



OPEN DOOR

Liquidity for Residential Real Estate

6823

Series A Financing

TEAM

Experienced team in data, technology and real estate.



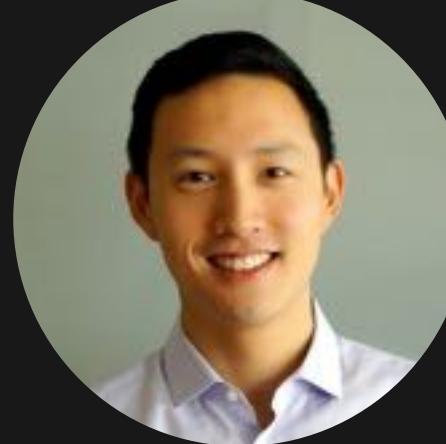
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Head of Geo, Trulia
CEO, Movity.com (YC 2010)
Principal, Real Estate Fund



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COO, Square
Executive, LinkedIn/Paypal



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Data Scientist, Square
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Ryan Johnson

Portfolio Executive, Bain Capital PE
Analyst, McKinsey
Principal, Real Estate Fund



JD Ross

VP of Product, Addepar
Software Engineer, Addepar
CS, Washington University

THE PROBLEM

Residential real estate is one of the largest asset classes, yet one of the least liquid.



Lengthy

Average of 85 days
on market



Expensive

Commissions of 6%



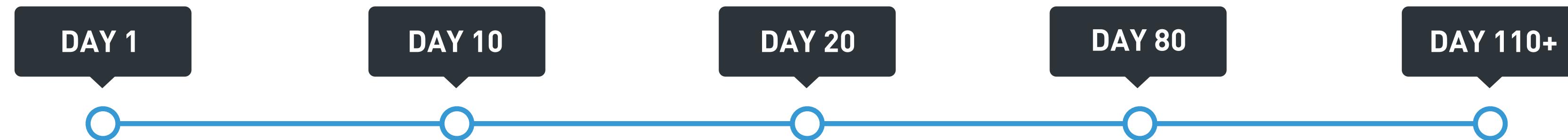
Bespoke

Difficult to price

This friction ties individuals to a location and a job, limiting geographic mobility.

TODAY

Painful process spanning multiple months.



Find a Realtor

Research online
Receive bids
Interview
Decide

Sale Ready

Improvements
Yard work
Cleaning
Photographs

Advertise

MLS, Zillow,
Trulia
Open houses
Showings
Maintenance

Contract

Offer
Counter, Acceptance
Inspection
Financing period

Close

Final walkthrough
Offline signatures
Title records
Funding received

Moving is often cited as one of the most stressful events in life.

MARKET SIZE



5 million

home sold annually



\$260,000

median sales price



\$72 billion

in realtor commission



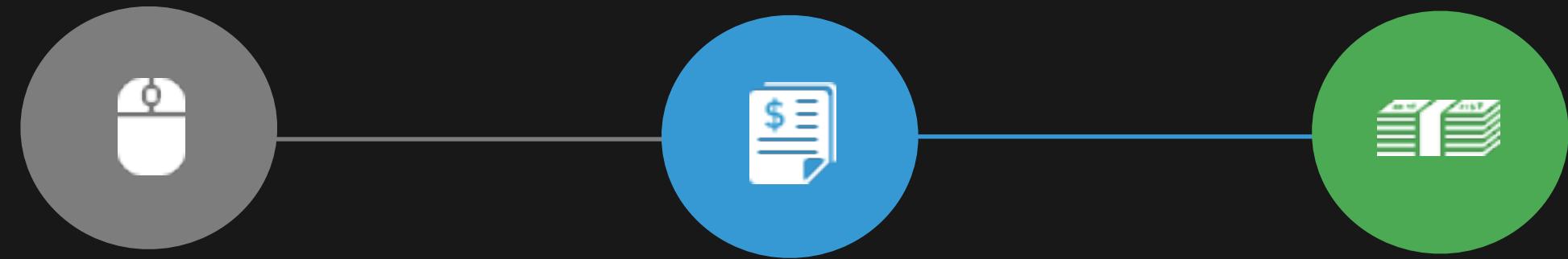
\$5 trillion

in total equity

One of the largest markets with little innovation.

OUR EXPERIENCE

Simple, Certain & Fast



Click

Automated, online
sale process.

Offer

Instantly receive
a cash offer.

Cash

Funding in as
soon as 3 days.

Friction-less liquidity for residential real estate.

DO SELLERS WANT THIS?

SELLERS CRAVE LIQUIDITY

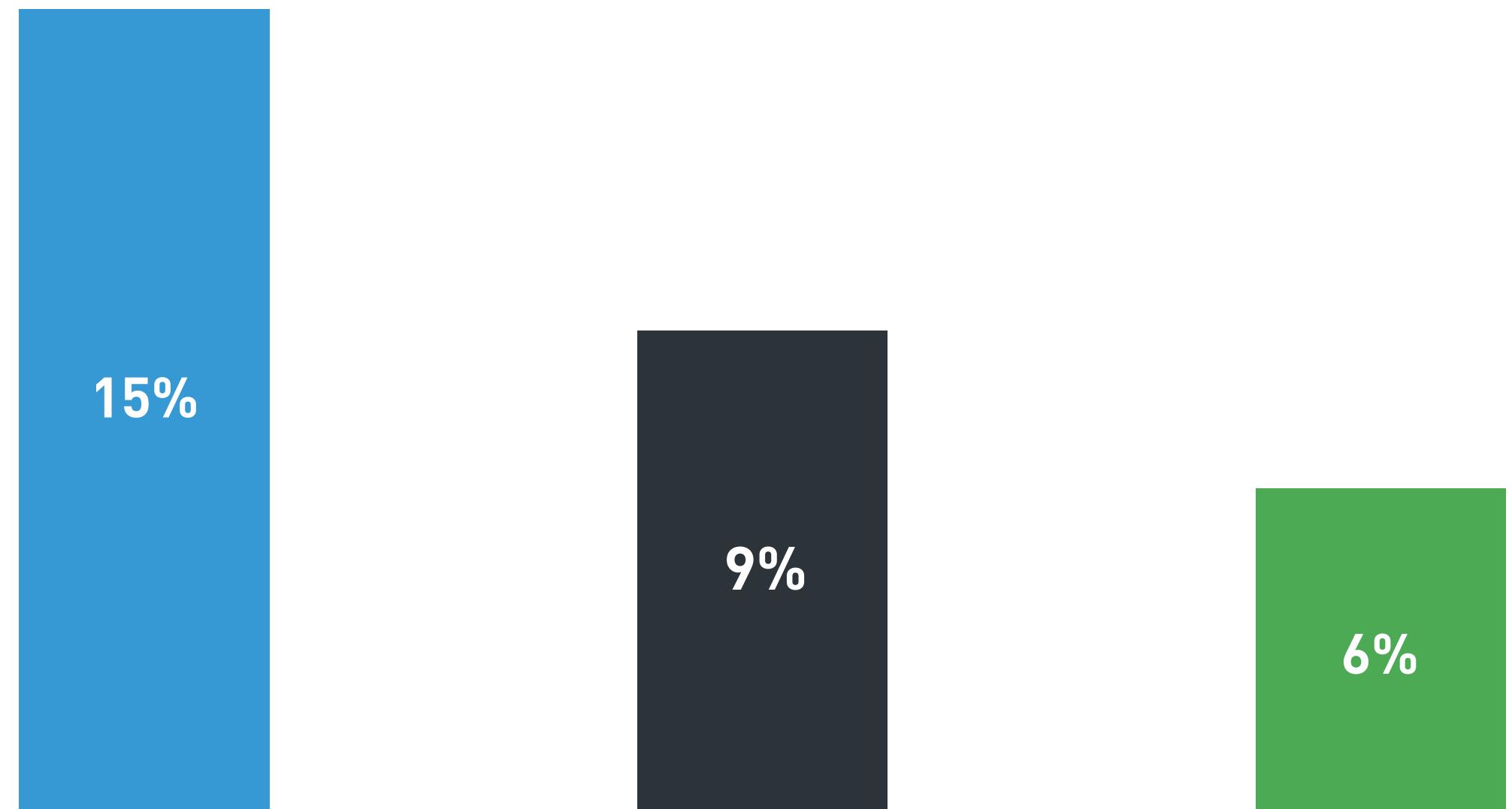
Asset Analogues	Companies	Discount
Cars	CarMax Used Car Dealerships	7.9%+
Equipment	Richie Brothers Iron Planet	15%+
Electronics	Gazelle Glyde	20%+
Homes	WeBuyUglyHouses	35%+

In all assets, sellers demand and will pay for liquidity.

OUR INITIAL DISCOUNT IS 15%.

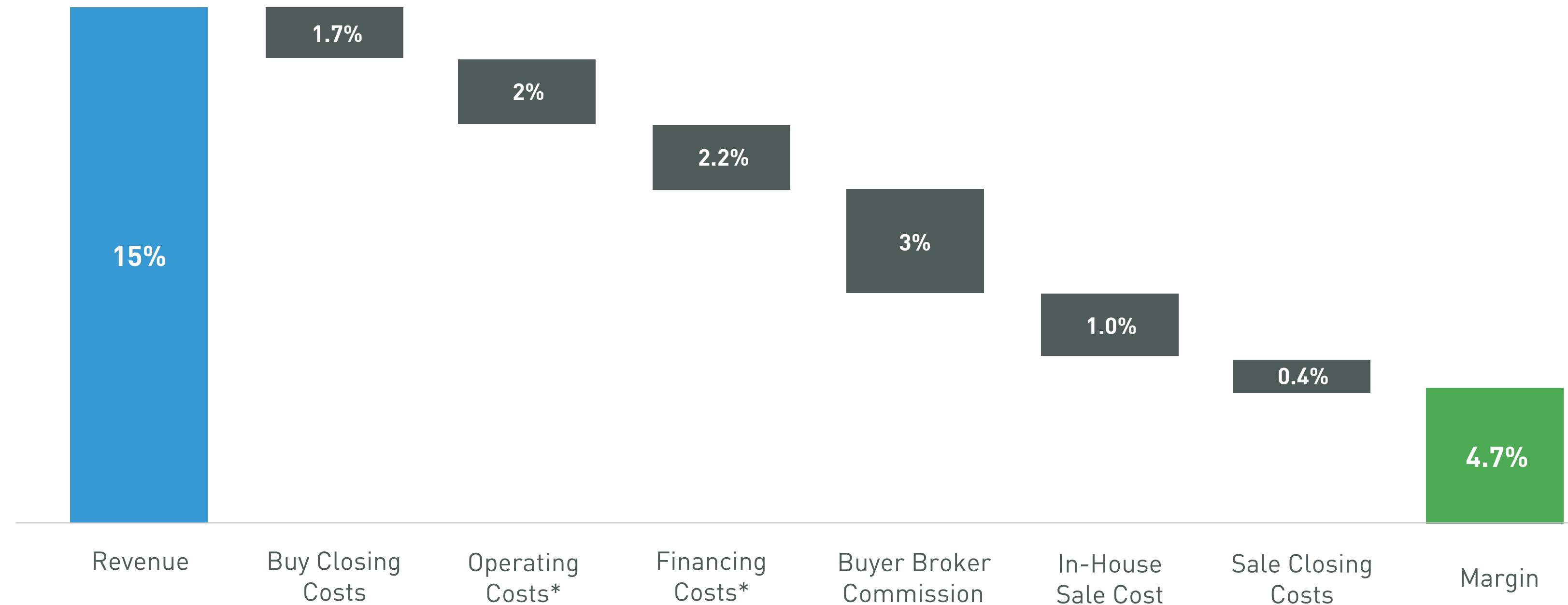
TRUE LIQUIDITY DISCOUNT

OpenDoor Costs - Traditional Costs = Liquidity Discount



- Seller's true liquidity discount is the delta between selling with a realtor vs. OpenDoor.
- Sellers costs include 6% to a traditional realtor, 2% to operating costs, and 1% to closing costs.
- Short-term, the average seller's liquidity discount will 6%.

UNIT ECONOMICS

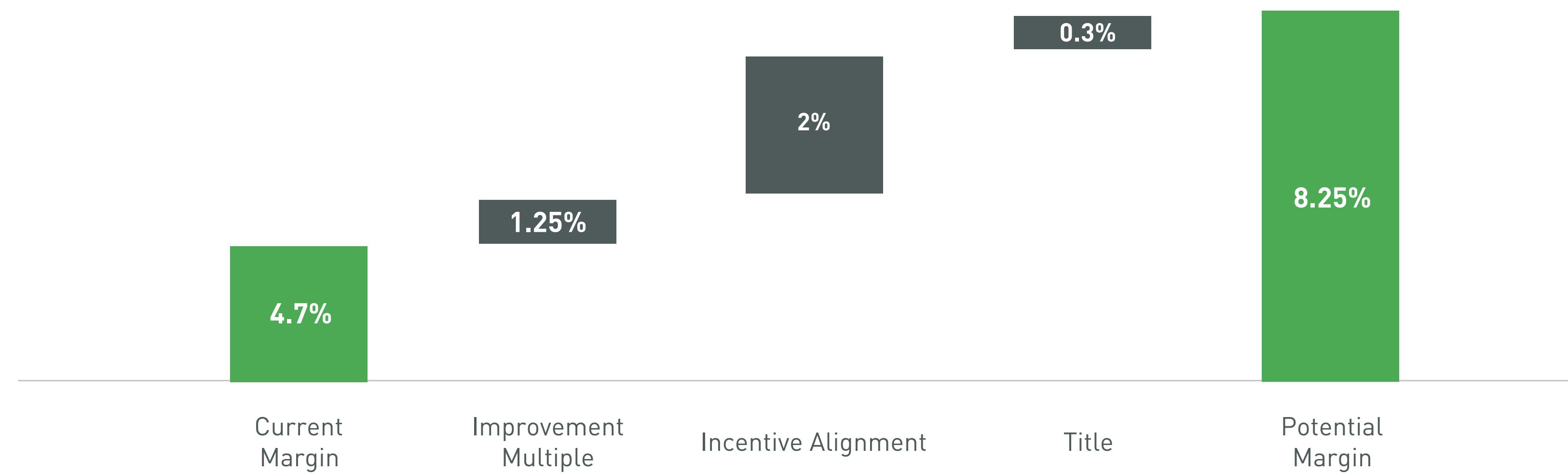


* Median home price is \$260,000

* Financing costs are assumed to be 7-10% APR in the short-term.

* Operating costs are assumed to be 2% in the short-term.

ADDITIONAL SHORT-TERM UPSIDE



WHAT ARE THE CORE RISKS?

THREE CORE RISKS



AVM Error

Current AVMs have high variance and are error prone.



Outliers

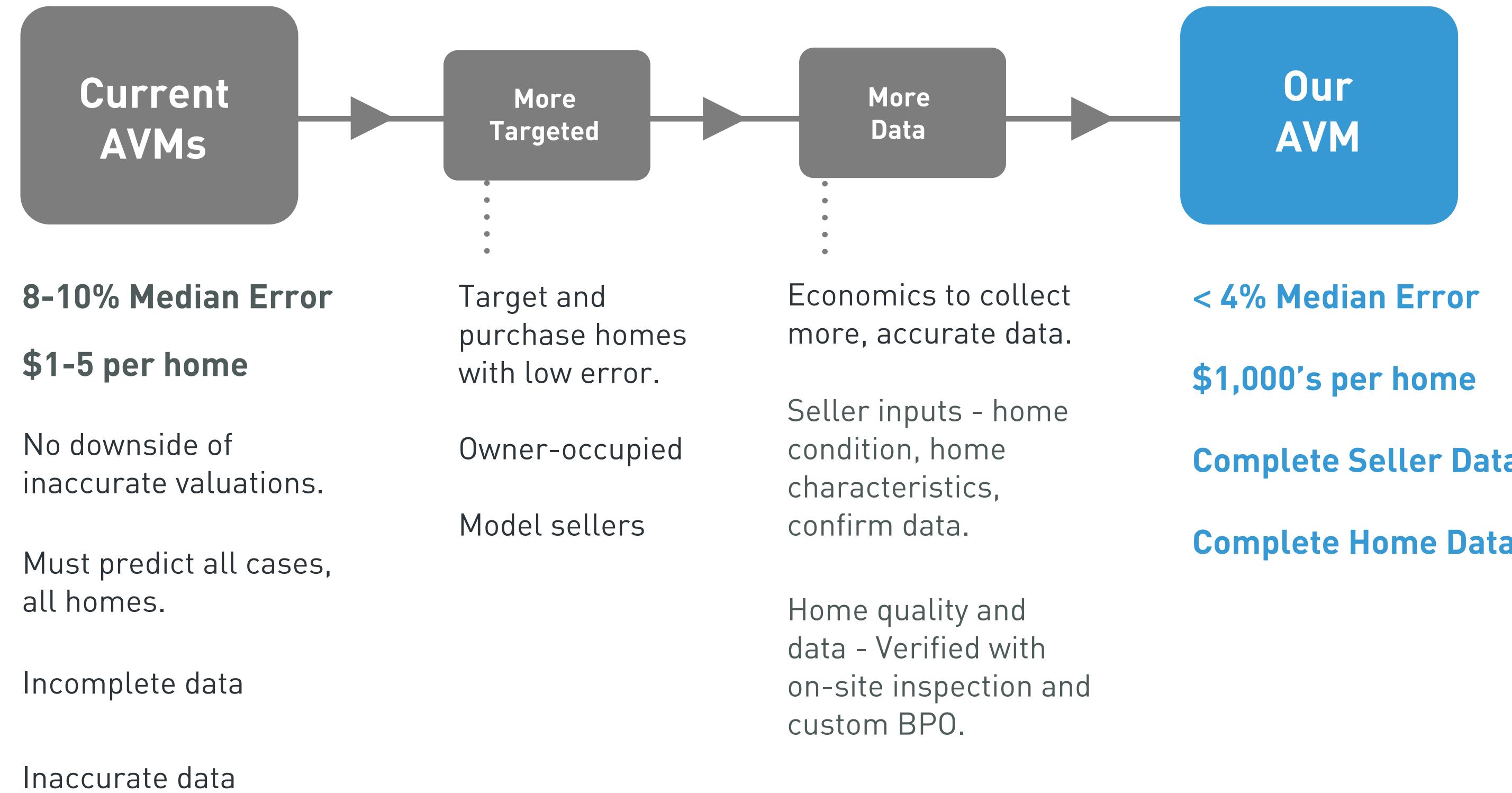
During the validation stage, purchasing greatly overvalued homes is a costly mistake.



Capital

There are large initial capital requirements to purchase homes.

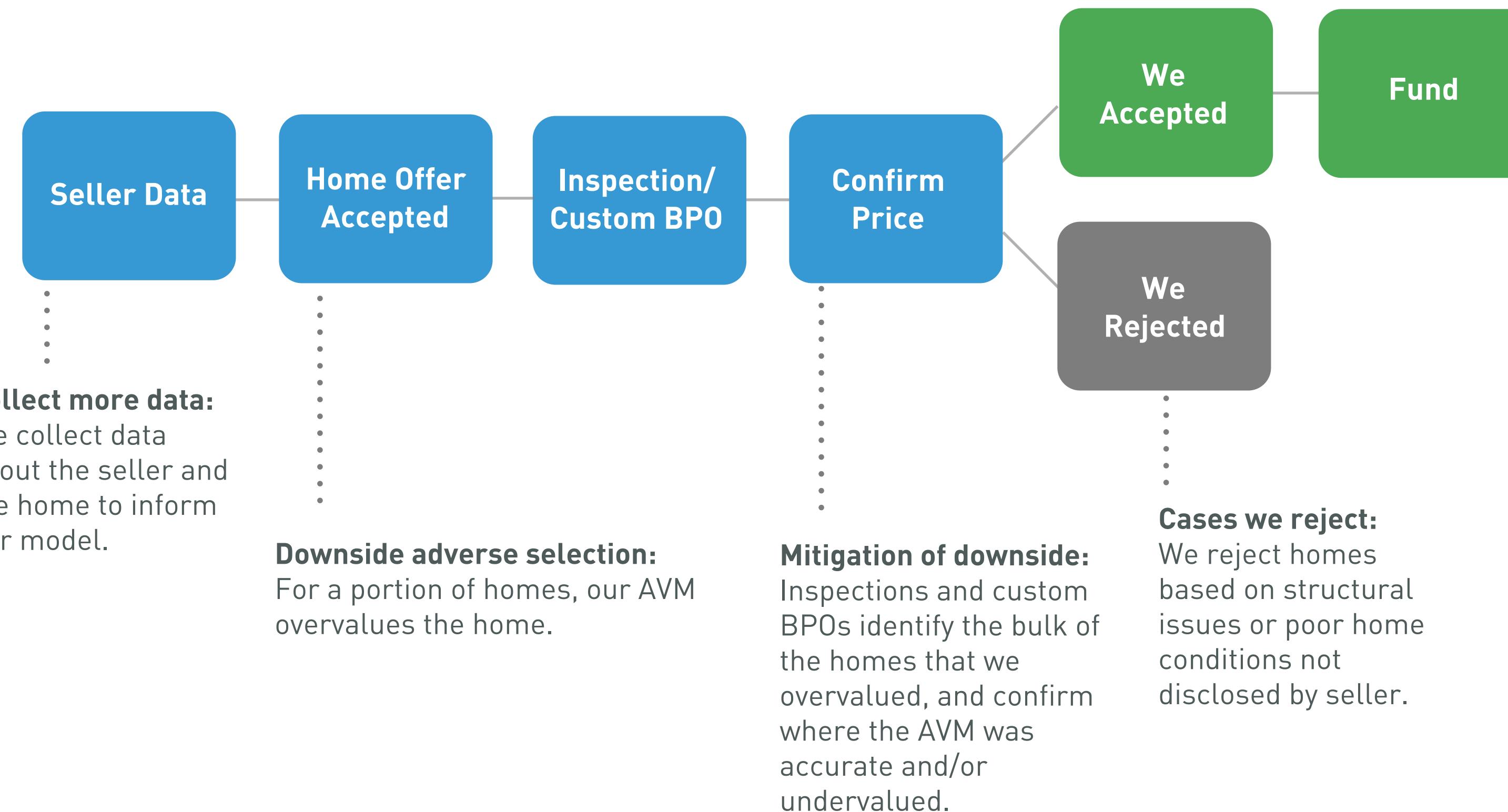
MODEL IMPROVEMENTS



We have better economics that allows us to gather more data for every home we value.

OUTLIERS

Diligence Process and Key Adverse Selection Events



For every home we purchase, we ensure accuracy.

CAPITAL FINANCING

Secure expensive capital now to validate model. Then, prove track record for access to volume, inexpensive capital.

1

Validate

Sources of Capital:

- Local Banks
- High Net Wealth Individuals

Target Rate: 8-10%
\$15-\$25m

2

Growth

Sources of Capital:

- Family Funds
- PE Firms/Hedge Funds
- Brokers

Target Rate: 7-8%
\$100m+

3

Scale

Sources of Capital:

- Banks
- Family Funds

Target Rate: 5-6%
\$500m+

We have 3 term sheets for debt financing at our target terms.

SERIES A FINANCING

Key Objectives

Build AVM

Gather real-time MLS data, location data, seller inputs, and proprietary offline data to build an AVM.



Milestones to Achieve

< 8% Error Instantly, < 4% Error Post-Process

We will be able to instantly price homes with less than 8% median error. Post-process (inspection), have less than 4% median error of the homes we purchase.

Acquire Sellers

Acquire a large sampling (n=500) of real sellers looking to sell their home instantly online.



Validate Seller Discount Curve

Analyze both accepts and rejects to statistically validate conversion rates across various discounts and seller types.

Acquire and Sell Homes

Acquire, rehab, maintain, and sell 50-150 homes in one geo.

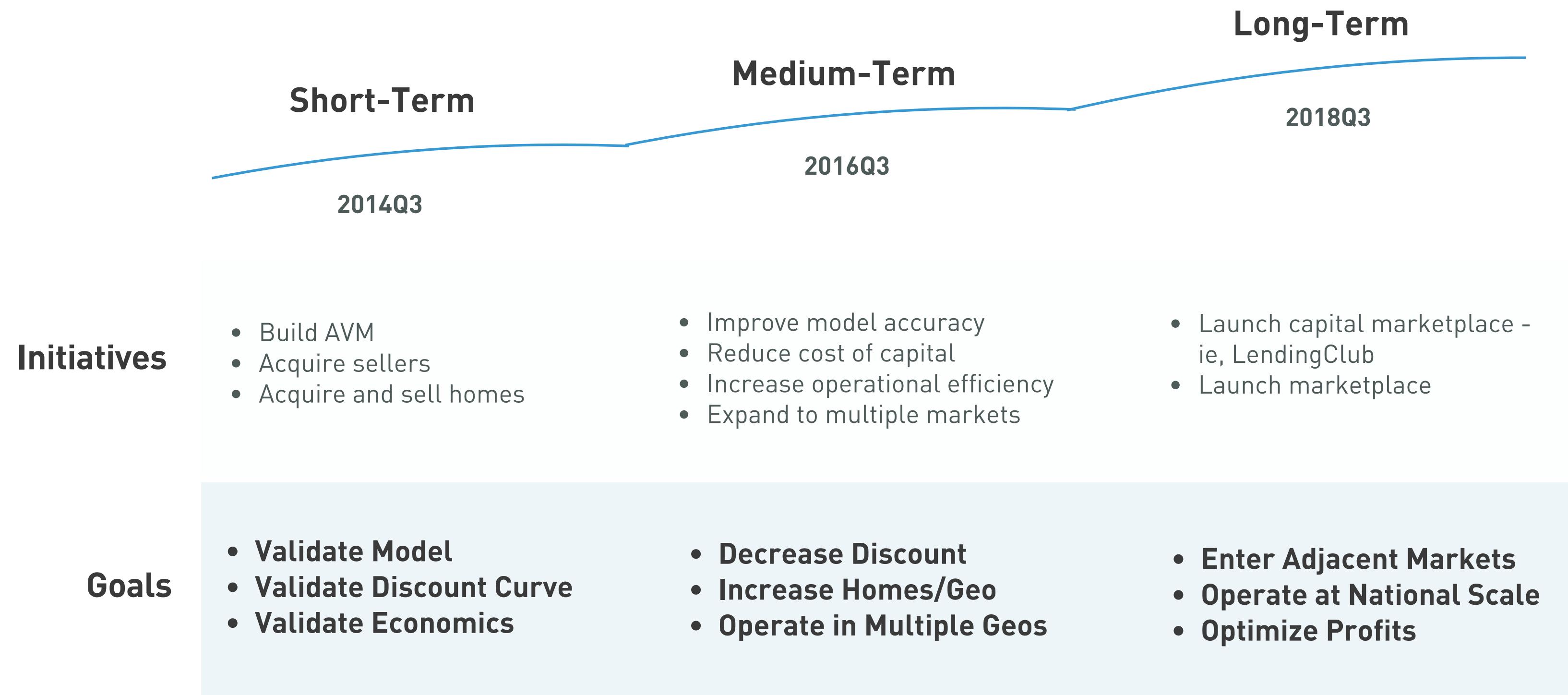


Validate Cost Structure

Confirm the cost structure of acquiring, financing, maintaining, and selling properties.

We're raising \$9m in our Series A to execute on three key objection.

THE PLAN



Short-term goal is to validate model and break even.
Long-term opportunity to maximize profit and enter adjacent markets.

IMPACT

The implications if we succeed.



Geographic Mobility

Home owners will be able to move more freely, spurring economic growth.



Increase in Home Ownership

Reducing all friction to sell makes home ownership more attractive.