



Compass nabs \$450 million in largest real estate tech investment in U.S. history

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Japanese firm SoftBank is betting big on the white hot real estate tech company

Humongous breaking news this morning for Compass, the white-hot real estate tech company: it just received a \$450 million investment from SoftBank Vision Fund, the collaborative tech investment vehicle started by Japanese company Softbank and a host of big international players.

The \$450 million investment in Compass marks the largest private real estate tech investment in U.S. history, according to Compass, and follows on the heels of a \$100 million investment from other funders last month, which valued the company at \$1.8 billion. Collectively, Compass has raised \$775 million in capital, money that will assist in its bid to expand across 10 new metropolitan markets within the next two years.

These are eye-popping figures for a company that launched in New York in 2013 (under the name “Urban Compass”) and was initially focused on rental units in the city only, but has since expanded to a sales focus and into over 10 markets nationwide.

Compass Chief Revenue Officer Robert Lehman told Inman in a phone interview that the company would potentially acquire small brokerages to bring in new talent, similar to Compass’s recent expansion to Chicago, where it hired 20 agents from the area away from established franchisors Coldwell Banker and Berkshire Hathaway HomeServices.

“On the acquisition front, we’re looking for agents and boutique brokerages to come on to the Compass platform who are fantastic culture fits for us — who are ethical, who are collaborative, who are forward-thinking and who bring value to what we’re building at Compass,” said Lehman. “We don’t draw too fine a line between whether it’s a large team or a boutique brokerage. Large real estate teams often function very much the way that boutique brokerages do, and so there certainly will be acquisitions that we make in the near future.”

In an announcement last month, Compass CEO Robert Reffkin told brokers and other employees that the New York-based company aimed to grab 20 percent of the market share in the 20 largest U.S. cities by 2020 (a plan known internally as “2020 By 2020”), and would be developing its own Customer Relationship Management (CRM) software platform and high-tech, solar powered “For Sale” signage.

This morning on CNBC’s Squawk Box, Reffkin announced Compass’s expansion to San Diego and compared the company to Amazon and Tesla.

Compass touts itself as “the first modern real estate platform, which reduces the friction and frustration associated with selling, buying, or renting a property by providing real estate agents with a set of powerful tools to increase efficiency and sales volume.” But industry sources say that the company’s

success has lots to do with its image, culture, and marketing, which position the company as a young, vibrant, Google-like startup, in a sector filled with many longstanding and slower-moving giants.

“Real estate is a huge asset class, but the sector has been relatively untouched by technology and remains inefficient and fragmented,” said Justin Wilson, a senior investment professional at the SoftBank Vision Fund, in a prepared statement released Thursday.

“Compass is building a differentiated, end-to-end platform that aggregates across diverse data streams to support agents and homebuyers through the entire process, well beyond the initial home search. With disruptive technology and unique data advantages, Compass is well-positioned for future growth in a sector that represents trillions in transaction volume.”