

# Ray Memo

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# Introduction

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## Overview

Since the induction of the industrial revolution, opportunistic individuals have been drawn into or near centralized hubs of commerce, culture, and community; better known as cities. Decades of compounding real-estate demand, asymmetrical to the supply, has priced out young professionals from even thinking about owning land in the city they work in.

At Ray, we see a reality where tech is enabling trends such as increased hybrid/remote work and online communities. The Covid-19 pandemic has accelerated these trends along with a prioritized importance on in-home comfort and functionality.

We will join the future by creating a new class of home for the new class of buyers. Ray Properties will be developed in rural areas outside of cities, in partnership with the lowest-cost fabricators, using our proprietary design language. City dwellers, that as a function of being priced out, have never considered home ownership, can invest in an affordable Ray Property as their new remote-work base, rental property, or weekend getaway cabin, or whatever they please.

## Strategy

To create and distribute these unprecedented physical spaces, Ray must function as the conduit between two primary stakeholders. *The developer* and *the buyer*. Ray will incorporate the most cutting-edge property technology to deliver a seamless experience for all stakeholders, particularly potential-buyers.

Ray's step-by-step strategy of sourcing land all the way to purchase and asset management is listed in detail below.

### Land Sourcing

Ray attempts to identify regions that are

- 1) In the Eastern United States
- 2) Less than a 2-hour drive from major metropolitan cities.
- 3) Have geographical and topographical characteristics that suit developer needs.
- 4) Have wide-open (undeveloped), purchasable land

Ray then recruits local real estate agents to assist in the purchasing of large plots of land.

## Strategy (Continued)

### Developer Partnerships

In recent years, development techniques such as vertical integration and pre-fabrication have greatly lowered on-site construction costs.

Ray partners with developers to build homes on purchased land. Potential developers are graded based on their cost, speed, and track-record.

Homes are built on a unit-by-unit basis, as commissioned by our buyers. All homes are built with a consistent and coherent Ray design, however customizability and optionality of select features will be offered to buyers on our discovery site.

### Discovery Platform

The proprietary Ray app/site for users to scroll through Ray listings for purchase, rent, and travel.

Potential buyers take 3D-tours of properties and commission new custom-builds. The space-customizer tool allows users to change aspects such as layout, interior design, and tech in their new home, which they can then take a 3D-tour of. The tool provides a pricing estimate based on the options selected. Buyers put deposits down on the house.

The discovery platform also functions as Ray's primary website and contains contact links for developers, land owners, and real estate agents to reach out with opportunities.

### Asset Management Platform

Ray owners, renters, and travelers are asked to download the Ray app for Asset Management.

This platform functions to serve any on-property need and connects community members.

Some functions of the app are below.

- 1) A digital key to the home and communal spaces
- 2) A digital wallet for property fees, rent/mortgage payment, and on-location purchases.
- 3) Discount opportunities to partnered brands and experiences.
- 4) A space for maintenance requests.
- 5) A functionality to request to rent out your home. Ray will handle the renting process through the discovery platform.
- 6) Messaging and calendar function for communicating and scheduling with on-location friends or co-buyers.

# Competition

## Overview

Ray intends to disrupt the market of vacation homes, timeshares, cabins, and all other second-space real-estate.

Ray is *not* a land-developer

Ray exists as the designer, marketplace, and manager of Ray properties.

## Competitor Breakdown

### Real Estate Marketplace

Companies such as *Zillow*, *Redfin*, *Opendoor*, *Trulia*, *Compass* all have robust, active marketplaces for buying and selling homes. If an Individual purchases a home large and functional enough for their needs, they will likely remove themselves from the Ray property market and vice-versa.

### Furnished Apartments/Travel

*Sonder* is a platform that allows for 1 night-extended stay visits in an apartment building property leased out by the company. The properties are decorated with a consistent *Sonder* design-language.

Residents have a stay-management app that functions as a community chatroom with other guests, communication line with staff, and provides local discounts to places such as bars, restaurants, gyms, and theaters.

In comparison with *Sonder*, Ray stays will be tech-enabled and also cater to the young professional. Like *Sonder*, Ray also has cohesive design language from property to property, so users know what to expect.

### Modern Timeshare/Co-Buy

*Pacaso* allows users to buy shares of a premium property. Starting at 1/8 of the property. The user then can stay in the property for a scheduled fraction of the year proportional to the amount of ownership they hold. After a 1 year vesting period is up, the user can sell their share of the home.

*Koala* is a platform for timeshare owners to attempt to find a temporary renter. Making sure that their space remained filled, and they receive money for it. On the renter side, this presents a unique opportunity to rent a space at a resort for under-market-value.

Both platforms are based around the idea of second-home/travel at a cheaper cost and function as discovery mechanisms. Ray provides the ability for users to co-buy in shares with others, as well as re-list owned Ray properties on the discovery platform for rental.

### Modern Travel

*AirBnB* and *Hipcamp* are discovery platforms for users to find 1+ night experiences hosted by a verified property owner. *Hipcamp*, specifically offers open campgrounds, cabins, and trailers. Their customers intentions of finding spaces that serve as respite from urban-life, would likely be similar to that of Ray's customers.

## Why Now?

At Ray we envision a rich demand in our product because of a multitude of factors. Tech has enabled incredible disruption in the real-estate market over the past decade, namely because of our competitors listed above. However, none of these competitors are supplying an affordable equity ownership model, catering to the young-professional looking for a getaway from their city.

We identify a 3 primary trends in data that convince us at Ray, that there is a need for this business.

### 1) Remote Work is here to stay.

- Attitudes about remote work have been increasingly positive, with 15% YoY growth in general positive attitudes amongst employees about remote work from June 2020 to June 2021.
- Forbes estimates that 75% of the workforce will become remote by 2025.

**How will this trend affect Ray:** WFH Home-buyers will consider centralized location and distance to the office less and less when browsing options. Ray delivers home-buyers a consistent, modern feel while guaranteeing certain amenities such as high speed wi-fi, all while being priced at a severe discount to any in-city real estate.

### 2) Decentralized Communities Continue to grow

- MAU's have steadily increased on social-media communities and gaming communities throughout and after the pandemic.

**How will this affect Ray:** In-city rental properties have typically been sold on the idea that they are near the buyers' friends or will provide them with the unique ability to find a plethora of potential friends. This is however no longer unique to physical spaces. Digital environments such as reddit, twitter, and discord encourage remote relationships to friends and community.

### 3) People are not buying their first home until later

- The median age of all homebuyers has risen from 31 to 47 ('81-'19). This trend has accelerated since the financial crisis.
- American Real-Dollar GDP-PPP has remained flat since 1964 meaning Americans are not in a better place to buy assets than they were in 1964.
- Median House prices have shot up over this time.

**How will this affect Ray:** Purchasing a home, a hallmark of the American Dream, is nearly impossible for the young professional in 2021. Ray properties will cost a fraction of that of traditional properties, yet cater to the young professional buyer,