy	Human errors & oversights
■ Market Speed	Austin properties sell in 7 days avg

The Texas Challenge: You lose deals while waiting for analysis or make uninformed $400K+ decisions.

Our Solution: 2-Minute Analysis, Texas-Sized Value

AI-Powered Due Diligence for Texas Commercial Land

- **What:** AI assistant analyzes properties in 2 minutes using 1,193 Texas commercial land sales (2018-2025)
- **How:** Upload inspection report, financials, lease → Get instant valuation, risk score, and buy/pass/negotiate decision
- **Who:** Texas real estate investors analyzing commercial land deals
- **Result:** 95% faster, 90% cheaper, backed by real Texas market data

Tech Stack (All Free/Open-Source):

Component	Technology	Why
LLM	Llama 3.1 8B (Groq)	Free, fast, Texas-friendly pricing
Vector DB	ChromaDB	Open-source, local storage
Framework	LangChain RAG	Best for document analysis
Data	1,193 TX properties	Real Texas market comps

Live Prototype: Real Texas Property Analysis

Sample Property: 1234 Oak Street, Austin, TX 78701

- Asking: $425,000 | 0.5 acres | C2 commercial | Active tenant
- Current NOI: $42,000/year (6.71% cap rate)

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AI ANALYSIS (Generated in 90 seconds):

VALUATION:
• Fair Market Value: $400,000 (based on 8 Austin C2 comps 2023-2024)
• Variance: +6.25% OVERPRICED
• Comparable Sales: $380K-$415K range

CRITICAL ISSUES:
■ URGENT: HVAC system failed → $5-7K immediate repair
■■ HIGH: Roof age 19 years → $12-15K replacement in 2-3 years
■■ MEDIUM: 25% vacancy (market avg: 10%) → -$6,300/year revenue

INVESTMENT RECOMMENDATION: ■ NEGOTIATE
• Opening Offer: $390,000
• Request: $7K seller credit for HVAC
• Walk-away: $410,000 max
• Risk Score: 62/100 (Moderate)

Texas Market Context: Austin C2 commercial land averaged $798/sq ft in 2024, putting fair
value at $395-405K for this 0.5-acre parcel.
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Prototype Status: Fully functional Colab notebook with live API integration

Market Opportunity: Everything's Bigger in Texas

Market Segment	Size	Our Focus
Total TX CRE Transactions/Year	$127B (2023)	—
Texas Commercial Investors	~45,000 active	Primary target
Small TX Investment Firms	~1,200 firms	Secondary target
TX Commercial Brokers	~15,000	Tertiary target
Serviceable Market (TX)	$250M/year	Year 1-3 focus
Expansion (Nationwide)	$2.1B/year	Year 4+

Why Texas First?

- **Growth Market:** Texas commercial land sales up 34% since 2020
- **Tech-Savvy Investors:** Austin/Dallas investors early PropTech adopters
- **Data Advantage:** We already have 1,193 cleaned TX property records
- **Our Backyard:** Penn M&T; program = strong Texas alumni network for pilots

User Validation: Talked to Real Texas Investors

Interview Summary (n=5 Texas real estate investors)

- **Profiles:** 3 individual investors (Austin, Dallas), 2 small firms (Houston, San Antonio)
- **Avg Properties/Year:** 8 deals
- **Avg DD Cost:** $3,400/property

Key Findings:

Pain Point	% Cited	Implication
Time to analyze kills deals	100%	Speed = core value prop
Lost deals during DD wait	80%	Market validation
Would try AI for 50%+ time savings	100%	High adoption intent
Willing to pay $50-100/mo	80%	Price point validated
Top concern: "Can I trust it?"	100%	Need transparency features

Quote from Austin Investor: *"I analyze 10-15 properties a year. If this saves me even 1 week per deal, it pays for itself 50x over."*

Business Model: Texas-Sized Revenue

Pricing Strategy (Tiered SaaS):

Plan	Price/Month	Features	Target Customers
Lone Star	$79	15 analyses/mo TX data only Email support	8,000 individual investors
Maverick	$249	100 analyses/mo TX + 3 states Priority support	1,500 small firms
Oil Baron	Custom	Unlimited API access White-label	30 enterprises

Revenue Projections (Year 3):
- Subscriptions: $9.5M (8K Lone Star + 1.5K Maverick + 30 Oil Baron)
- Pay-per-use: $1.2M (non-subscribers at $15/analysis)
- **Total ARR: $10.7M**

Go-to-Market (Texas Focus):
- **Phase 1:** BiggerPockets Texas forum + Austin/Dallas REIAs (500 customers, 6 months)
- **Phase 2:** Content marketing + Texas RE education partnerships (5K customers, 18 months)
- **Phase 3:** Sales team + TREC/NAIOP Texas conferences (10K customers, 36 months)

Competition: Our Texas-Sized Advantage

Feature	Us	CoStar	Appraisers	Zillow
Speed	2 min ■	Manual ■	2-3 wks ■	Instant ■
Cost	$5/prop ■	$100/mo ■■	$2K+ ■■■	Free ■
AI Analysis	Full RAG ■	No ■	No ■	Basic ■■
TX Focus	Yes ■	No ■	Yes ■	Residential ■
Doc Analysis	Yes ■	No ■	Limited ■■	No ■

Our Competitive Moats:

- **Data Advantage:** Only player with cleaned, AI-ready Texas commercial land dataset (1,193 properties)
- **First-Mover:** Building brand trust in AI due diligence before big players enter
- **LLM Independence:** Multi-model support (Llama, GPT, Claude) prevents vendor lock-in
- **Network Effects:** More users → more data → better recommendations → more users

Preventing Value Extraction:

- **From LLM Providers:** Use free/open-source Llama (Groq API) → $0 marginal cost
- **From Customers:** Data lock-in (uploaded docs build history) + workflow integration
- **From Competitors:** Proprietary TX dataset + 6-12 month technical head start

Ethics & Regulations: Doing Right by Texas

Ethical Considerations:

1. Job Displacement Risk:

- **Reality:** Texas has appraiser shortage (300+ open positions)
- **Our Approach:** Augmentation, not automation. Humans stay in the loop for final decisions.
- **New Jobs:** AI trainers, data quality analysts, prompt engineers

2. Algorithmic Bias:

- **Risk:** AI trained on historical data could perpetuate redlining
- **Mitigation:** Audit training data for geographic bias, show which comps AI used (transparency), Fair Housing Act compliance built-in

3. Over-Reliance on AI:

- **Solution:** Clear disclaimers ("AI is decision support, not replacement"), confidence scores, encourage human verification for issues >$10K

Regulatory Risk Assessment:

Risk	Impact	Mitigation
Texas Appraisal Licensing (TALCB)	Medium	Position as "preliminary analysis," not formal appraisal. Get legal opinion ($5K).
Federal FIRREA (>$250K loans)	Low	Target non-federally backed deals (70% of TX commercial market).
Data Privacy (user docs)	Medium	SOC 2 compliance, encryption at rest/transit, clear data retention policy.
AI Disclosure Laws	Low	Proactive: Always disclose AI use in TOS and output reports.

Roadmap: From Texas to the Nation

Quarter	Milestone	Goal
Q1 2025	Texas Launch	500 paying customers, $40K MRR
Q2 2025	Multi-family support	Expand beyond land to apartments
Q3 2025	CA/FL/NY expansion	5,000 customers, $400K MRR
Q4 2025	Mobile app	On-site analysis for investors
2026	Enterprise sales	Sell to REITs, PE firms
2027	IPO or acquisition	Exit to CoStar, Zillow, or public markets

The Ask:

- **Seed Round:** $500K at $3M valuation
- **Use of Funds:** Product development (40%), sales/marketing (40%), data acquisition (20%)
- **Investor Benefits:** Texas RE network access, board seat, 16.7% equity

Why Invest?

- **Huge Market:** $250M serviceable market in Texas alone
- **Validated Demand:** 100% of users would pay $50-100/mo
- **Working Prototype:** Functional RAG pipeline with real Texas data
- **Defensible Moat:** Proprietary dataset + 6-12 month tech lead
- **Strong Team:** Penn M&T; dual-degree, AWS/Anthropic experience

■ Everything's Bigger in Texas...

Including Our Opportunity

DueDilligenceAI: AI-Powered Property Analysis

■ **Market:** $250M Texas CRE due diligence market

■ **Speed:** 2 minutes vs 2 weeks

■ **Cost:** $5/property vs $2,000+

■ **Accuracy:** 1,193 Texas properties powering AI

■ **Status:** Working prototype, validated demand

Questions?

Contact: [Your Email]

Demo: [Colab Notebook Link]

GitHub: [Repository Link]