

Superior Sublease

Feasibility Analysis

Entrepreneurship 350



Team 7

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Executive Summary

The inspiration for Superior Sublease initially came from our team's personal frustrations and experiences while trying to find apartments and subleases around the University of Tennessee's campus. Together, we thought that there had to be a better way than clicking between numerous sites and phoning sketchy Craigslist posters. As a result of our sublease and apartment search, our team recognized that Superior Sublease would fill an obvious gap in the rental market. Before we began planning our app and website to solve this problem, our team began conducting interviews with our target audience of 18-24 year old college students and young professionals. We used this research to more fully develop the business thesis for our company with a focus of providing a secure and simple solution for finding leases and subleases and matching buyers with sellers.

Superior Sublease, unlike other similar apps and websites, is targeted just for apartment rentals and subleases, and provides ease of use, security, and trust in those you were talking to about renting or subleasing to/from within this market sub-sector. Essentially, it is a "one-stop-shop" for subleases and apartment rentals to save time and headache for both the lessor and lessee.

In this Feasibility Analysis, we analyzed whether our idea would be feasible in a number of categories. Initially, we reviewed our product/service solution in relation to the problem and noted that there was a desire for this consolidation of listings, but also interest in a way to get to know the person you will be interacting with before signing the papers. When the industry and target market were analyzed, our team saw an opportunity to enter a growing industry with an accessible target market. Once the market opportunity was better defined, our team considered the organizational structure of the company, and what resources were needed to be successful noting the availability of such therein. Finally, we focused on the financial section. Here we found that even with an acceptable revenue margin of 1.5, expenses stripped away profit potential over the course of the three-year outlook period. Although we still believe there is significant potential in the sublease and apartment rental market for an app and website that consolidates both types of listings, our team concluded that it is not financially feasible to develop this business opportunity.

Product/Service Feasibility

Product/Service Overview

College students and young professionals who are looking for a short-term living arrangement will use our sublease app because it will help connect subleasees and sublessors in order to obtain an inexpensive living arrangement. All users of this application will be required to create a basic profile with a rating system in order to allow subleasees or sublessors further evaluate if the match is a good one. Subleases are typically lower priced than other living arrangements due to the sublessor's desire to get their lease filled quickly because each month their room is vacant is more money wasted out of their pocket. Our sublease app and website will be a platform by which apartment complexes and individuals can pay a monthly fee in order to list their potential subleases online. During the finalization of the sublease matching process, a service fee will be charged to the subleasee in order to allow for them to contact each other to finalize their sublease.

Some of the appealing features in which our app and website will offer are, a simple user interface, an effective sublease search in which one can refine by location and price, and a secure sublease matching process. Currently, there is not a "go-to" platform for sub-leases, and most college students do not want to hire a real estate agent to lease their apartment out. When several UT students were surveyed, they stated that they primarily used word of mouth, Facebook, and Craigslist to fill their sublease. While these platforms can be effective, there are so many platforms to look for a sublease that it is difficult to find one in a timely manner. Our solution will allow for college students and young professionals to post their subleases on one platform in order to make the sublease process both easier and more efficient.

Product/Service Desirability

This product would draw customers due to data gathered in "potential customers" interviews. Where they shared that they would love an application or website that would allow for subleases or vacant leases to be filled more quickly and easily. Many potential customers really liked the idea of having a search tool with a filter for location and price in order to refine results. When a real estate agent was interviewed as part of the customer discovery process, they agreed that college students would love to use our application and website because it would make it significantly easier to connect sublessors and subleasees because college students often do not have enough money

to use real estate agents. Not to mention the fact that using an application or website instead of friends or an agent would be significantly more convenient for our target audience of college students. Subleasing is a frequent issue for college students and young professionals because co-ops or internships are often in unfamiliar cities for a period of time typically less than 1 year. Also, some students graduate before or after the end of their lease and need to move for graduate school or to obtain a job. From personal experience, our team knows that it is really difficult to find an apartment with a lease time that is less than a 1 year in a city in where you know almost no one, and it is a big commitment to sign a year lease when you will only be there for 6 months. This experience is not limited to a few individuals and is part of why our app and website is unique. The window of opportunity for introducing this application to the market is open right now because there is currently no platform which specializes in connecting sublessors and subleasees.

While we know this app and website is able to fill an opening in the market, we also are aware that there are risks in the way our app and website are set up. Our biggest fatal flaw in which could cause this app and website to be unable to fill the window of opportunity is a liability from the matching service we provide, where there could be a bad sublessor and subleasee experience. This could be especially damaging if it were to end in damages to the apartment or harm to others who currently live in the apartment. This is the main issue that will be needed to be overcome in order to allow the sublease application to work. As long as our team is able to overcome liability issues, our application will add value to sublessors because they will not have to pay for their vacant lease, and subleasees will be able to find an affordable and short-term lease.

As mentioned earlier, users currently use word of mouth, Facebook, and Craigslist, to find or sell subleases. While some customers are satisfied with these platforms, 47 of 50 (94.0%) of students said that they would use our sublease application over these competing platforms if it were to make finding or selling a sublease easier and/or quicker. This application would be considered a continuous innovation because it does not change consumers behavior much. The sublease market already exists, but this application has been referred to as the "Airbnb of subleases" in order to connect customers to the right lease in a timely manner. People use word of mouth currently, due to their roommates wanting to have a sublessor that they already know as opposed to a stranger, and for the same reason, users will use Facebook because they are already in groups with their friends in which they can post subleases. Craigslist and other platforms are by far the least popular because nothing is known about the sublessor or subleasee, and it is basically a shot in the dark. All users would prefer our

sublease app and website platform over the previously described options because it would require users to put forth less effort to find or sell a sublease, user profiles and rating systems would allow users to get to know the potential subleasees and find a better match for their sublease, and a single platform for subleases would allow for the sublease to be filled in a more timely manner. The buyer for this application would be the sublessor in order to place the listing online and then the end user would be the sublessee which will be using the home or apartment. With that being said, both parties will pay a fee when using the app or website which makes both parties buyers.

Service Demand

After evaluating data, our team believes there is a demand for our subleasing app in the USA because over 20 million college students lived off campus in 2018, and our app would appeal to this market. This number includes both undergraduate and graduate students. Students often get an internship or co-op in a different city or graduate before or after their lease is over and need a temporary lease. Our app hopes to fill the demand for these students. Initially, our target market will be the 21,394 students living off campus at the University of Tennessee (UTK). Demand can be demonstrated from the results of surveying 50 different UTK students on whether they would buy into our app over competitors. As mentioned earlier, 94% of the students said they would use our sublease app if it made it easier to find and sell subleases. In our sample size, 32% of students interviewed had been involved in a sublease, and 54% primarily used word of mouth in order to sell their sublease. If technology were able to fill the void in the sublease process to allow individuals to simply scroll through their feed on their computer or mobile device in order to find or sell a sublease living arrangement, a huge problem for college students could be solved. While 36% of the students interviewed already used the online platform of Facebook, our platform would be specifically geared to find subleases and apartments, therefore making it much more user friendly and simple. In the future, when our team plans on scaling the operations of our application, we will be chasing the 20,010,000 market size throughout the whole US for college students living off campus. Similar websites have been successful in the housing market such as Zillow and Redfin. Zillow is the world's largest real estate networks online with 188 million users, and 50% of the users plan to buy or sell a home. Superior Sublease would have a very similar business model but would be geared toward college students subleasing rather than purchasing homes. This also proves that our application would be a continuous innovation because the housing market already uses online platforms with similar features.

Market Feasibility

Industry Overview

Superior Sublease falls within the apartment rental industry in the U.S. This is due to us providing a platform for people to meet with the purpose of finding available listings to either lease or sublease, through our innovative app. The apartment rental industry falls underneath the umbrella of the real estate industry. This industry is both complex and competitive, and continually has ups and downs. Typically, this industry makes billions of dollars every year. In 2018 the industry started out hot, then slowed slightly throughout the year. In 2019 the industry is expected to rise, but at a slower rate than seen in 2018. The real estate industry has consistently risen over recent years due to people making more money than ever before. Another factor in the spike in growth is that millennials are starting to find places to live and the average millennial household income has increased to approximately \$88,200 per year.

Currently, there are about 200,000 companies involved in the real estate management and residential brokerage field and over 200 billion dollars were made in the residential market in 2018 alone.

There are numerous opportunities to make an economic impact on the housing and rental markets in the United States. This industry will always be competitive and offer an opportunity to earn profit due to the fact that it will never end. As long as there are people on the planet, they will need a place to live.

Although there are many real estate magazines out in the public communities, the real estate industry is moving towards an online market for consumers. 90% of potential buyers research listings and market backgrounds before moving forward with a deal, and they typically turn to online sources instead of magazines. Additionally, online listings are increasing. This increased use of online sources is due to online service is making it easier for buyers to gather quality information before making one of their most impactful financial decisions. This increase in the use of online services is what helped spark our idea to make a listing app and website. Though there are many websites and places online to see real estate listings, it can be hard to find sublease availability. This is where we are making it easier to search and find what consumers want through our lease/sublease app and website.

The real estate industry, especially the apartment rental industry, is going through some significant changes as more people are looking for apartments than ever before. It is

becoming harder and harder for people to commit to buying homes. Especially, since it is much easier to rent a house or an apartment logistically than buy in the short term. Additionally, there is also a generation gap with people buying versus renting homes or apartments. Younger generations tend to be more likely to rent because they are more prone to saving money and have less established bank accounts. Also, younger generations in some way or another are connected to the housing market crash of 2008. This caused people to be extremely afraid of going into debt, especially for housing. Now, people are renting places to live for much longer durations of time such as a year or two, rather than the short term of times past. Also, more people are renting homes for a year or two before finding a permanent location to live. In today's market consumers are completely fine with just renewing their leases, rather than renting for a short time then finding a more lasting solution. Developers are also choosing to build more apartment units to help keep up with the increasing demand of younger people choosing apartments over homeownership. This increase in the supply of apartments is a great way to help fulfill the changing needs of consumers and is part of why our team thinks our app and website can succeed.

Industry Attractiveness

The real estate industry is one of the most competitive markets in the world. According to the National Association of Realtors 2018 Member Report, there are 1.3 million Realtors in the United States, up from 1.22 million in their 2017 report, which is an increase of 6 percent. The product we are going to provide offers a similar, yet different methodology than what already exists in the industry. There are plenty of places to go online and see listings for potential apartments. However, there are not many apps that pair with a website out there that do the same thing. As we become a more technologically advanced society, customers enjoy finding information in the palm of their hand. This app feature of our website will allow customers to easily find a place to live and find information quickly. We have a different methodology than our competitors because we are posting subleases in addition to apartment listings. Currently, there isn't a good place or way to get the word out if you need to find someone to sublease your apartment. This can be a significant challenge for college students due to the fact that students are paying a full year lease on an apartment that they typically live in for about 7 months. If a student chooses to study abroad for a semester, they spend even less time in their apartment. This is where subleasing helps them cover the rent that they aren't using.

From doing our own market research, our team found that the main problem with a sublease, especially for college students, is that it is extremely difficult to get the word out about your listing. The University of Tennessee students often use Facebook, Craigslist, and other social media platforms to get a deal on a sublease, however our application would provide a one stop shop for people to put up sub listings and get connected with potential buyers in a quick and easy fashion.

The real estate industry is a very fragmented industry. There are so many players within the industry that no one player can sway the entire environment, however trends, such as an increase in interest in rentals of apartments and houses, can clearly be seen and develop within it.

The real estate industry has been growing steadily for the last decade. This makes people in the industry nervous because it probably means that a downturn in the industry is soon to come. The housing market has four phases: recovery, expansion, hyper supply, and recession. The real estate life cycle is currently in the expansion phase. This can quickly change due demand, interest rates, population trends, and the overall economy. Which is part of the reason the rental market is growing so quickly.

Target Market Overview

Our target market is college students and young professionals who are looking for apartment leasing and leasing opportunities. There will always be a target market in this industry due to students always desiring a place to live during college that is off campus. Additionally, as college students transition to young professionals, they will also be looking for apartments and places to live after graduation for their first job, or graduate school. We are going to start our target market within the University of Tennessee's student body and off-campus housing in Knoxville, Tennessee. Starting our market in a smaller scale location that we are familiar with will provide us with a greater area of success. Our team's experience with the off-campus housing options in Knoxville is part of how we came up with this app and website design. Once we are established in the University of Tennessee's student housing and have some positive feedback from our app, we will take it into larger markets. Initially, we will expand into the whole of Knoxville, Tennessee, then possibly branch out to other areas in Tennessee as well as the southeastern US. Our team is unsure of the overall possibility of our app, that is why we are going to start small so we can enter into the market and get a better understanding of how we can best implement our idea to make a profit.

There are approximately 28,894 students total attending The University of Tennessee, and approximately 21,394 students either live at home or in off-campus housing. According to Apartments.com, there are currently over 2,200 available apartment listings in Knoxville, Tennessee. Of the over 2,200 apartments, around 1500, of them were filtered for student living. Those are just the listings that are publicly available, not accounting for the numerous word of mouth rentals, as well as subleases available

Our intended customers will have many similarities. The potential consumers for our market are typically similar in age, however as time progresses our target market may diversify. The target customer for Superior Sublease will be between ages 18 and 24. These customers will be students or young professionals. Knoxville is one of the fastest growing cities in the United States and has one of the best employment outlooks in the country. It is growing especially for young professionals due to its low cost of living and crime rates. This ultimately means that more and more people in their twenties are moving to Knoxville because it is an inexpensive place to live and there are plenty of employment opportunities.

Knoxville Demographics Profile

Statistic	Knoxville	Tennessee	National
Population	183,927	6,548,009	318,558,162
Population density (sq mi)	1,863	153	91
Median age	33.0	38.5	37.7
Male/Female ratio	0.9:1	1.0:1	1.0:1
Married (15yrs & older)	42%	57%	55%
Families w/ Kids under 18	42%	41%	43%
Speak English	92%	93%	79%
Speak Spanish	4%	4%	13%

<https://www.areavibes.com/knoxville-tn/demographics/>

According to an article in Grown and Flown, students who are looking to live in an off-campus apartment are looking primarily for safety, the quality of the neighborhood, parking, furniture, lease agreement details, and honesty from their landlords. It is imperative that we understand all that our intended customers are searching for because it allows us to ensure these needs are met in our product. We will have a filter

skill on our app and website that allows the user to search for exactly what they are looking for and can add these demands to this skill. Customers love hearing and seeing positive reviews on a product that they are going to pay for, and we do the same thing on our application through in app/website reviews on the lessor or lessee, and comments on the neighborhood.

Target Market Attractiveness

The target market for Superior Sublease is easy to find. We are focusing on the current students at the University of Tennessee and young professionals in Knoxville, TN who looking for an apartment to rent, or a sublease. As mentioned before, we have the exact number of students (28,894) students that attend the University through the use of the university's public records, and know these students have similar routines on campus and often gather in public areas of the University of Tennessee's campus on a daily basis. It will be easy to market our idea and spread the word to the students because our team is also students, so we will know where the students will be, and our team will also use various social media networks that students and young professionals are active on.

It will be both easy and difficult to make customers aware of the new product or service. The easy part is that our team knows exactly where our target market is located and will have an advertising and marketing plan to help get our product out to these students and young professionals. Additionally, as part of our marketing plan, we will reach out to local apartment complexes to potentially partner with them to add listings to our app and generate traffic through them. The difficult part is getting enough people to put listings on the app and actively use it. When our business begins our team will reach out to anyone that we know who is currently trying to sublease their apartment and offer to put it on our site. It is easier said than done to get traffic to your site or app, so we will have to pay for a marketing plan. This marketing plan/ team will come up with a plan to help spread our idea to as many people as possible within our target audience.

Target markets are easier to find in smaller areas, such as The University of Tennessee and Knoxville. It is significantly harder to find the market for students and young professionals living in off-campus apartments across the country. However, our business plan is to start local in an area that our team knows well before expanding.

Organizational Feasibility

Resource Requirements

Knowing what main resources, a business needs to operate smoothly is a key process in understanding whether a business will sink or swim. A lot of these resources are non-financial resources. The most important non-financial resources that Superior Sublease needs is having affordable office space and equipment, retaining premier customer service, keeping an easy and sleek interface, and having effective marketing campaigns.

Superior Sublease is an app/website based service that helps people looking for a place to sublease connect with people that have places to sublease. One of the main keys to having happy and returning customers with an online service business is to have high-quality customer service. This service will come from our IT leader that we hire. We want to make sure that we get the most people-friendly and qualified employees that we can. So, we will use an online job posting website such as, Indeed, to ensure that we reach the most people. This will also provide an easy way to sort through resumes and quickly decide who we want to interview for the position. Our customer service department is going to work a little different than your traditional brick and mortar type stores. Our team will mainly be focusing on troubleshooting problems within the app and customer specific questions pertaining to leasing information.

The most important part of our business is the actual app and website itself. There are many app and website development companies that work at an hourly rate to choose from so that will not be a problem. The main selling point for apps in the online marketplace is the ease of use, filtering/search options, and payment methods. In order to keep the app top notch in these areas, we will need to hire 1 website designer that specializes and has previous professional experience in marketplace app design, with a focus on WordPress website to app conversions. This will help ensure that any software related problem will not cause the app or website to go offline for long enough to lose a proportionate amount of sales. Since our main selling points are when the customer lists a property of theirs and when the sublessee gets connected with the sublessor we need to make sure there is no way to avoid the listing fee, or for them to get in contact without payment. This is why we'll need a website designer who is familiar with WordPress and using plug-ins to convert the website into an app as well as more technical customer-based problems.

With our business being an online marketplace using software the only thing we plan on using as the intellectual property will be our company's name. A main competing company, Zillow, recently applied for four different utility patents two including patents that allow the user to capture and use the interior building data from a mobile device. There will not be any additional intellectual property initially established as we will just be entering the market with no new processes brought to the market.

For any online business to be profitable, the company needs to have a well-planned marketing strategy. This starts with a well-experienced marketing analyst that can start finding the company's suitable target market. Finding a suitable target market and finding ways to penetrate this market will determine how fast the company can grow. For this information to be implemented though we will also need a marketing specialist to implement and contain the progress of the campaign. 84 percent of people looking to rent apartments and houses use the internet while searching. With a solid marketing team, we can take advantage of search engine optimization and online mediums.

Management Requirements

There are a lot of different fields in a tech-based startup and with so many fields it comes with a variety of management positions. The big positions in Superior Sublease will need is a marketing campaign strategist, social media manager, head of operations, IT team leader/customer service specialist, and CEO. Creating many specialized groups of management will help with team building as well as keeping all subdivisions on track.

One of the first management positions we will need to fill is the head of operations position. The head of operations will be the general head of every division that we have but will listen and adhere to the CEO's requests and procedures. Having a specified leader for day-to-day operations of our app and website is vital for our business to work and they will need to be able to multitask well. The main objectives of the head of operations will be to make schedules, motivate, and keep all departments on task, deal with all HR related problems, train new employees on company policies, and do the payroll. The purpose of leaders in each department is to motivate co-workers and meet deadlines for our clients and our app. Having a head of operations in the office will help keep the leaders of the departments on track.

Initially, we will take advantage of Hootsuite, a marketing software used to manage and monitor our company's social media profiles, however we know that as we grow, we will need a marketing strategist for increased success. The marketing strategist for Superior

Sublease will be the head of the marketing department as we grow. This position will take the data and learned knowledge from the marketing analyst and with the help of the marketing team will compile a specific marketing campaign for the season. Being an online and app-based company virtual traffic is going to be most of the concern. This pairs perfectly with our target market of a younger crowd. Considering this the marketing strategist will need at least 2 years' experience with Google AdWords and other search engine optimization programs. The market strategist would control this along with the social media side. Being a service based app we will not have a ton of social media attention but websites like yelp will need to be constantly monitored to understand customer trends.

A CEO is needed to keep the office manager in line, keep the board of directors in constant communication, and make any major corporate decisions. The CEO will be the one giving orders to the office manager to distribute out between departments. If the office manager is doing a poor job the CEO can fire him with reasonable cause. The communication with the board of directors and the CEO helps keep the big idea in the picture and to make sure that the right decisions are being made. Also it is important to note that the CEO will be one of the founders so we already have this position filled and will not need to search.

Lastly, we will need an IT team leader. This position will overlook day to day operations in this department. Specifically, they will be responsible for minor technological problems, minor adjustments to our WordPress website plugins, and help with customer service as it pertains to technological problems. This position will need to be filled by a highly energetic, charismatic, and knowledgeable person which might not be very easy to find. Overall this will be one of the more specialized positions and will be prioritized towards the top of the hiring process.

Financial Feasibility

Total Start Up Cash

The total startup costs are numbers at \$37,062 as shown in Appendix F. All e rough estimates for our first year in business. Accounting will include QuickBooks and quarterly reviews of our financials at \$120/month. Advertising will include flyers and lobbying for our application. Commissions will provide incentives for our employees to sell more applications in person, and the employee will make 7.4% the sale. Dues & subscriptions will include any software in which our business is subscribed to (Microsoft Word, etc). Furniture and equipment will include desks, shelves, chairs, and other things needed for the team's "office space". Human resources will be paid to an employee for managing internal documentation. Insurance will be a general business insurance. Internet will be paid to our landlord for high speed subscriptions. Legal will include the cost of setting up our business and general legal concerns. Marketing and communications will include the cost of website, app development, cost of hosting a website, cost of hosting an app, and a social media manager. Meals and entertainment will include any team meetings at restaurants or sales meetings which potential customers or influencers are treated. Office supplies will include anything in which we need for our office which has not already been accounted for. Rent will be paid to our landlord, and we initially will work out of someone's home. Research and development will be \$25/month to research further innovations. Salaries will be paid to our employees. Lastly, telephone and utilities will be necessary for running our "office".

Revenue Drivers

We will be selling a matching system for the purpose of living arrangements. Instead of surfing the internet and scouring social media forums for possible leases, we have created a user-friendly platform that connects lessors and lessees.

Our business venture has four total revenue components. We offer three products including advertising space, lease posting space, and a priority listing feature. We also provide a matching service through our app and website platform.

Our leasing app will sell prime advertising space along the margins of the app and website. Local apartment, condominium, real estate firms, furniture companies, moving businesses, and other local firms will have an interest in purchasing advertising space on our app because their target audience will be the primary users. We will charge five

dollars per advertisement for a four week run period. We based our pricing off of our research on the price of Facebook advertisements. Through Facebook, advertising space can be purchased for as low as five dollars per day.

Additional revenue will be generated through listing charges. The listing fee is a one-time flat rate of ten dollars. The lister must pay this fee before their post goes live on the app. This price was decided based on our findings from the interviews we previously conducted. Since our target market is willing to spend five to twenty dollars, the ten dollar price is a happy medium to attract customers from both ends of the price spectrum. It also allows the user to spend money buying priority listing space if they choose. The lease listing expires after four weeks. The listing will automatically reset and charge the lister for the next cycle. The user has the choice to cancel their listing at any time, but there are no partial or full refunds.

Another revenue source will come from the sales of priority listing space or “pop-ups”. In other words, an individual can buy space to remain as in the top three spaces on the listings in the app, rather than allowing it to move further down the page as more recent leases are posted. The priority space expires after ten days. The lister can opt to repurchase the priority space after its expiration. This feature will cater to users who are urgently seeking a tenant or have had no luck otherwise. It would satisfy current customer needs of expedient leasing. The priority fee costs fifteen dollars for a 10 day run period. This price was chosen in order to create an element of exclusivity. If it were too affordable, more listers would opt for the “priority” option which defeats the original purpose. Listers that are in a time crunch will front the cash if it increases the probability that they will find a sublease. There are no platforms for urgent lease notifications, other than drastically discounting rental rate and personally advertising it on social media market forums.

The matching service our app provides requires an affordable three dollar fee for each listing the searcher desires to contact. The fee is so small based on the reasoning that the searcher will wish to contact many listings, not just one. The user is only charged the fee if they wish to acquire contact information, which is blurred out to avoid people going around the fee, otherwise, the app and ability to browse listings is cost-free.

This organization is strategically modeled in order to prevent users from going around the system. We learned that this was a problem while researching Curtsy, a women's clothing rental app catering to collegiate women, faced the challenge of users avoiding the Curtsy fees by searching the clothing owners on social media platforms. Curtsy even attempted to prevent app users from sending their cell phone number in the chat

section, but some women managed to evade that system. By blocking all contact and key identity information of the lister, such as last name, phone number, or email, the searcher has no other choice than to pay the small fee.

The layout we have designed to show a preview of the listings is modeled after the well-established Chegg website. Students may search and view a detailed preview of homework answers or study materials on Chegg, but they must pay to gain access to the essential elements of the material such as the answers or written-out solutions. This format is successful because users are more willing to pay for a service if they have confidence that they are gaining value. Just as the student will pay to gain access to Chegg if they know it will provide them with the solution to their specific problem, lease browsers will pay the matching fee if they know the lease could likely be compatible for their needs.

Our margins are based on sales from advertisements, listing, priority, and matching fees. Based off of the third year, we project that we will generate \$9,700 of revenue which is based on our revenue model. We also project to incur \$6,500 of costs associated with the website hosting, design, and implementation. Therefore, our revenue margin is 1.5.

Financial Performance of Similar Businesses

The most similar business to our Secure Sublease App is Zillow or Redfin. Both of these companies are online entities that cater to seller and buyer personal autonomy. Redfin is a real estate brokerage company that caters to an online audience, and Zillow is an online real estate listing platform. Although the companies are in the housing buying and selling market and the financials are tough to compare to our small venture, their online presence, user-friendly interface, and mission to simplify the real estate experience reflects much of the purpose of Superior Sublease. Both of these platforms aim to empower the seller and buyer with minimal or no interference of a third-party middleman agent.

For means of simplicity in comparison, Zillow is the company we chose to analyze for our Superior Sublease venture. Within a year of their founding in 2006, Zillow had raised thirty million in funds. By 2011, they were traded on the NASDAQ Stock Market. In 2017, they reported a whopping \$1.1 billion dollars in revenue, and their market cap is currently \$7.965 billion. Since then, they have been horizontally integrating through acquisition of similar online real estate listing websites. Today, Zillow reports over thirty

six million monthly visits to their site which is only one indication of their astounding success.

Even though there is no fee to sell or buy on Zillow's platform, the company manages to generate over one billion dollars in revenue. Their main source of revenue is from advertising sales purchased. A substantial portion of these advertisement sales come from rental agencies and other apartment complexes. This information is positive news for Superior Sublease because our most critical source of revenue is from advertisements. Zillow charges ten dollars per month for Premier Agent advertisements, and we have planned to charge half that amount. Our price is most realistically successful considering our audience will start out small and local. Again, Zillow's reported \$230.9 million revenue from real estate agents' firms advertisement alone cannot compare to our projected \$755. However, this information is still valuable because it demonstrates the importance of selling advertisement space is for the survival of our venture. There is great potential to find management properties to buy advertisement space on our app and website based on data reporting that \$3.5 billion were spent on advertisements by property management companies in the United States in 2018.

The growth trajectory of Zillow is a challenge to compare to Superior Sublease. Their company went public in 2011, after being founded just five years prior in 2006. From then, they have experienced exponential growth, and is a fundamental element in the real estate process in many areas of the country. Since Superior Sublease is intended to more easily facilitate sublease matches, our trajectory is anticipated to be much shallower than that of Zillow. The main takeaway from comparing our venture with a similar business is that advertisement sales is essential to our success, especially while listings are low in volume.

Overall Financial Attractiveness

Financially, this idea is not viable. When looking at our income statement (Appendix B) for our 3-year projection, this start-up takes at least a little over \$30,000 in addition to revenue profits to breakeven. The changes needed in the revenue structure and prices are not feasible with our current target audience of college students and young professionals, and projected, sustainable usage rates. To make this app and website a reality would take additional skills on the side of our team, to reduce costs, or changing target audiences to people who might pay more for listings.

Conclusion and Overall Assessment

In regard to the service that is being offered by our app and website, there is an opportunity to fill a current gap in the market through our consolidation of listings, and development of a matching system that allows people to get to know one another before beginning the subleasing process.

The real estate industry is one of the largest and fastest growing industries in the United States today, and the apartment rental sector is one of the fastest expanding areas of that industry. This indicates market strength and the opportunity to solve a problem within that sector is attractive. As we considered ways to meet that need, we were interested in a successful app and website since it provides a way for both rental and sublease listings to be consolidated on one accessible platform. The ability to efficiently browse both apartment listings and subleases is extremely important for our target market, of 18 to 24-year-olds, who are typically college students and young adults. Since we are focusing on Knoxville, TN, which is home to a college and one of the fastest growing cities for young professionals, our target audience is easily reached. Not just geographically, but also through the use of social media.

Organizationally, the skills needed in key management positions will not be challenging to find, however, for our first few years we will need to be creative in how we fill them due to budget constraints. However, the idea of Superior Sublease is considered feasible in this regard.

Financially, this idea is not considered feasible due to the company needing at a minimum over \$30,000 in excess of revenue generated each year, seen in our 3-year projection chart (Appendix A) and income statement (Appendix B), in order to breakeven. This amount of money will not be able to be gained through the banks or investors due to the high amount of risk associated with a startup company. An alternative form of finding the funding is changing our revenue structure by raising the prices. Given the current skill sets of our team members and the resources we have now, this is not a viable option due to it exceeding the maximum amount our target audience will pay to make a listing or use the app/website, as shown in our customer discovery interviews.

Overall, our team has concluded that this business opportunity of an app and website platform is not feasible. While there seems to be a need, or desire, for a subleasing app and/or website and there are resources and people with the necessary skills to make

each component successful, the profit potential is not available over the outlook period and this platform is considered financially un-feasible.

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Logo

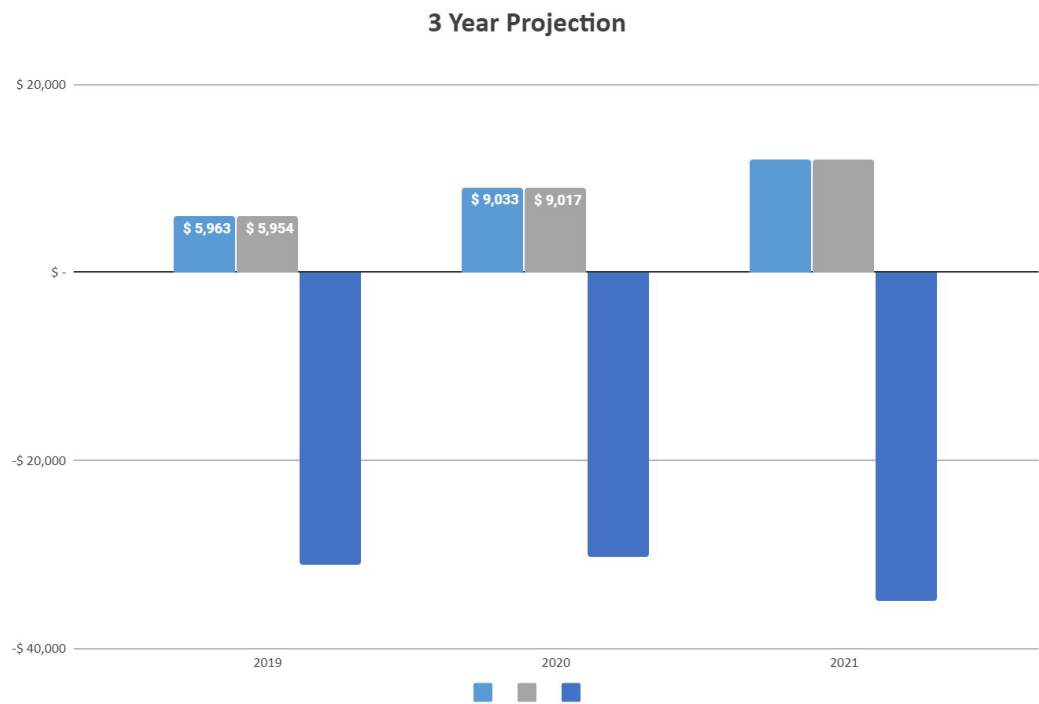
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Appendix A

3 Year Projection Chart



Appendix B

3 Year Income Statement

Superior Sublease

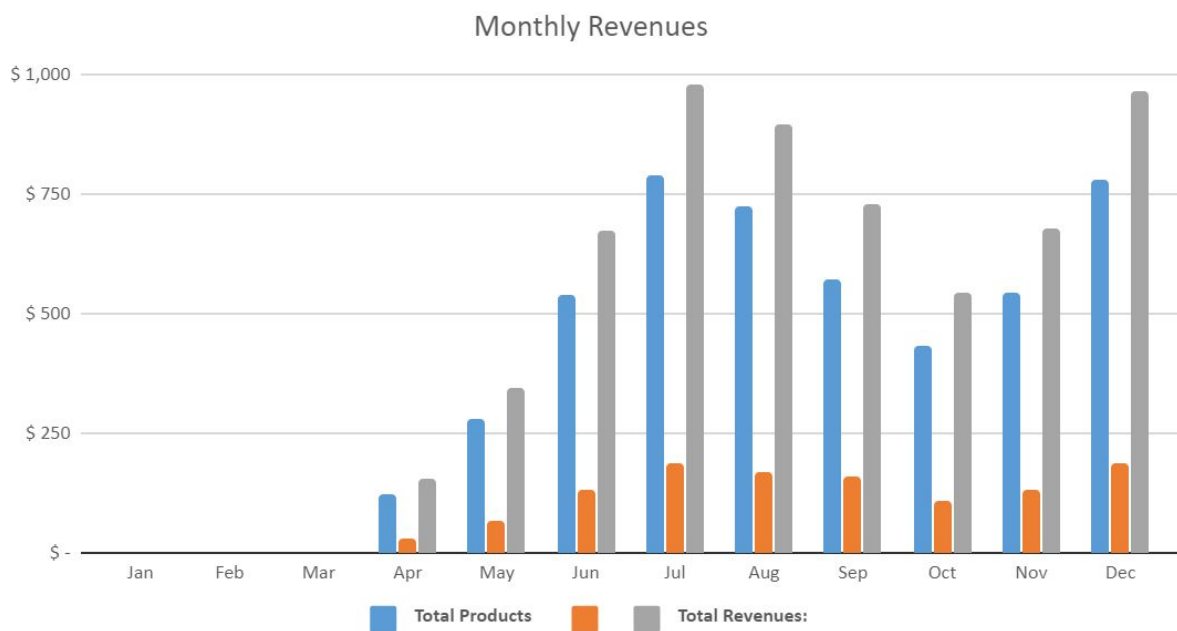
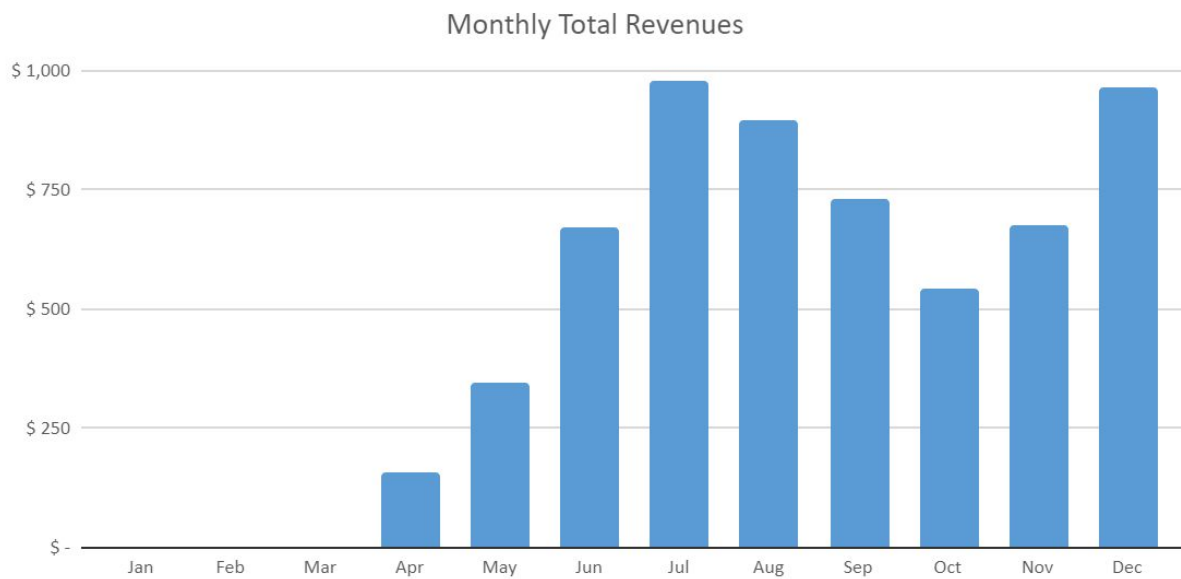
Pro Forma Income Statement

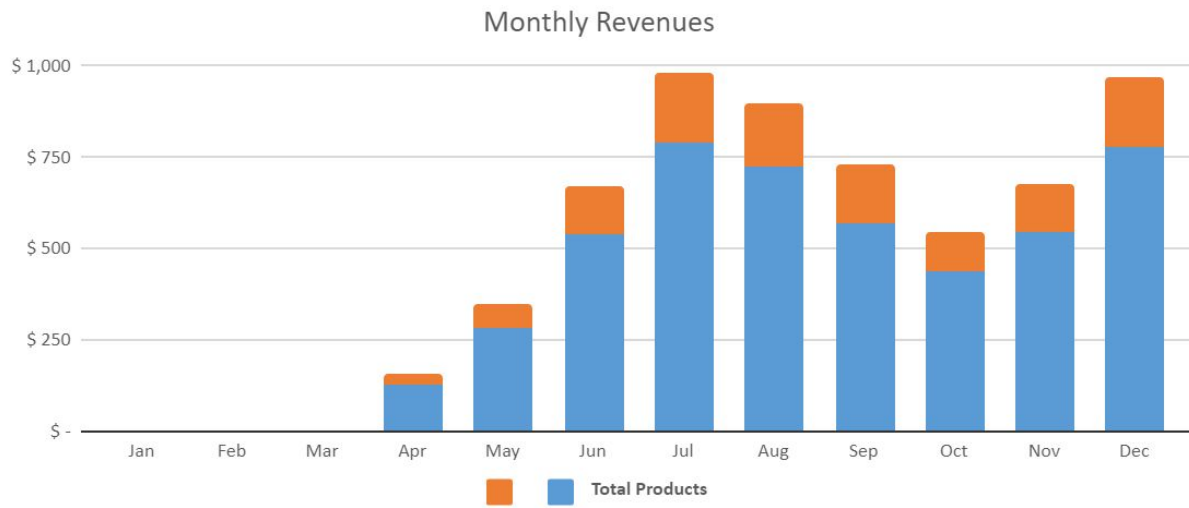
Revenue	2019	2020	2021
Products	\$ 4,790	\$ 7,305	\$ 9,770
Services	\$ 1,173	\$ 1,728	\$ 2,313
Total Revenues	\$ 5,963	\$ 9,033	\$ 12,083
Cost of Goods Sold			
Labor	\$ -	\$ -	\$ -
Material	\$ -	\$ -	\$ -
Other	\$ 35	\$ 56	\$ 76
Total Costs of Goods Sold	\$ 35	\$ 56	\$ 76
Gross Margin	\$ 5,928	\$ 8,977	\$ 12,007
Sales, General and Administrative			
Accounting	\$ 1,500	\$ 1,500	\$ 1,500
Advertising	\$ 2,500	\$ 2,500	\$ 2,500
Commissions	\$ 359	\$ 548	\$ 733
Dues & Subscriptions	\$ 120	\$ 120	\$ 120
Furniture and Equipment	\$ 600	\$ 600	\$ 600
Human Resources	\$ 600	\$ 600	\$ 600
Insurance	\$ 2,400	\$ 2,400	\$ 2,400
Internet	\$ 3,000	\$ 3,000	\$ 3,000
Legal	\$ 1,440	\$ 1,440	\$ 1,440
Marketing and Communications	\$ 8,278	\$ 8,278	\$ 8,278
Meals and Entertainment	\$ 1,200	\$ 1,200	\$ 1,200
Office Supplies	\$ 1,200	\$ 1,200	\$ 1,200
Rent	\$ 1,200	\$ 1,200	\$ 1,200
Research and Development	\$ 300	\$ 300	\$ 300
Salaries	\$ 6,265	\$ 8,353	\$ 15,802
Travel	\$ -	\$ -	\$ 100
Telephone	\$ 6,000	\$ 6,000	\$ 6,000
Utilities	\$ 100	\$ 100	\$ 100
Total Sales, General and Administrative	\$ 37,061	\$ 39,338	\$ 47,072
Net Income	-\$ 31.133	-\$ 30.361	-\$ 35.065

Appendix C

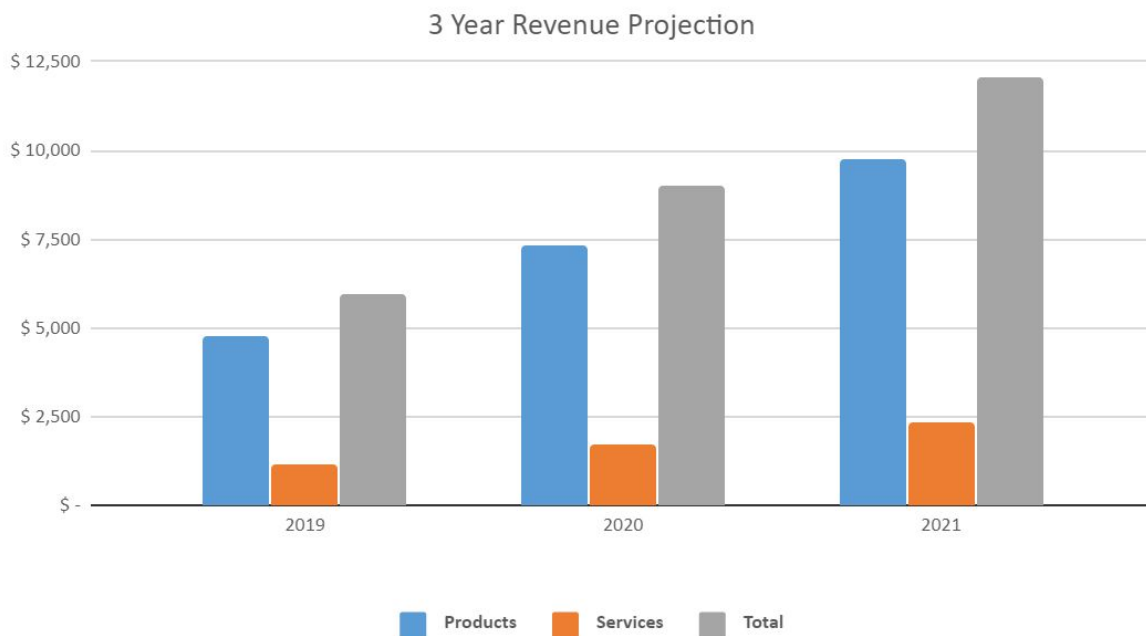
Additional Financial Charts

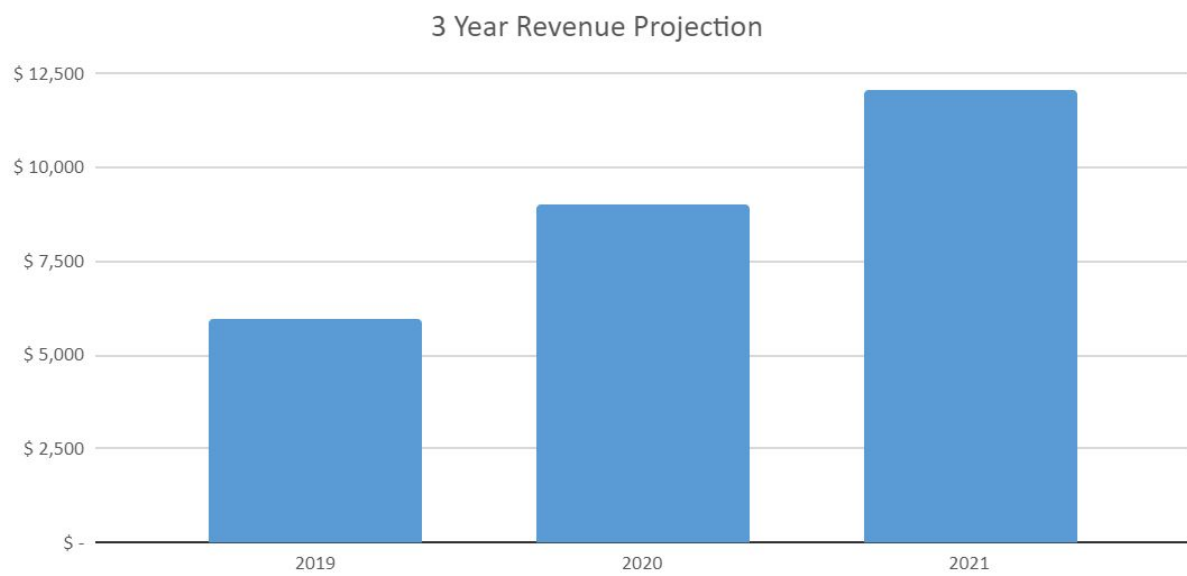
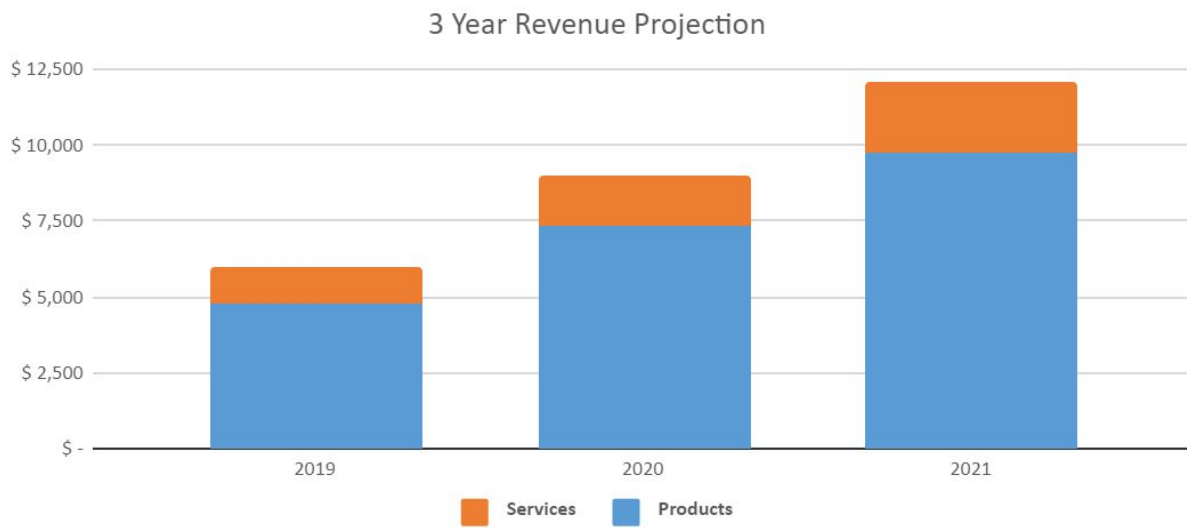
Monthly Revenue Charts





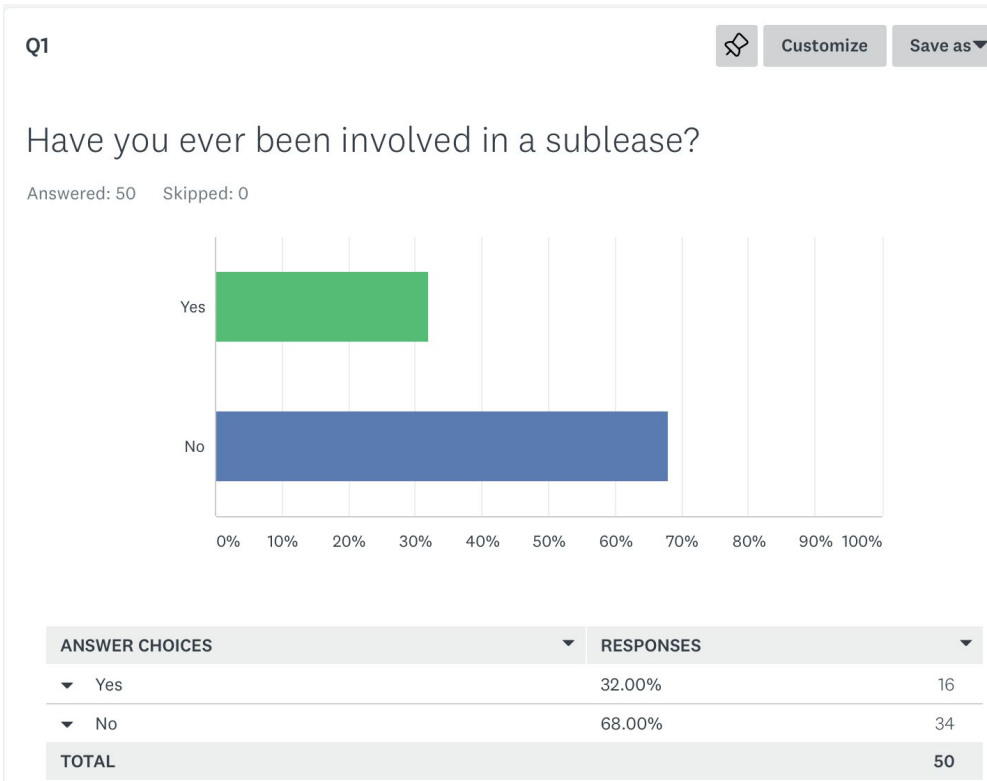
Additional 3 Year Projection Charts - Revenue





Appendix D

Market Survey Results



Q2

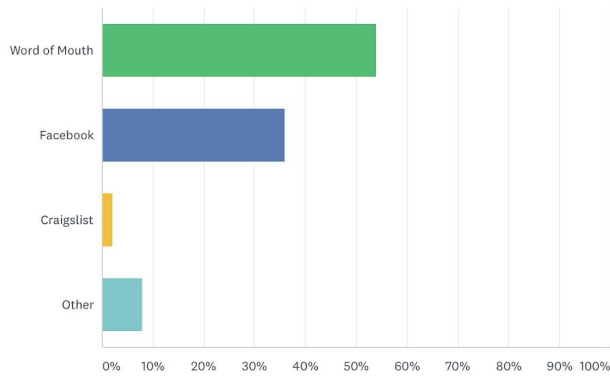


Customize

Save as ▼

What platform would you/others primarily use for a sublease?

Answered: 50 Skipped: 0



ANSWER CHOICES ▼

RESPONSES ▼

▼ Word of Mouth

54.00%

27

▼ Facebook

36.00%

18

▼ Craigslist

2.00%

1

▼ Other

8.00%

4

TOTAL

50

Q3

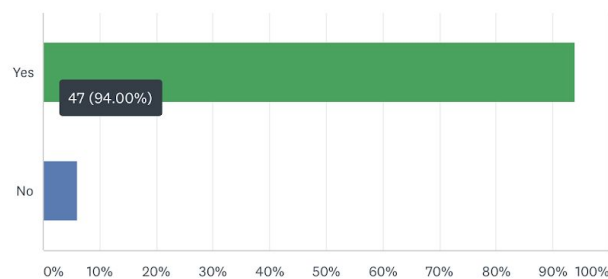


Customize

Save as ▼

Would you use an app that would make it easy to find/sell subleases?

Answered: 50 Skipped: 0



ANSWER CHOICES ▼

RESPONSES ▼

▼ Yes

94.00%

47

▼ No

6.00%

3

TOTAL

50

Appendix F**Start Up Costs**

General Business Costs	Cost	Description
Accounting	\$1,500	Accounting quickbooks
Advertising	\$2,500	Flyers and in person advertising
Comissions	\$359	Incentives
Dues & Subscriptions	\$120	Microsoft and general software
Furniture and Equipment	\$600	
Human Resources	\$600	
Insurance	\$2,400	
Internet	\$3,000	
Legal	\$1,440	Cost of starting buisness and general
Marketing and communications	\$8,278	Building site/app and marketing
Meals and Entertainment	\$1,200	Team meeting and sales meetings
Office Supplies	\$1,200	General supplies
Rent	\$1,200	Working out of basement
Research and Development	\$300	
Salaries	\$6,265	
Travel	-	
Telephone	\$6,000	
Utlities	\$100	
	\$37,062	

Appendix F

Concept Statement

In Superior Sublease, our team will build a website and app that provides a secure and simple solution for finding leases and subleases and matching buyers with sellers.