Identifying Opportunities with ‘Big Data’
Transforming the world’s most valuable asset class
Our Speaker Today

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Founder & CEO
REalyse

- Founded REalyse in 2016
- Worked for Quintain & Essential Living 2012-2016
- Also worked for several hedge funds 2007 - 2012
The Agenda Today

01 Big Data Analytics
02 Problems In Current Methods
03 How Data Makes a Difference
What is Big Data Analytics?

“The discovery, interpretation, and communication of meaningful patterns in data and applying those patterns towards effective decision making.”

“Refers to data sets that are too large or complex for traditional processing application software to adequately deal with.”
Which one is Big Data?

100m Datapoints?

1bn Datapoints?

Unmeasurable
Problems With Current Methods
A Simplified Investment / Development Project

- An ‘Opportunity’ is presented
- DD Begins
- Re-evaluating Continues
- Transaction Completes

- ‘Work’ Begins

Time - 0

- 02h 15’ 08”
- 2w 05h 30’ 16”
- 1m 06h 54’ 10”

Time – 40
An ‘Opportunity’ is presented

Who Else has it been presented to other than you?

Does it fit your investment criteria or is it a waste of time?

Who is actually running the process?

Can you actually make money from it?

The buyer is usually the one who paid the most. Do you want to be that person?

Taking time to look at something that would never work anyway, interrupts your day.

You’re reactive, not pro-active and the deal will be largely driven from the other side.

Excel can be fun, but re-writing an appraisal each time you need a quick answer isn’t great.
Re-evaluating Continues

What should you build and for who?

What’s the competition up to?

How much is it worth?

Where are the limits?

More excel fun, downloading government data, asking local agents. Take a guess from your last project?

Have fun on the planning portal! And again asking more local agents.

Are the comparables realistic given a changing market and environment?

Guessing at pricing sensitivity? Estimating absorption rates?
A Simplified Investment / Development Project

SLOW

RISKY

INACCURATE

PRO-CYCLICAL

How many BTS developments are surviving on Help to Buy?

How many BTR developments are still trying to figure out pricing and likely tenant types?

How many companies are working reactively rather than pro-actively?

MIT, 09/2008, Matthew S Flowers
How Data Makes The Difference
An ‘Opportunity’ is presented

Who Else has it been presented to other than you?

You find the opportunity, you’re the only one who knows.

Does it fit your investment criteria or is it a waste of time?

You already know it fits your criteria.

Who is actually running the process?

You’re running the process.

Can you actually make money from it?

It’s already pre-selected to work.

An ‘Opportunity’ is sourced
Re-evaluating Continues

What should you build and for who?

You know who lives there, you know who might live there, you know which properties are most in demand.

What’s the competition up to?

You can see what the competition is doing, before they’ve even stuck a spade in the ground.

How much is it worth?

You can see which way the market is going, and can source comparables from anywhere.

Where are the limits?

You already know how long it should take to let properties at different price points.

Rapid Iterations
How to bring data analytics into your processes?

Pre-Screening Locations
Observing Development Trends
Site Identification
Specific Unit Demand
Specific Unit Pricing
Demand Justification

Micro

Feature Identification
Size & Value Adjustments
How Long Does It Take To Identify A Viable Site, Including Property Types, Features and Absorption Rates for a Prospective New Development in Manchester?
Pre-Screening Locations - Manchester

- Gross Yield >5%
- Rental Cost 30-40% of Income
- Low violent Crime
Observing Development Trends

Where are others building?
Where are they not building?
It is an industrial site on the North side
Non-Profit / Local Authority on the south side
Site Identification

Location is a McDonalds, KFC and Grosvenor Casino
Specific Property Demand

- 1 & 2 beds take just as long to rent
2 bed rents are generally 14% higher (big jump due to new development)
Specific Property Pricing

- Balconies are renting ~14% higher than the market
How Long Does It Take To Identify A Viable Site, Including Property Types, Features and Absorption Rates for a Prospective new development in Manchester?

44 Minutes

*including copy pasting to this presentation
The Future – Is Automation

- Automated Site Finding
- Automated Valuations
- Automated Benchmarking
- Automated Processing
Thank you!

You can still have a look at real estate news and thoughts in our blog
https://realyse.com/blog