

# *Under Contract:*

## Turning Insight into Action

MHCI Capstone: Kiavi  
Carnegie Mellon University  
Spring 2022

## Team



Vikitha Bezwada



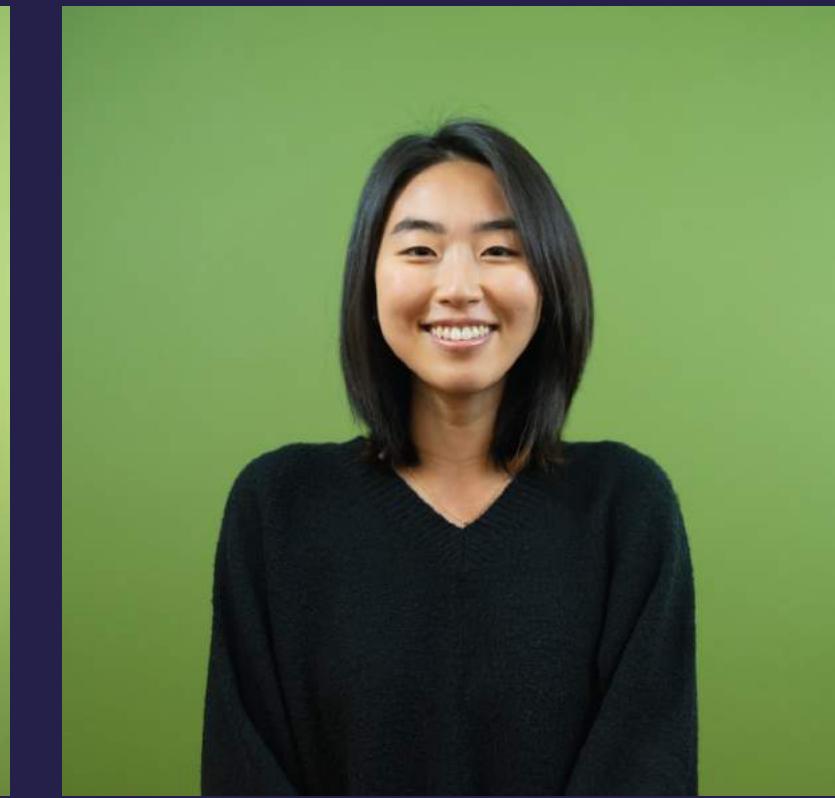
Yang Cheng



Lea Emerlyn



Jae Kim



Jennifer Lee

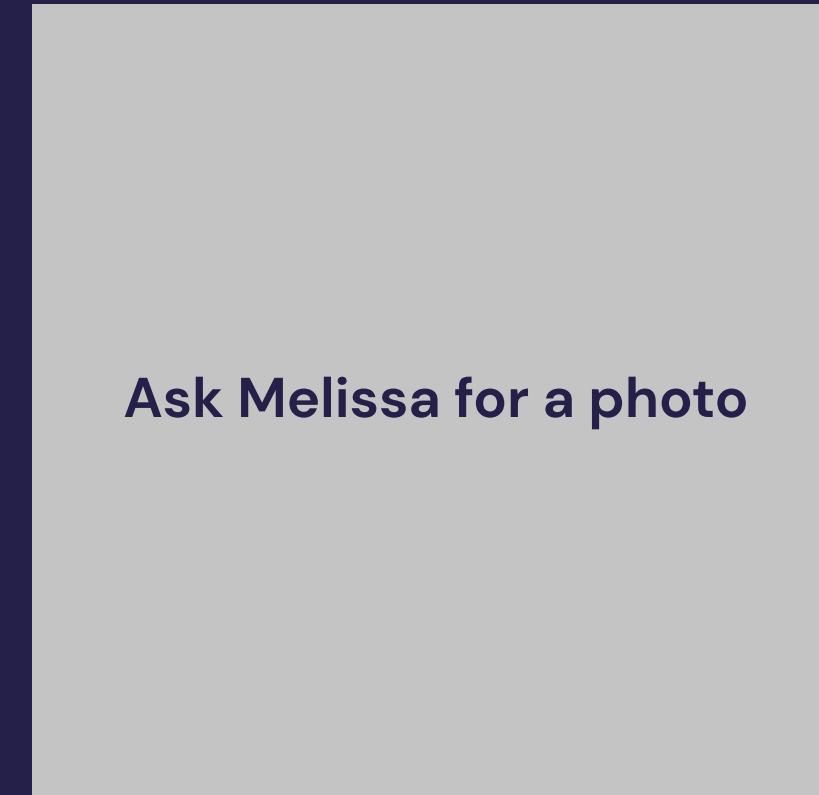
## Our Clients



**Palmer D'Orazio**  
Senior Product Designer



**Justin Hernandez**  
Lead Product Designer



**Melissa Marriott**  
Senior Product Manager



**Jonathan Muller**  
Director of Product Management

**One out of eight, or 28.1 million Americans,  
either consider themselves to be  
residential real estate investors or own  
residential investment properties today.**



**REI is how ordinary Americans find  
financial flexibility and autonomy in work**



**\$7.8 billion**

in loans that were used to  
unlock values for investors



**35,000+**

homes and rentals funded  
for investors to-date



**29 states**

helping investors revitalize  
neighborhoods



Use modern tools and technology

**to help investors scale their business by partnering  
with them across all steps of their process**



# Project Brief

**Identify unmet needs in the real estate investor journey and develop a solution to fill in the gap**

# Timeline



# Agenda

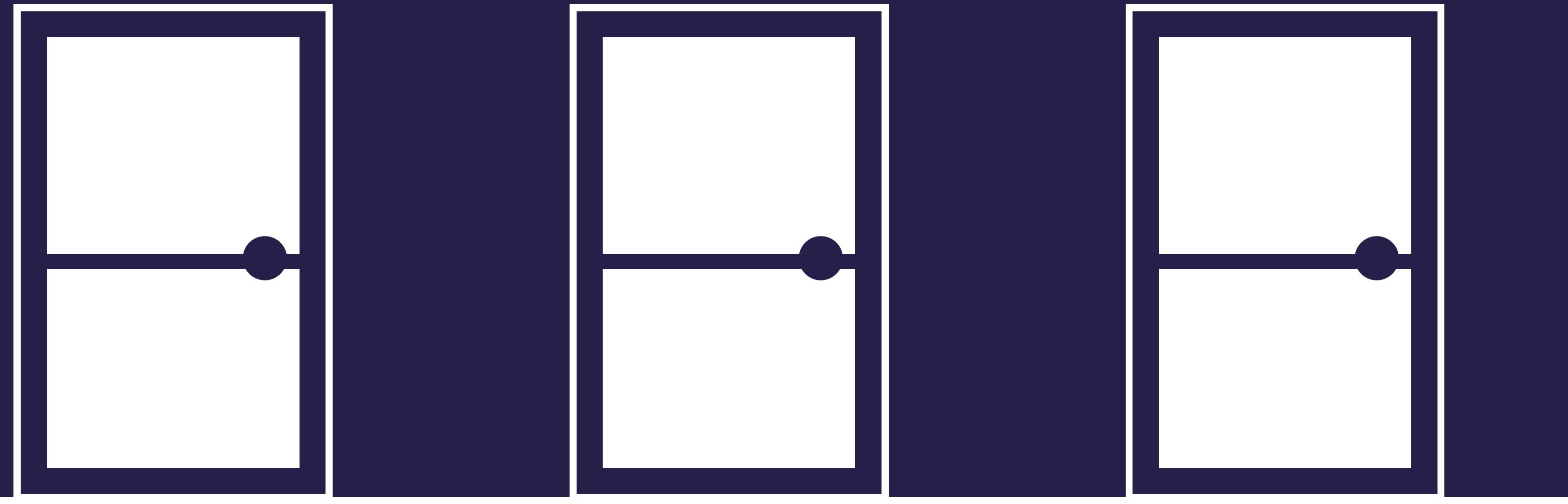


PART 1

# Let's Invest!

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# Choose your door, wisely!



Imagine you are...

- A **first-time investor**
- Have **\$250k in savings**
- Have **3 properties** to choose from

# Which property would YOU invest in?



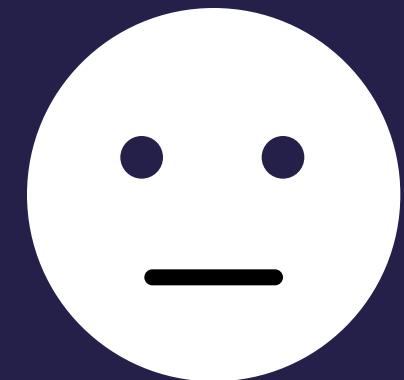
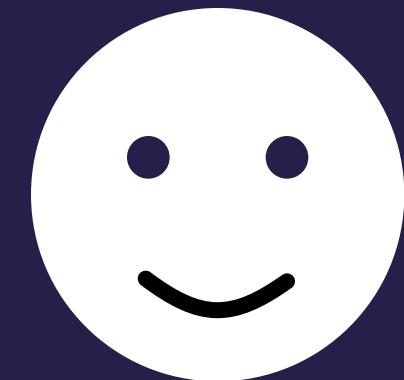
- \$400k in sales price
- in Connecticut (high-income area)
- need minimal roof work
- medium to high vacancy rate (\$800/mo. rent)

- \$320k in sales price
- in Pittsburgh (great market for flips)
- 3 mo. of rehab required (~\$80k cost)
- expected sales price \$450k

- \$180k in sales price
- in Austin (constant)
- 6-8 mo. of total rehab (~\$120k cost)
- expected sales price ~1.8x (\$320k)

# Which one did you choose?

3 volunteers



## Enlighten us with...

- Which one did you choose?
- Why did you choose it?
- What information was missing?

*It's not a trick question...*

# What did we just learn?

1.

## Every investor is **different**

- Knowledge
- Risk-tolerance
- Time
- Personality
- Budget / credit score
- Experience
- Life style
- Time horizon

# What did we just learn?

1.

Every investor is different

2.

Every property is different

- Location / market
- Property size
- Future prospect
- Financing options
- Tenant type
- Sales price
- Owner
- Cost of rehab

# What did we just learn?

1. Every investor is different

2. Every property is different

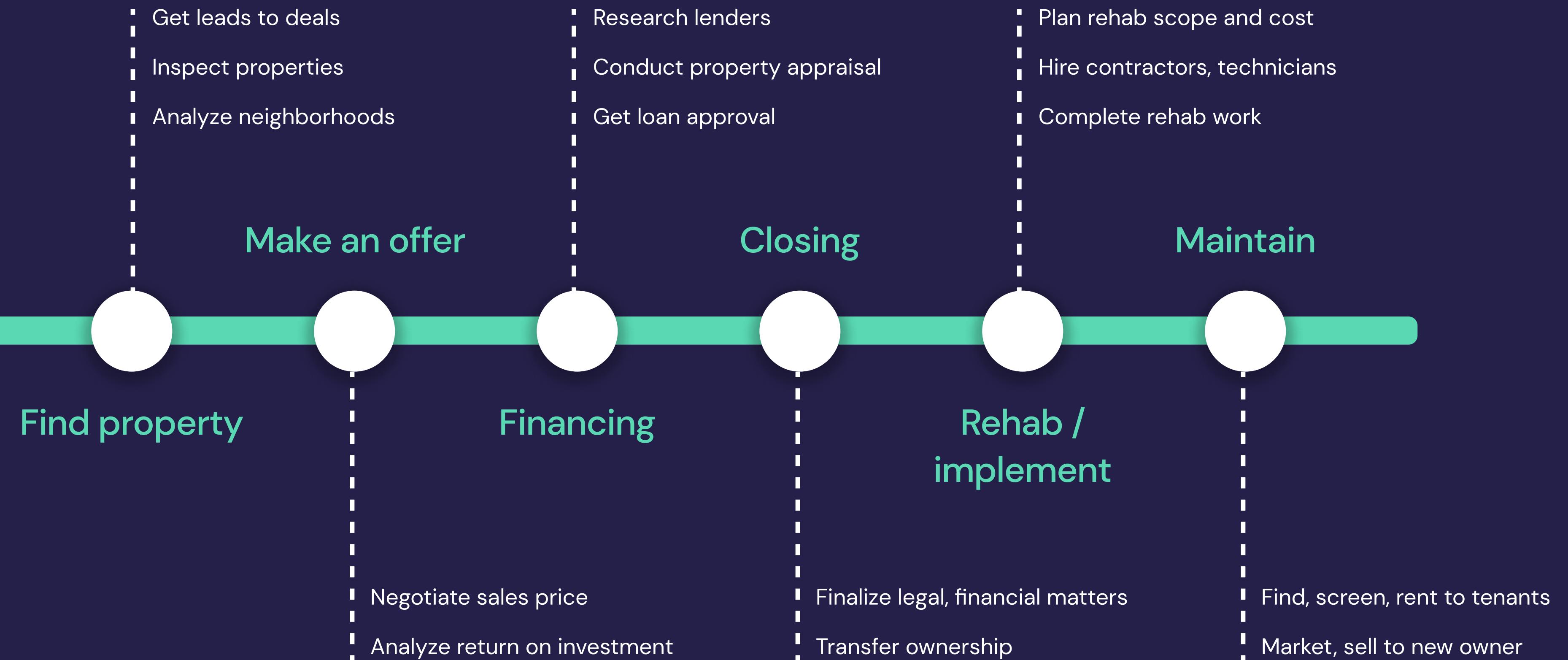
3. Investing in real estate is difficult  
*~~and this project is going to be a tough one~~*

PART 2

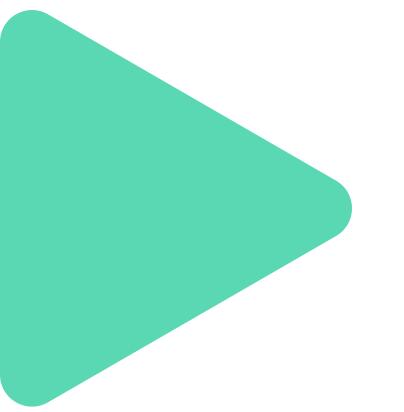
# Research

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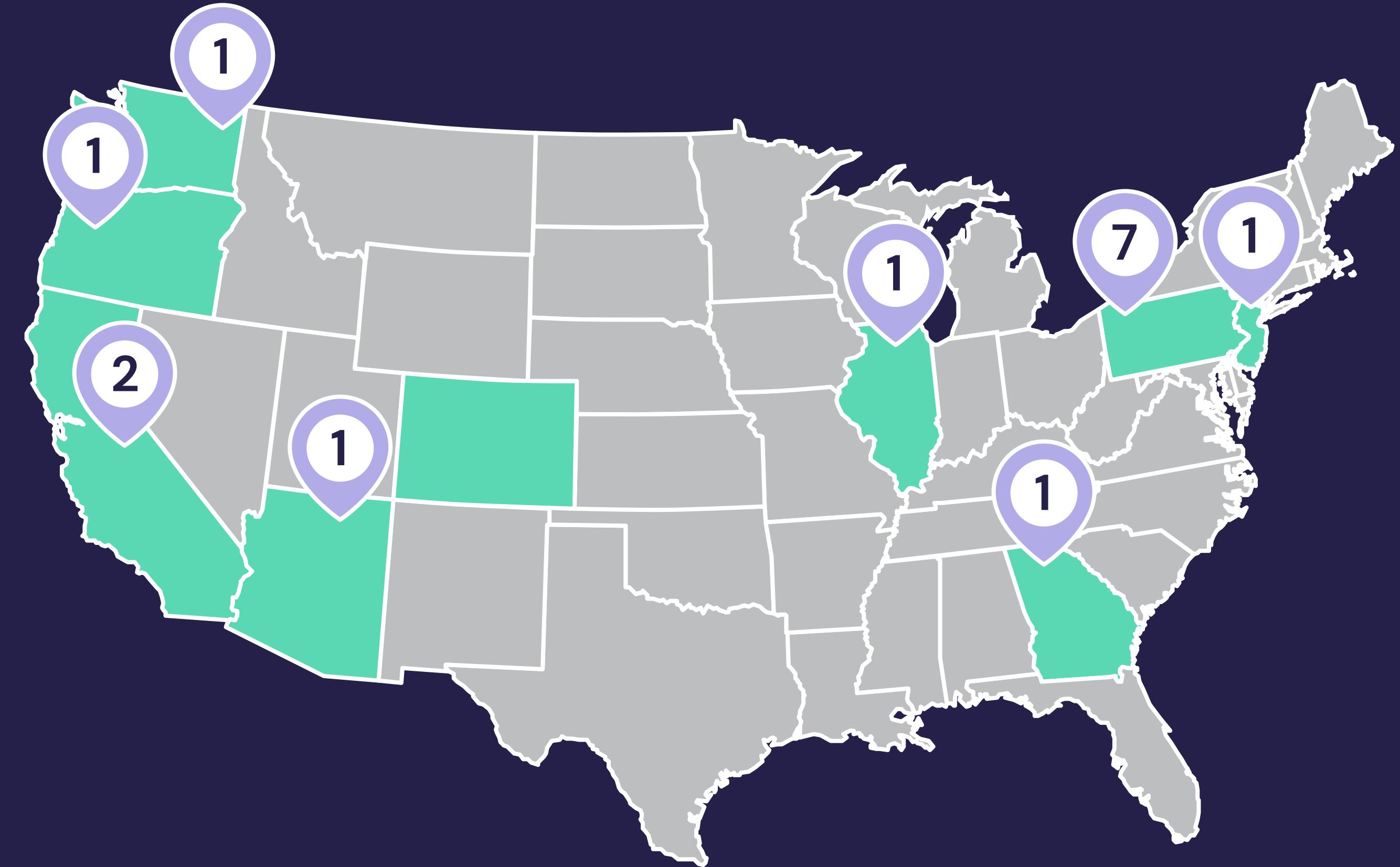
# Investing journey



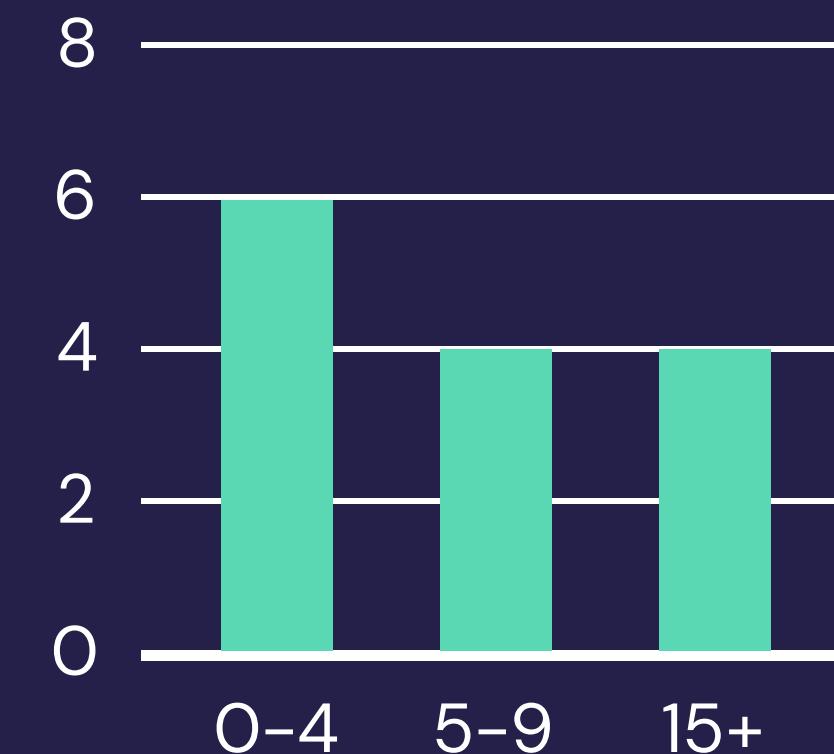
# Investors talking about investing, in their own words



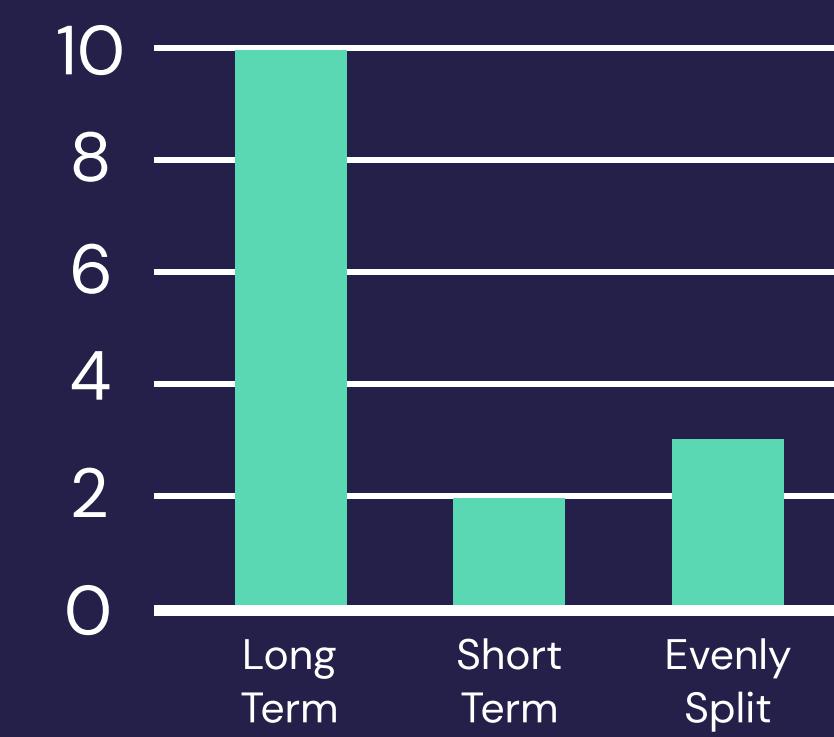
# Investor Dimensions



Years of Experience



Investing Strategy





For many investors,  
finding the “right”  
property is particularly  
challenging for them...



Make an offer



Find property

Financing

Closing

Rehab /  
implement

Maintain



... while completing the  
rehab work on time &  
budget is always  
difficult and has risks

PART 3

# Insight 1

# Location, Location, Location

The major thing to consider while buying a property

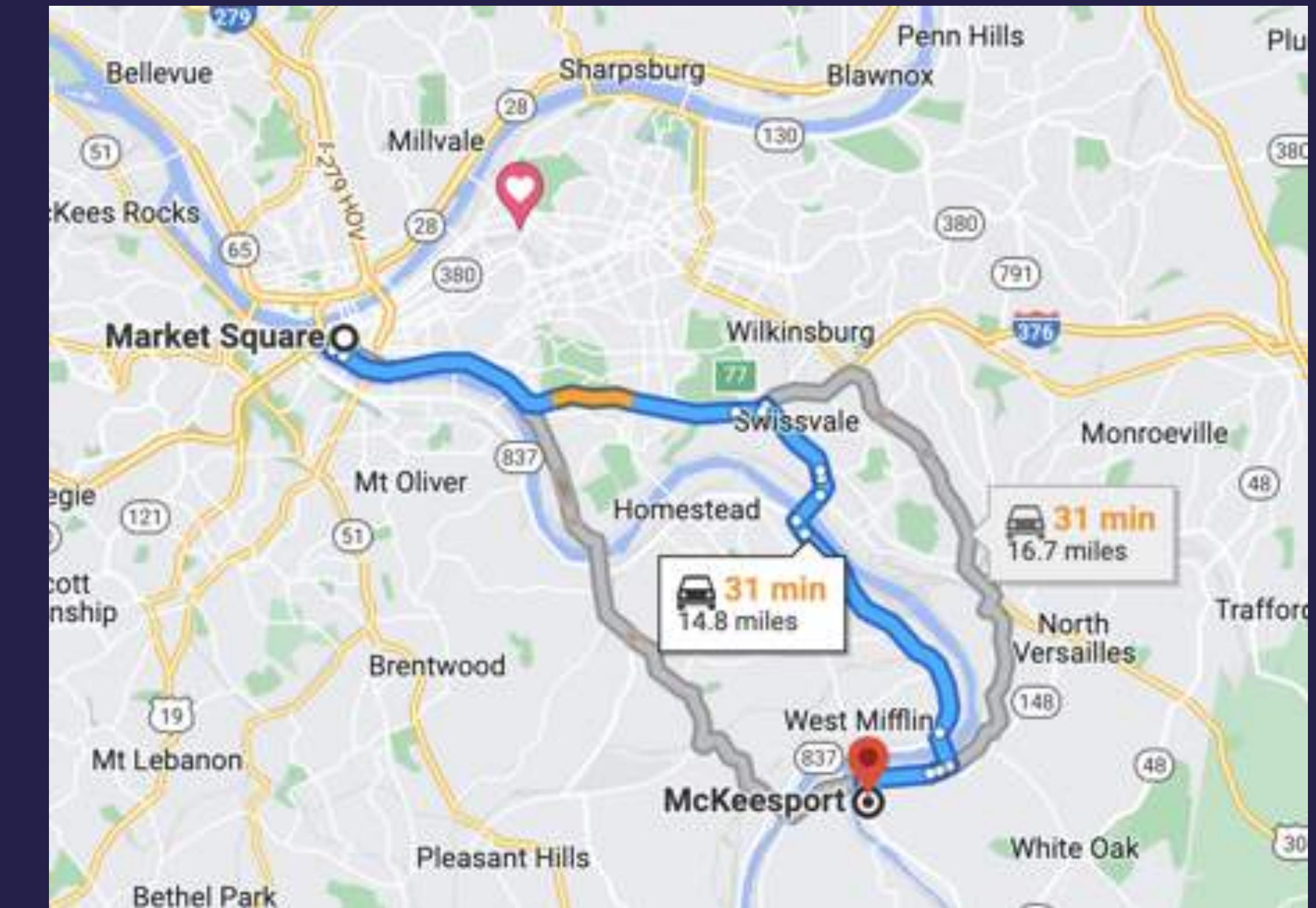


## ~~Location, Location, Location~~

"The more you know about your area, the more you're going to be prepared and to take advantage of opportunities. For example, I can't buy a property in McKeesport, but I know someone who can, so you call them and say, okay, does this make sense?

— P19, Full-time investor in Pittsburgh

## Hyper-local Knowledge



# Hyper-local Knowledge

"We stay in our comfort zone, but we want to move out of it. But then you're out of your comfort zone. Cause we don't know the streets. You don't know, like you could, I know in Florida, block to block, huge difference.

Like downtown, block to block, there would be a big difference in resale value in and the type of people who live there."

— P2O, Full-time investor in Pittsburgh



# Hyper-local Knowledge

Because REI requires hyper-local knowledge with regards to the location and type of tenants, investors stay in their comfort zone and rarely pursue other opportunities.



What if investors could access  
**hyper-local knowledge** about  
their market of interest?



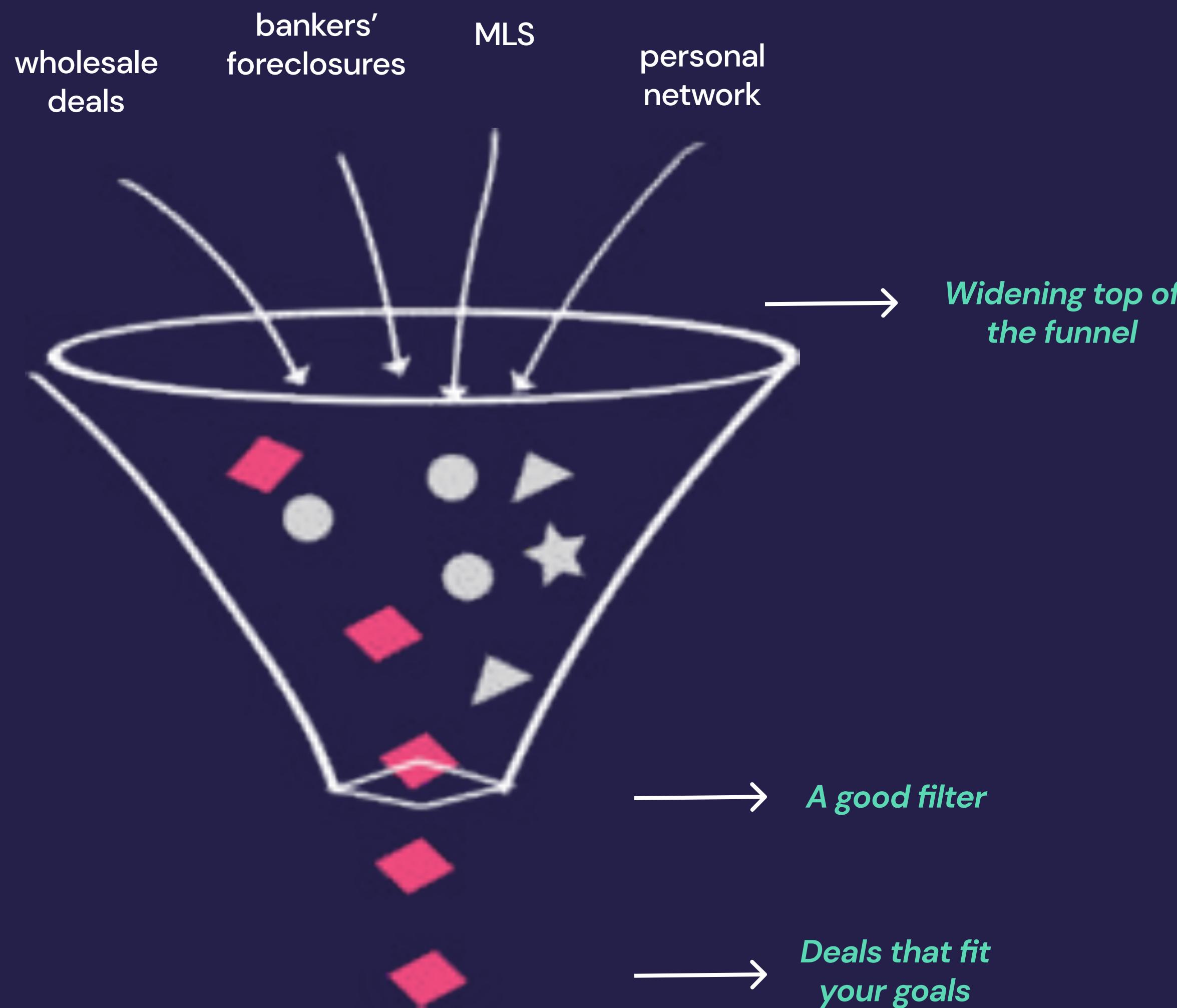
What if investors could **project**  
**their future cash flow with more**  
**confidence & accuracy?**



PART 3

# Insight 2

# Finding Properties That Fit Your Goals



Investors find identifying quality deals difficult because they cannot easily locate optimal sellers.

They are forced to waste time widening the top of their funnels, reviewing sellers from many different sources. Then, they have to filter out lots of bad matches to find the deals that work for them.



## The funnel problem

You're going to go out and talk to real estate agents. You're going to go visit properties. You're going to just constantly tour properties. And that's really the tool. It's just your legs. It's really, and your phone calls and phone calls and emails to constantly look and as many properties as you can to find that one property.

— P8, Full-time investor and remodeling business owner



## John, I Want To Buy Your House



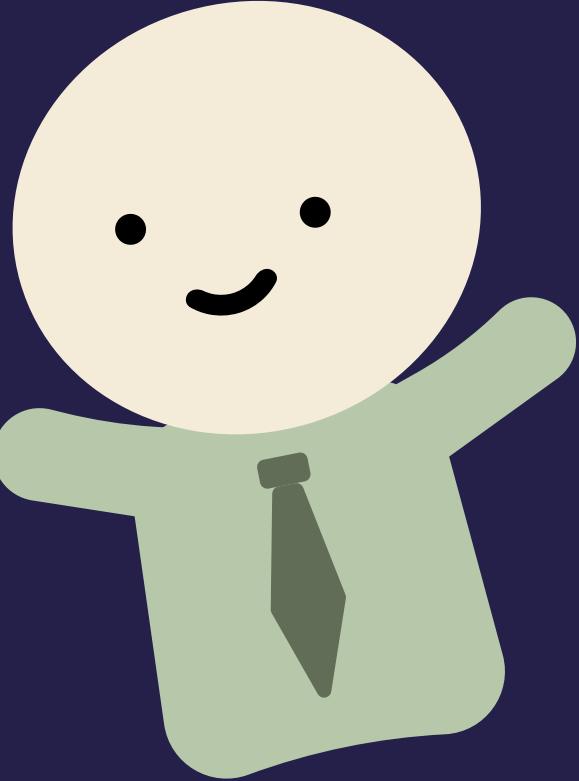
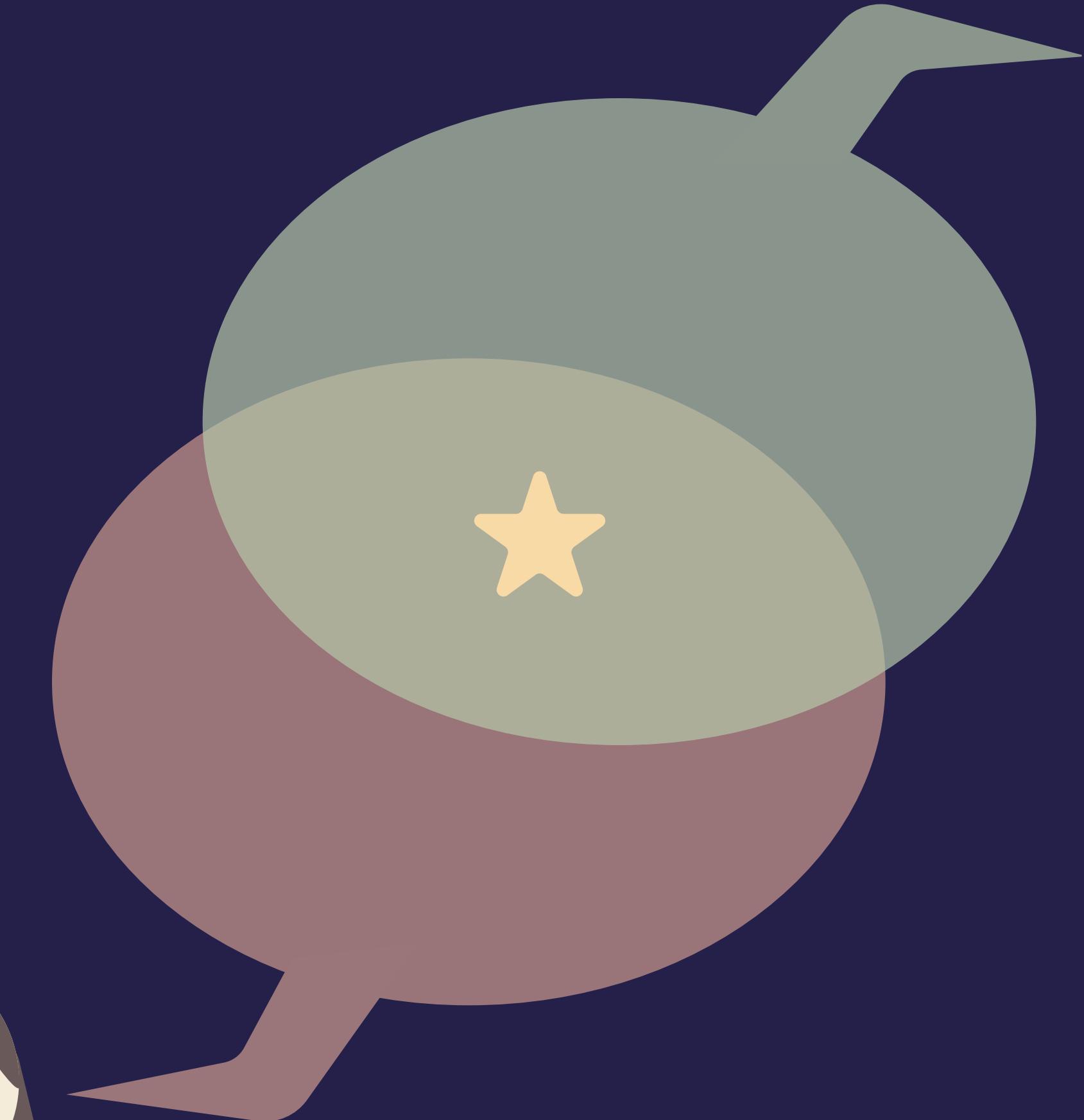
John, I have cash  
30 days and I want  
Address, City. Ple

# Finding Motivated Sellers

Not so much the cap rate, **you're looking for motivated sellers**. Because if they're not really willing to sell, you're going to be spinning your wheel. You could just spend weeks trying to get them.

— P8, Full-time investor and remodeling business owner

What if investors found more  
**motivated sellers** and expedited  
the process of identifying the  
properties that **match their  
goals?**



PART 3

# Insight 3

QUESTION TIME:

What's wrong with structure of this window  
that will end up costing an extra \$3000?



Can you spot it?



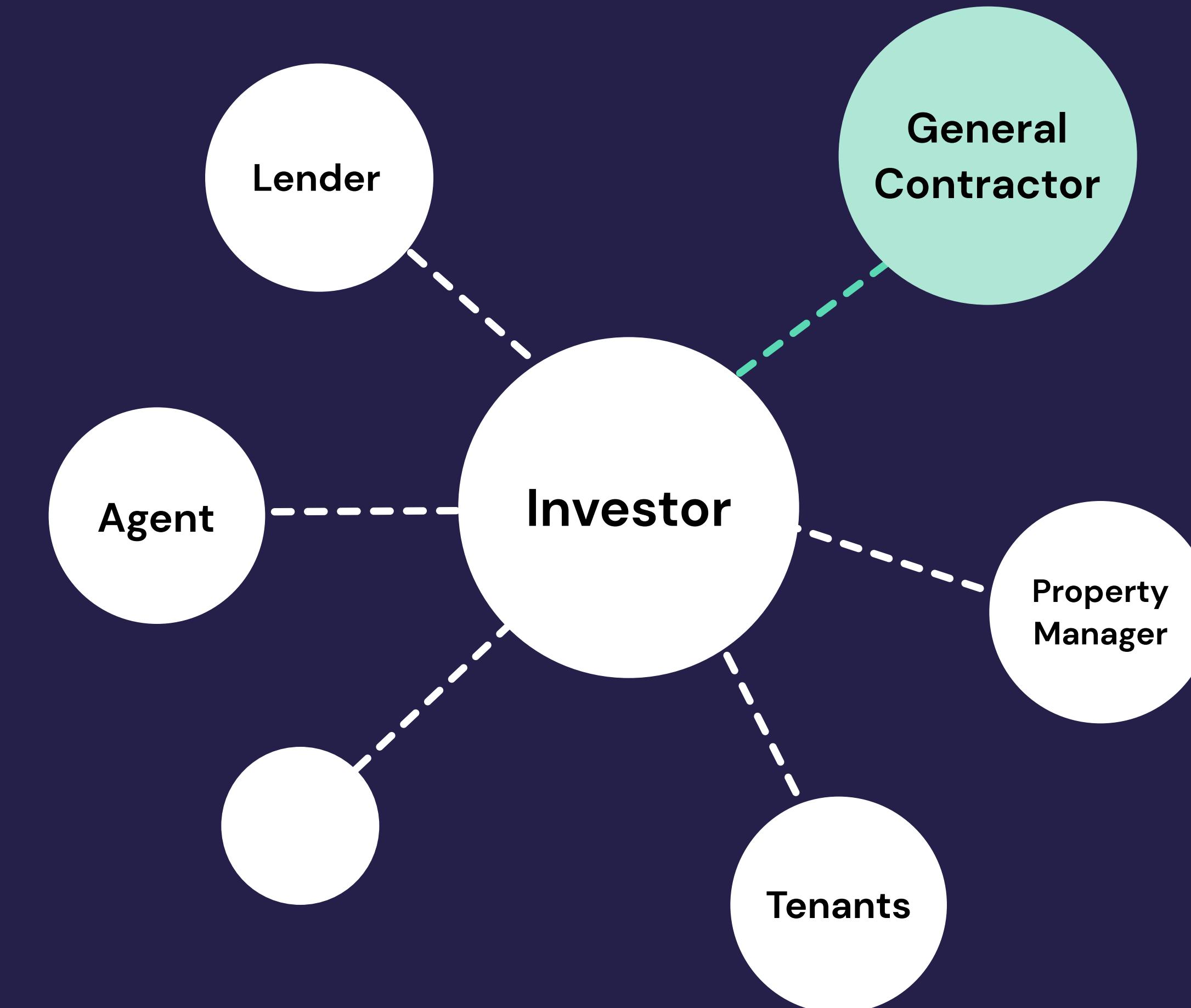
We had overruns. That plumber, I mean, after he already did work and he did it the wrong, then we tore out 90, 80% of what he put in. I lost all the material costs, you know, electrician costs more because he didn't really know what he was doing. And there was some things I had to repair.

— *Full-time investor in Pittsburgh*



# Finding good general contractors

Out of the many important relationships an investor has, the relationship with the general contractor is the most crucial, yet hardest to find.



What if investors could **find**  
**dependable & qualified**  
**contractors** to minimize  
unforeseen problems?



PART 3

# Insight 4

# Keeping to a strict budget

## BATHROOM RENOVATION BUDGET

# Minimizing expenses

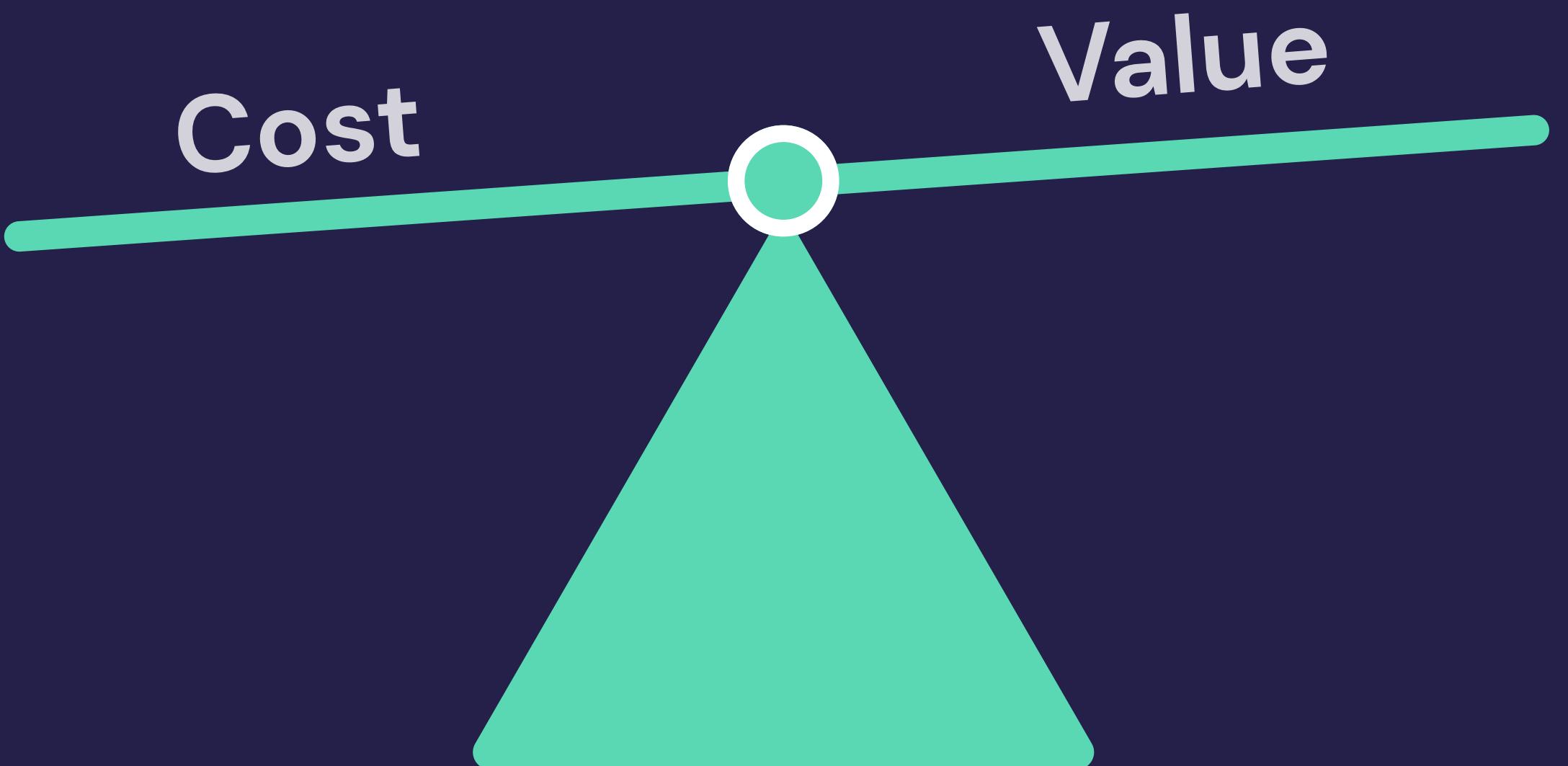
I'm not looking to save money.  
Show me where I can spend the extra \$3,000 to make 5,000.

I've been doing this over 20 years and I still don't know how to quantify. I just know that when I do these extra things, the house sells faster and for more money.

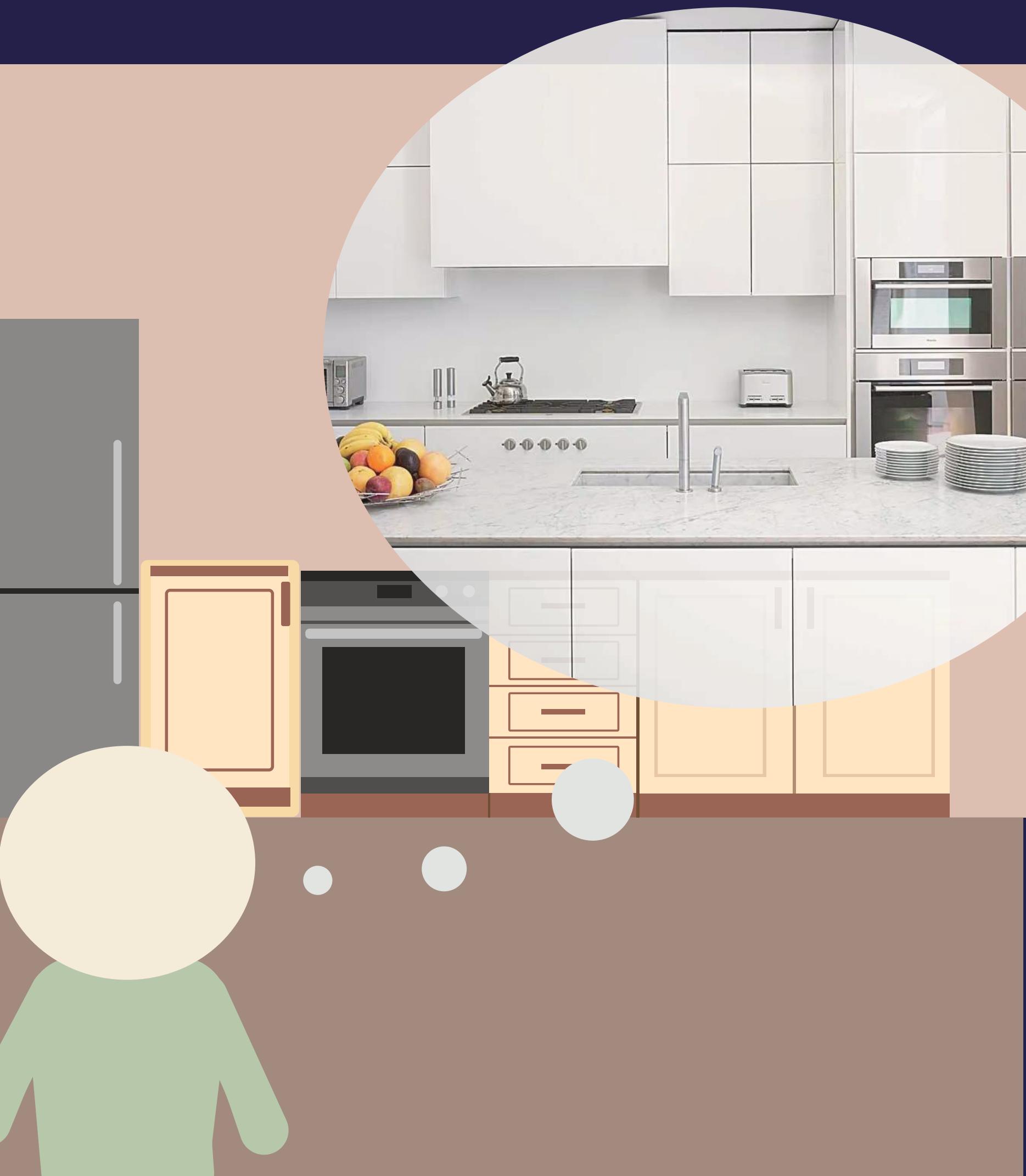
Minimizing  
expenses

## Balancing Cost vs Value

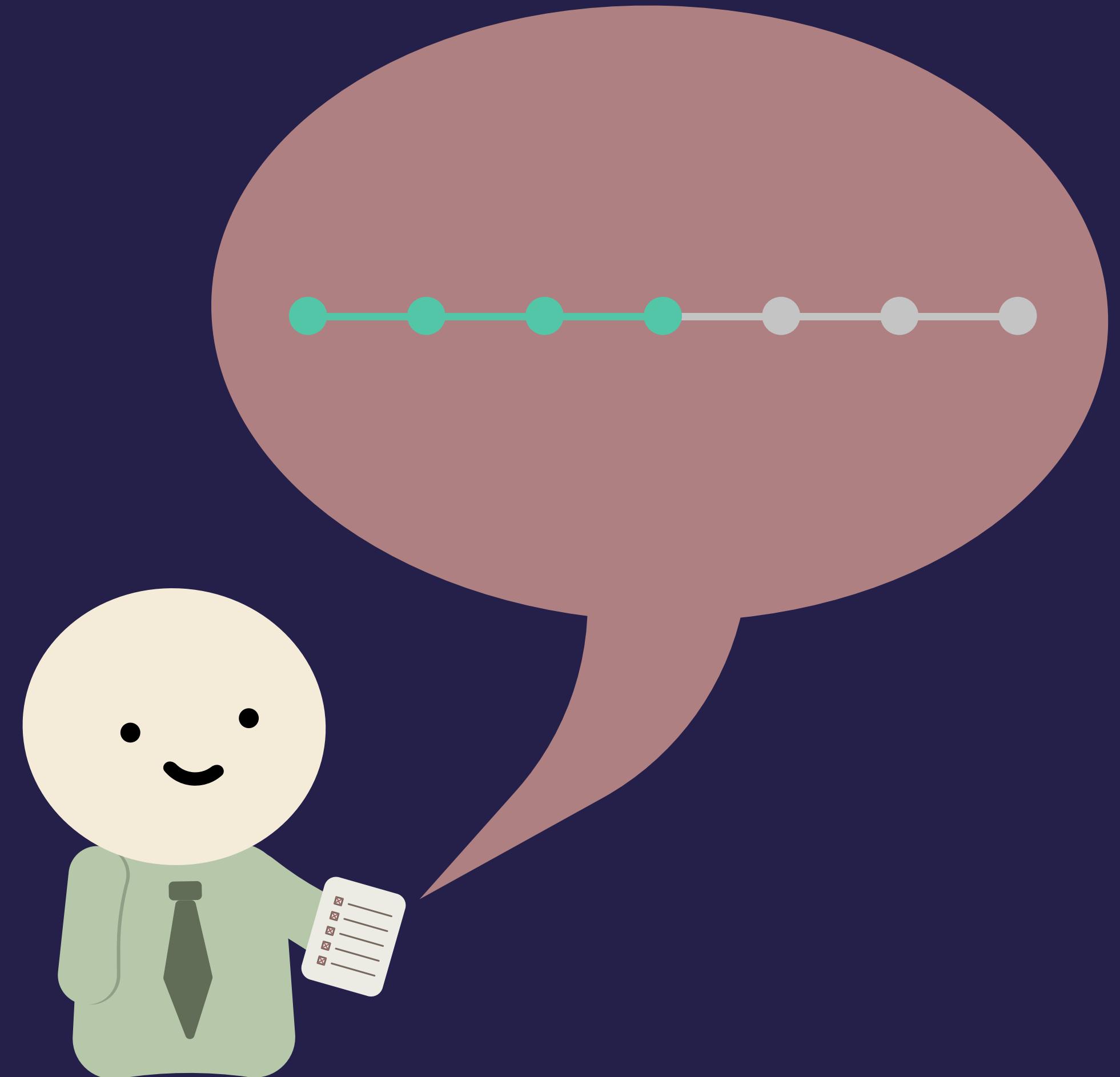
To maximize long-term benefits, successful investors must prioritize opportunities that add value and therefore be flexible with their budget.



# What if investors can identify areas of high ROI within renovation?



What if investors could **easily**  
**keep track of all tasks** throughout  
their investing journey?

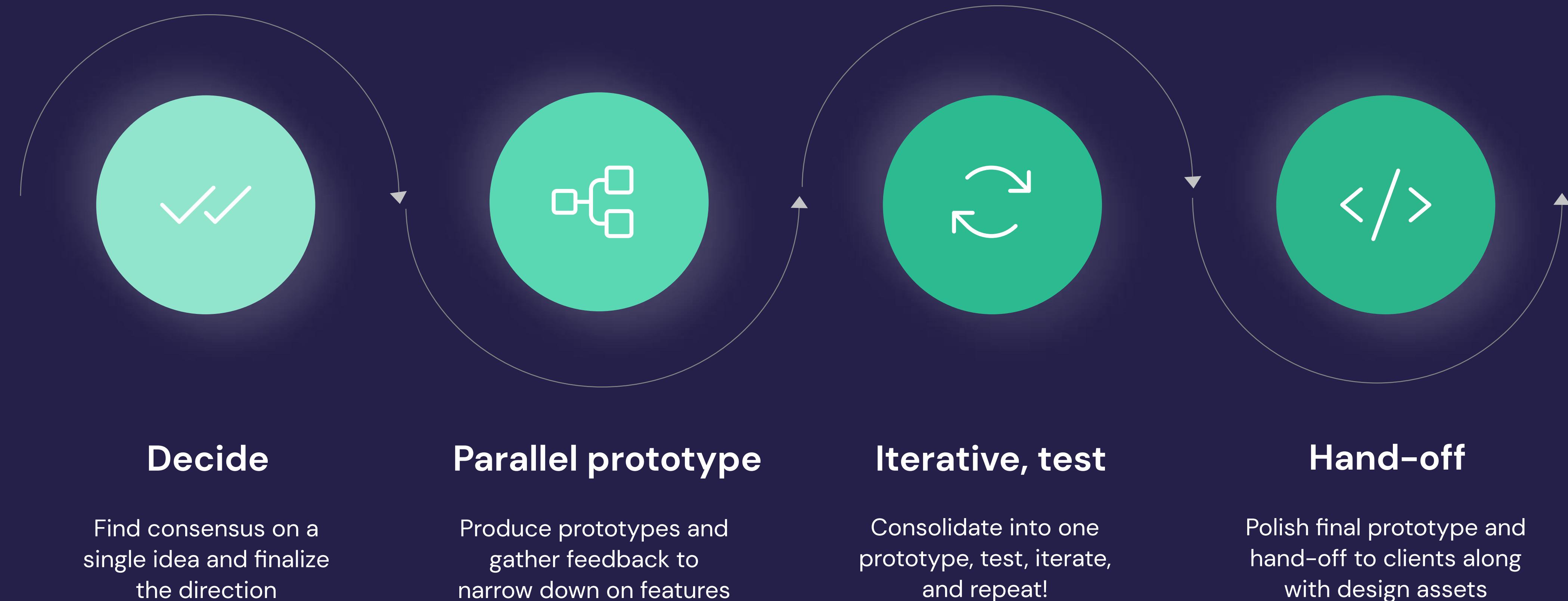


PART 4

# Future Plans

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# Next Steps



# Our goal

A high-fidelity design of a single **solution**  
that can **propel Kiavi's mission** of empowering real estate investors  
scale their business more efficiently

Thank you!

# Any questions?

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