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Insights

# AVP Investment thesis Radius

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## What got us excited about Real Estate Brokerage and Radius?

AVP recently announced that we led a financing round in Radius, a technologically driven, team-first real estate brokerage platform. On the face of it, this would seem like a curious time to bet on the real estate industry with rates at multi-year highs and home sales down significantly. So, what is it that got us excited about Radius?

The real estate sales and brokerage market is a massive industry, largely dominated by legacy brokers. Generating over \$200 billion in revenue annually in the United States alone<sup>1</sup>, you would think the industry would be supported by best-in-class technology and infrastructure. Yet, real estate teams and agents have been limited by outdated and fragmented technology stacks, impacting their performance. The need for best-in-class tools to run efficient businesses will only grow as real estate commissions shift in light of recent court cases. Historically, most advancements in technology have come in the form of consumer-facing lead-generation platforms and tools, leaving agents starved for new technology.

One of the recent developments in the industry has been the shift towards teams and independence. As quality agents grow their businesses, they seek the ability to build, develop, and run a broader team. In doing so, they can share experience, knowledge, and insights with other agents and scale their practices. These high-powered organizations allow successful industry leaders to expand market coverage, improve client experience, win more business, and delegate tedious tasks to build a robust organization. Plus, as a part of advancing their businesses, top performers seek the ability to build a unique brand and market their teams as a way to stand out and differentiate themselves in an ultra-competitive industry. These groups need a fundamentally different technology stack (think tools managing HR, training, commission splits, CRM, etc.), compared to what has been historically available. The choice is to either cobble together solutions or work with Radius to get an all-in-one platform. IT spend at legacy brokerages has tended to focus on infrastructure costs and agent support, much of which will not be needed in this team-based model where the agents themselves will take on this responsibility in return for larger share of the economics.

Radius has developed a team-focused real estate brokerage platform, offering a powerful business-in-a-box solution to fuel growth. The Company has built its own in-house technology stack, which includes a comprehensive CRM, transaction management, contract management, listing management, team management, mortgage tracking, fully mobile capabilities, and dynamic marketing asset creation features, among others. Additionally, Radius places teams at the forefront empowering them to market themselves with their own logo, strategy, and unique pitch, to stand out and win business. In addition, recognizing the social and relationship-driven nature of the real estate industry, Radius has built an open community for agents worldwide. From day one, Radius has given teams and agents the ability to create public social profiles to network with peers, recruit talent from a job board, offer and receive business referrals, and access live seminars and classes. Today, the Radius community boasts over 80,000 agents actively engaging on the platform. Radius also brings economies of scale, resulting in more cost-efficient insurance and other benefits for agents.

Lastly, Radius is led by a phenomenal management team, spearheaded by Founder and CEO Biju Ashokan, who brings over 14 years of experience in the prop tech industry. With the vision and leadership of Biju, Radius is poised for outstanding growth. Currently operating in only seven states and recently expanding its offerings to include mortgage capabilities, the business is just getting started. With its comprehensive platform and focus on team empowerment, Radius can revolutionize the real estate brokerage market and continue to power the highest-performing teams in the industry.

<sup>1</sup> Ibid World, 2023.

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We support outstanding companies.



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