



Compound expands data-driven real estate strategy with New York City's most accurate Automated Valuation Model (AVM)

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New York, NY Compound Asset Management (Compound), a New York City-based real estate asset management company, will integrate New York City's most accurate automated valuation model, also known as AVM, as part of the firm's data aggregation platform for urban residential real estate investment.

"Today, there are more than 3,800 apartments publicly listed for sale in Manhattan – and there are hundreds (if not thousands) of 'shadow inventory' units, which are uninhabited or soon to be uninhabited residences," Janine Yorio, CEO of Compound. "As units come on and off the market and price changes are announced, the ability to parse through this complex data will allow us to pin-point properties that fit Compound's investment strategy."

As part of Compound's commitment to developing the industry's most sophisticated data model, the company has entered into a strategic partnership with Vanderbilt Appraisal, a valuation and appraisal company founded by Michael Vargas and focused in the New York City region. Vargas, president of Vanderbilt Appraisal, is widely considered the city's leading expert on apartment valuation, overseeing thousands of appraisals over his 26-year career. Compound uses data and valuation analytics derived from Vanderbilt Appraisal's data to power its investment process. Mr. Vargas is also joining Compound's advisory board.

"The future of real estate investment belongs to the investors who have better access to data and the ability to interpolate and correlate millions of data points," said Vargas. "For Vanderbilt, this is an ideal strategic alliance. Compound's platform is single-handedly aggregating the most robust training data for an artificial intelligence-driven investment platform in the country's largest real estate market."

Compound's data strategy applies a proprietary algorithm to the available property dataset in order to winnow the available inventory into a shortlist of 25 to 50 of the best investment opportunities based upon Compound's analytics. This subset of properties can then be analyzed and negotiated by human investment professionals, reducing the amount of human capital required and the potential for human bias. One powerful component of Compound's data-driven acquisition strategy is the AVM, which provides an objective valuation metric using hundreds of data points. AVMs also power so-called "i-Buyers" like OpenDoor and also Zillow's home valuation tool, the Zestimate.

"The AVM plays an essential role in automating our investment process because it allows us to

establish an accurate baseline value for each asset quickly, without human intervention and before spending valuable due diligence time,” said Jesse Stein, Chief Investment Officer at Compound.

“Creating an accurate AVM for New York City has proven extremely difficult for even the biggest players, primarily because evaluating vertical real estate is much more complicated and involves more variables than valuing suburban, single-family homes,” said Bill Staniford, chief product officer at Compound and former CEO of PropertyShark, one of the first companies to commercialize real estate data. “We have what we believe is the most accurate AVM for New York City in existence which gives us a competitive advantage when it comes to identifying investment opportunities and acting quickly on them.”

Unlike most i-buyers, Compound's strategy is to hold residential assets for the long-term in a fund, rather than rehabbing and flipping them. The firm believes this model is more sustainable and less vulnerable to market downturns.