

Nov 23, 2025

Team Number: 18

Student Names: Abhay Chakra Sadineni, Peter Jin, Puo Hua Lim



NYSE: COMP

LONG - TP \$31.62

(1-year hold, ~310% upside)

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Company Profile: A Realty Brokerage Star

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Business Description

- Compass, Inc. provides a technology-enabled residential real estate services platform acting as a broker and agent network
- The company generates revenue primarily through commission splits from its owned-brokerage business, collecting a share of agents' gross sales
- Operating excellence: 24' revenue of \$5.6B (15% YoY), EBITDA \$126M (117% YoY), and \$180M FCF (75% YoY)
- 18% US market share, #1 ranking residential real estate brokerage by sales volume with 33K+ agents in operations

Recent Developments & Highlights

- □ Announced all-stock acquisition of Anywhere Real Estate (HOUS) for \$1.6B to accelerate consolidation and agent growth
- ☐ Added a record 832 principal agents in Q2 and achieved 97.5% quarterly principal agent retention
- ☐ Secured a \$750M financing from Morgan Stanley in Sep 2025 aiming to deleverage to 1.5x EBITDA



Key Financials			
(In \$MM)	FY2023	FY2024	FY2025E
Revenue	4,885	5,629	6,904
Growth		15.2%	22.6%
EBITDA	(189)	126	274
Margin	NM	2.2%	4.0%
Free Cash Flow	(37)	106	185
Growth		NM	74.9%
Market Cap			5,165
Debt			832
Cash			170
NCI			5
Enterprise Value			5,831
EV/EBITDA	NM	25.5x	19.3x
Leverage (Total Debt/EBITDA)	NM	4.5x	4.2x



What Makes a Fantastic Long Idea

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Mid-SIZE: Big Enough, But Not Too Big

✔ PF Market Cap / EV: \$6.1B / \$8.78B

*

✓ ADTV: \$60M+

✓ TAM: \$200B+

✔ Position / Share: #1 / 18%

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DOWNSIDE: IF It Doesn't, We Survive

✓ Industry Trough: Decade low



✓ Maturities: 4-5y

✔ Profits & Cash Flow: Resilient

✓ Integration Track: Strong

✓ Valuation: 2.5x EBITDA

UPSIDE: If It Works, We Make Tons of Profit

✓ Topline Algo: ~8% 10y organic CAGR

✓ Operating Leverage: ~900bps margin uplift

✓ Fin Leverage + FCF: $4.2x \ 25'E \rightarrow 1.2x \ 27'E$

✓ Valuation: 7.5x EBITDA \rightarrow 12.5x

✓ Upside Potential: 310%

"Continuous stable growth, operating margin expansion coupled with improving leverage all pointing towards a substantial valuation upside potential"

WAYS TO WIN: Eccentric and Narrative

✔ Platform: \$1.8B invested in tech

✔ Operational Uplift: \$300M cost synergy

M&A: No.1 RE platform \$10B

✔ Housing Commitment: Mid-2026

✓ Rates: Mortgages/Corp debt

Sources: Company filings, Bloomberg, team estimates arDelta



Invest in Growth: Cycle + Intrinsic + Deal

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Market Turning Point

- Historical low: Worse than 2009 financial crisis level
- Touching the floor: Decreasing population + Divorce rate + Job Changes
- Improving lock-in effect: More house owners willing to sell
- Downleg: Valuation-purchase price spread widens

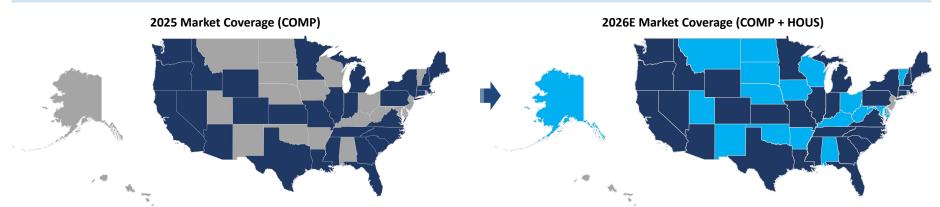
Scalable Business

- Outperformer: Higher than industry operating margins, cash and growth
- Financial commitment: Consistently invested \$1.8B in tech platform
- Merger target: Anywhere (HOUS) #1 combined market share, 300K agents
- Geographic coverage: Operates in 70+ metropolitan luxury and urban markets

Successful Deal

- Consolidate at low cost: 1.436:1 stock purchase benefiting from cycle bottom
- Substantial synergy: \$225M → \$300M cost savings
- FCF + New financing: +75% FCF plus
 \$750M senior financing delever to 1.25x
- Operational improvement: \$5.6B → \$1.3B revenue, \$93M → \$200M EBITDA

Geographical Expansion and Footpoint



Sources: Company filings, Bloomberg, team estimates

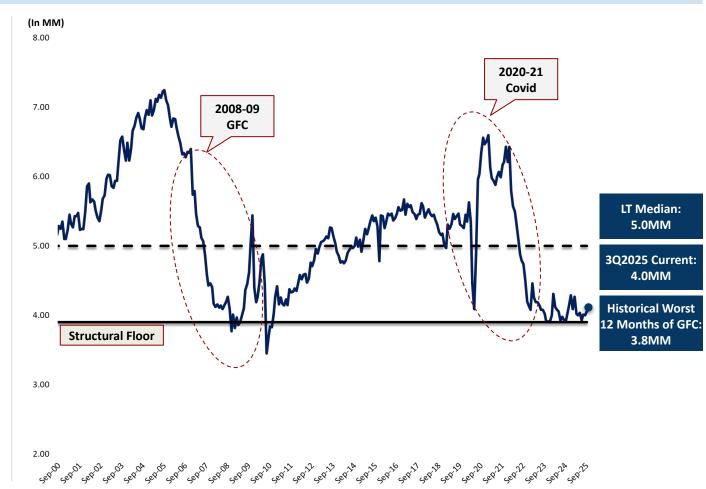


Housing Market:Sales Touching Historical Floor

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Existing Home Sales at Cyclical Floor While Brokerage TAM Remains Enormous

- Monthly (seasonal adjusted annual rate) average home sales is at 4.0M, which is comparable to the level of 2008-09 GFC level, indicating a historical low since 2000;
- After Touching the floor showing rebouncing signals since 2Q2025, and the average monthly sales figure is expected to continue the momentum targeting 5.0M of Covid resistance level by 1Q2026 according to our team's analysis





Housing Market: Enormous TAM and Growth

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Brokerage TAM Remains Enormous and is Expected to Grow by \$25B in 1Q2026

- Monthly (seasonal adjusted annual rate) average home sales is at 4MM, which is comparable to the level of 2009 financial crisis, indicating a historical low since 2000; Touching the floor showing rebouncing signals
- Benefiting from Fed rate cuts, both housing supply and transaction amount saw rebouncing from the 3Q 2025, brokerage TAM is expected to continue growth momentum into 2026, reaching approximately >\$230B

	1Q 2025	3Q 2025E	1Q 2026E
Existing Home Sales (in MM)	4.0	4.4	5.0
Average Sales Price (\$M)	\$0.55	\$0.55	\$0.55
Gross Transaction Value (\$M)	\$2,200,000	2,420,000	2,750,000
Commission Rate (%)	5.0%	5.0%	5.0%
Brokerage Earnings (\$M)	\$110,000	\$121,000	\$137,500
Titlements & Service Rate	0.5%	0.5%	0.5%
Sale Gains from Mortgage	3.0%	3.0%	3.0%
Total Rate	8.5%	8.5%	8.5%
Brokerage TAM (\$B)	\$187	\$206	\$234



Housing Market: Structure Floor & Improving Lock-In Effect

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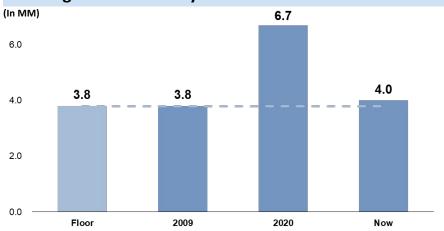
Historical Ceiling and Floor: Where We At?

Factors Pressuring Home Sales	Population (In MM)	Home Sales Converstion (%)	Floor Sales
Decease	3.0	57%	1.7
Divorce	2.0	50%	1.0
Switching Careers	6.3	17%	1.1
Total "Floor" Sales			3.8

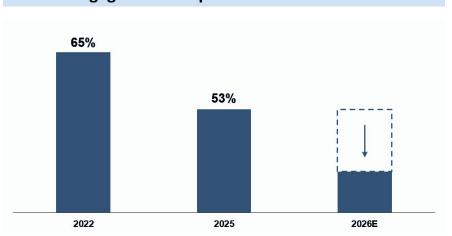
"Lock-In" Effect is Easing

Outstanding Mortgage Rate	Share of Mortgages (2Q2025)	Cumulative Share	Cumulative Share (2Q2024)
<4%	52.5%	52.5% 🖡	55.2%
4%-5%	17.9%	70.4%	73.3%
5%-6%	9.9%	80.3%	82.8%
>6%	19.7%	100%	100%

Existing Home Sales Key Historical Levels



% of Mortgage with Coupon Rate <4%

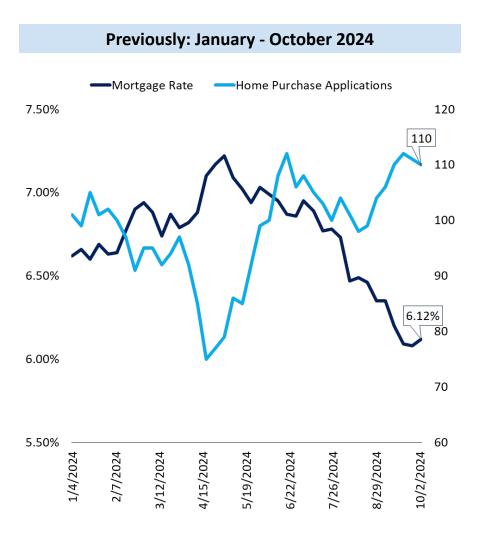


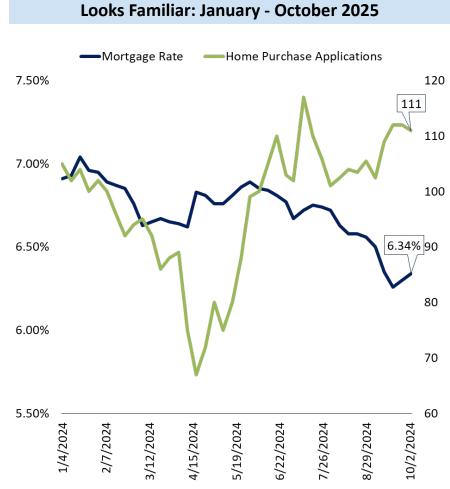
Sources: www.CDC.gov; https://www.realtor.com/research/ and team estimates



Housing Market: Demand Bouncing Up

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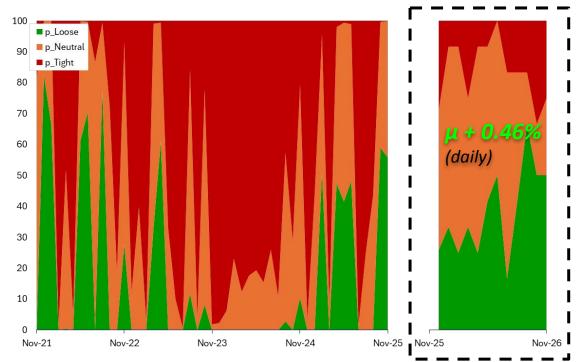


Political Environment: Housing is the Spotlight

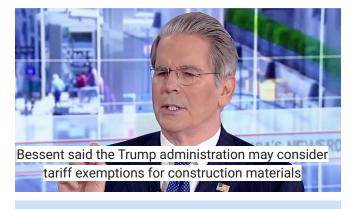
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"Trump administration is considering ways to use a national housing emergency to boost supply and reduce prices" - Says Bessent

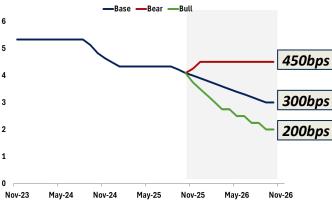
Regime & Macro Detector: Hidden Markov Model 52W Fwd



• Tight regime has downward pressure on the share price of Comp (Corr: 0.65), Loose regime has upward propelance



Fed Rate Forecast



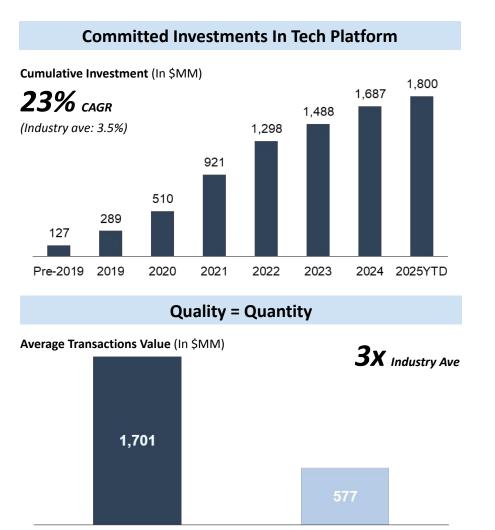


Compass (40)

Sources: Company filings, FactSet

Scalable Business: Revenue Drivers - It Sustains

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Industry



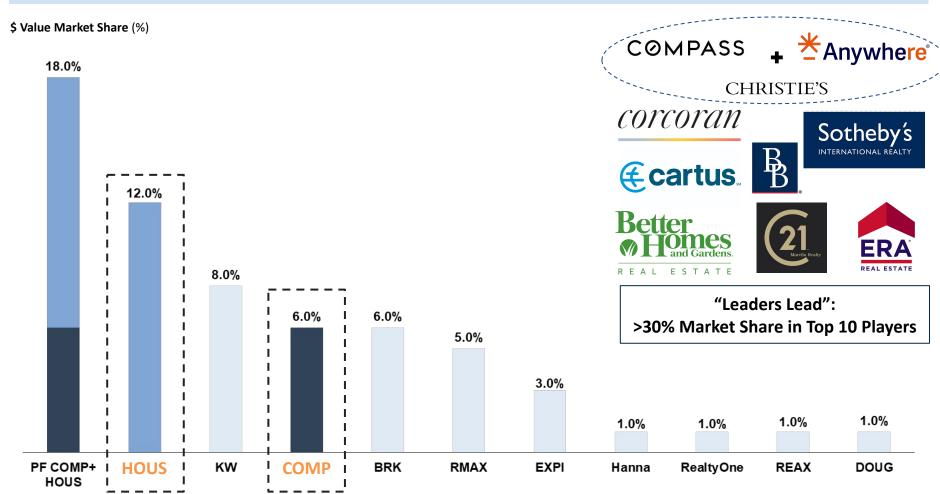
- Acquisition of Christie's fueled the explosive growth 4Q24
- Same story again with acquiring Anywhere + mortgage rates falling to healthy level



Successful Deal: Compass + Anywhere = Win

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Compass + Anywhere = Why We Think It Will Keep Leading The Race





Successful Deal: Compass + Anywhere = Win

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Pro-forma Combination Tells a Propelling Win Story

Key Financials (In \$MM)	COMP SA 2025E	HOUS SA 2025E	Pro Forma 2025E
Share of Txn Size (%)	3%	11%	14%
Share of Txn Volume (%)	6%	12%	18%
Revenue	6,904	5,831	12,735
Growth (% YoY)	22%	4%	13%
EBITDA	274	321	595
Margin (%)	4%	6%	5%
Free Cash Flow	185	54	239
FCF/Share			0.44
Plus: Synergies			300
Consolidated Pro-forma EBITDA			895
Margin (%)			7%

- COMP + HOUS pro-forma 2025E combined revenue reaches \$12.7B, EBITDA \$595M before synergies, reflecting 13% YoY growth and 18% U.S. transaction share
- Post-synergy uplift: expected \$300M EBITDA synergies increase consolidated EBITDA to \$895M (7% margin), enhancing scale, efficiency, and cash generation (FCF \$239M)

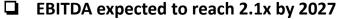
Sources: Company filings, FactSet Consensus



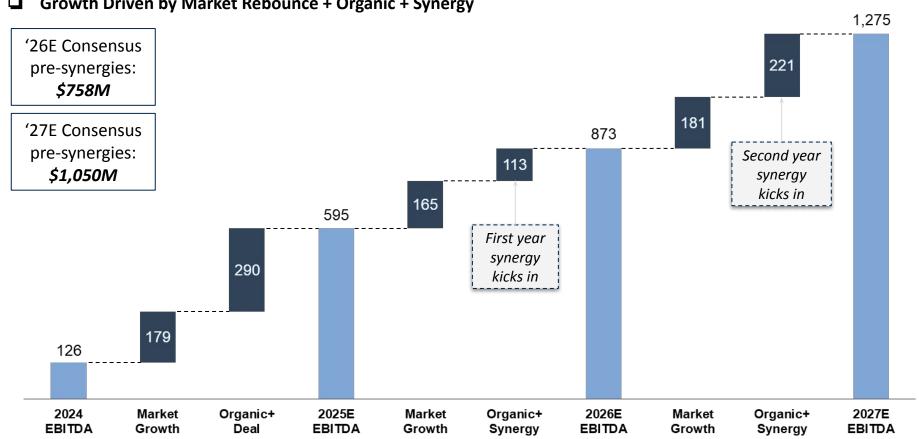
Successful Deal: Compass + Anywhere = Win

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Pro-forma Combination Tells a Propelling Win Story









Industry Comps: Shifting Benchmark

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Reshaping Industry Dynamics Through Long-runway Earnings Growth and Multiple Expansion

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Industry	Resi-RE Brokerage	Asset Management	Resi-RE Brokerage	Resi-RE Brokerage	Resi-RE Brokerage
Organic Share Growth	\checkmark	X	X	\checkmark	\checkmark
Market Growth Rank	1	2	4	5	7
Appurtenances	\checkmark	\checkmark	\checkmark	\checkmark	\checkmark
Cyclicality Resistance	X	\checkmark	X	X	X
Tech Implementation	\checkmark	-	-	-	\checkmark
Platform Flexibility	⋖	-	\checkmark	\checkmark	\checkmark
Operating Leverage	\checkmark	X	\checkmark	\checkmark	\checkmark
EV/EBITDA ('27E)	7.5x	17.4x	0.5x	14x	-
EBITDA CAGR	20%	18%	1%	3%	17%
5y Stock Return	-	42%	-76%	99%	31%
EBITDA Margin	5%	37%	35%	-	33%
P/E ('27E)	24x	-	16x	-	23x
Market Cap	\$ 5.6 B	\$ 1.35 B	\$ 284 M	\$ 1.65 B	\$ 26.6 B

Sources: Bloomberg, FactSet



Industry Comps: The Advantages

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Company	Core model	Differentiators	Risk exposure	Recent growth signals
I I CØMPASS I	Tech-enabled brokerage	Exclusive listings; high agent productivity; luxury footprint	Housing cycle sensitivity; agent retention	Market share ~6% (↑125 bps); revenue +21–29% YoY; transactions +22% vs market +2%
REDFIN.	Brokerage + portal	Consumer UX; salaried agents; integrated app	Margin pressure in down cycles	Revenue growth mixed; market-dependent recovery
Zillow °	Portal + lead gen	Audience scale; ad/lead monetization	Reliant on agent ad spend; limited transaction participation	Traffic strong; transaction capture indirect
Opendoor	iBuyer	Speed; convenience; instant offers	Home price risk; capital intensity	Volatile volumes; margins tied to HPA
EXP	Cloud brokerage	Virtual model; rapid agent growth	Agent churn; tech parity vs peers	Agent count +20% YoY; revenue growth moderating
Traditional franchises	Franchise brokerage	Network scale; brand recognition	Agent churn; slower tech adoption	Stable; performance varies by region/brand

Sources: Bloomberg, FactSet



Valuation: What's It Worth

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Pro-forma Sensitivity Analysis on 2027E Forward Multiples

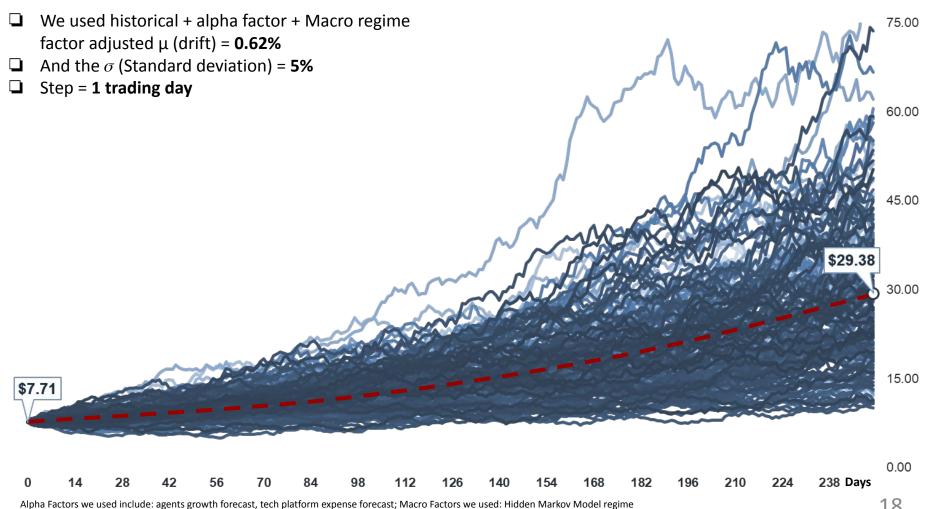
(In \$MM except per share data)	<u>Bear</u>	<u>Base</u>	<u>Bull</u>	Footnotes:
US Existing Home Sales (in MM)	4.0	4.6	5.0	LT Median: Historical Floor:
Premium/discount to LT Mean (%)	6%	12%	18%	5.0MM 3.8MM
Market Share (%)	18%	19%	20%	-
Revenue	12,735	15,282	16,556	
Growth (% YoY)	0%	20%	30%	
IEBITDA	828	1,375	1,738	Mid-cycle/normalized EBITDA margin: 9% (+/-1.5%)
Margin (%)	6.5%	9.0%	10.5%	COMP Ave: 12.9x HOUS Ave: 8.2x
IEV/EBITDA	8.5x	10.5x	12.5x	
Target EV	7,036	14,441	21,729	Brokerage: 11.6x RE Platform:15.9x
Less: Net debt	(3,103)	(2,069)	(1,656)	
Target Market Cap	3,933	12,372	20,074	
TSO (3Q2025)	634.8	634.8	634.8	
Target Stock Price	\$6.20	\$19.49	\$31.62	
Target Return (%)	-19.6%	152.8%	310.1%	52W Low: \$5.35 52W High: \$10.24
Current Price	\$7.71	\$7.71	\$7.71	-



Valuation: What's It Worth

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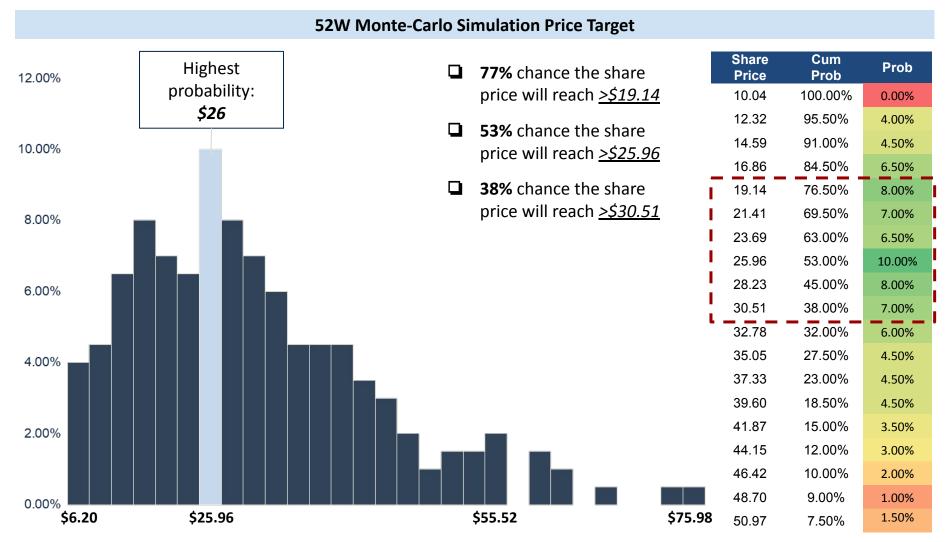
52W Geometric Brownian Motion Price Target: \$29.38 (Mean)





Valuation: What's It Worth & Risk

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Opportunity Zone: Undervalued Relatively

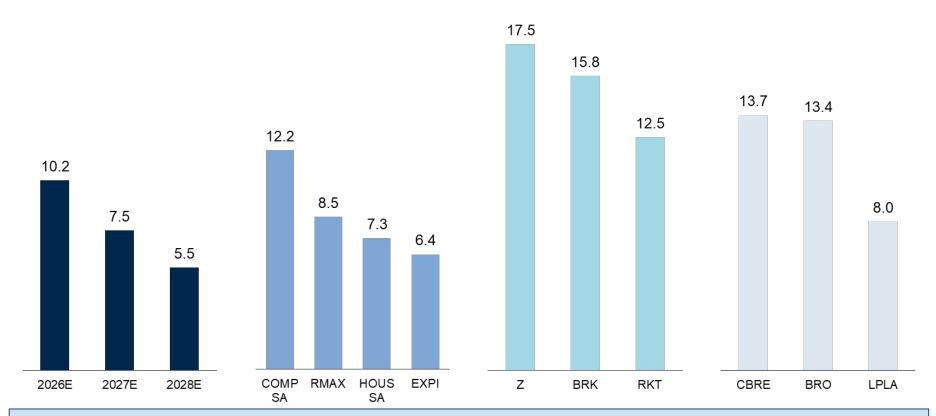
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COMP Pro-forma: **7.5***x*

Residential Brokerage: **8.6x**

RE Platforms: 15.9x

Brokerage Platforms: 11.6x



Pro-forma Multiples Indicates Undervalued and Substantial Room for Increase

Sources: Company filings, FactSet Consensus



Opportunity Zone: Mispricing

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Housing: All because of affordability

- Mortgage 30y fixed rate spiked from <3% pre-covid to 6-7% floating post-covid
- Demands are always there, but buyers can't afford the price
- Sellers unwilling to sell, "Lock-in" effect too costly to switch from low rate mortgages to high rate

Counter-attack:

 Presidential intervention → boost up demand & rate cuts → Housing emergency

<u>Deal:</u> Uncollared all stock merger with HOUS

- A 1.436:1 COMP vs HOUS shares resulted in +175MM new shares issued
- 1d post announcement: -16% stock price & 7x volume traded in a day (9/22/2025)
- 1w post announcement: -19% stock price with 322MM cumulative shares traded in a week

Counter-attack:

- Merger complete
- Positive investor outlook
- Mgmt roadshow

Stretched thin: High growth vs sustainable

- Agents leave once they secure the clients loyalty for their own profit
- Rapid growth for dominance instead of efficiency
- Tech replaces agents? Too costly anyway

Counter-attack:

- Agents stayed
- Cost reduced & productivity boosted
- Tech improved agents' efficiency

Sources: Company filings, FactSet Consensus





THANK YOU!

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University of California, Berkeley - Haas School of Business