Review of COMPS, Inc.

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Technology has changed how individuals compete in the commercial real estate industry. In the past, real estate professionals spent much of their time gathering and researching data. The need for accurate and timely information has not changed. However, service providers have emerged that give commercial real estate professionals the option of easily outsourcing many data gathering functions. COMPS.COM, Inc. is one of these service providers, and this article reviews one of their products, "COMPSLink® Windows" (COMPSLink).

WHO IS COMPS.COM?

COMPS.COM, Inc. (COMPS) is a company based in San Diego, California that has been providing commercial real estate information since 1982. COMPS has created COMPSBase, a database that contains information on commercial property transactions throughout the U.S. COMPSBase contains nearly 500,000 confirmed sale transactions in major U.S. markets, as well as information on over 750,000 buyers, sellers, and brokers. COMPS collects data from a wide variety of sources. COMPS reviews documents to confirm legal descriptions and visits each property to photograph and evaluate them. Participants are interviewed to confirm transaction details. Transaction information is sought within days after closings. On average, the completed report is retrievable from the database after approximately sixty days. Once COMPS begins to service a market, efforts are made to provide comprehensive coverage of all commercial transactions.[1] There is a large variety of property type groupings and subgroupings that a user can select from in searching for comparable properties.

Exhibit 1 shows the market coverage by property type, market, and starting date of coverage.

Information in COMPSBase can be accessed in a variety of ways. COMPSLink is a Windows-based database management program designed specifically to access COMPSBase.[2] Upon starting the COMPSLink software, the program displays a window wherein a search can be done by location, property type, property characteristics, or sales information. A tab is available to access a window that will allow for more advanced search criteria. If no search criteria are selected, then the entire database will be accessed.[3]

The results from the initial search will appear in seven window tabs that display information described as follows. The first tab, "Quick View," provides information (in a table format) for each property that meets your search criteria. Each row in this table contains information for a property that fulfills your search parameters. This property-specific information includes sales price information, location information,

EXHIBIT 1A
Market Coverage by Property Type, Market, and Starting Date of Coverage

	City	Date Service Started	Database Availability
1	San Diego	Dec-81	Jan-89
2	Orange County, CA	Oct-82	Jan-89
3	Riverside/ San Bernardino, CA	Apr-83	Jan-89
4	Los Angeles	Jul-84	Jan-89
5	Phoenix	Apr-84	Jan-89
6	Tucson	Feb-85	Jan-89
7	San Jose	Jul-87	Jan-89
8	San Francisco	Sep-88	Jan-89
9	Oakland	Apr-88	Jan-89
10	Sacramento	May-89	May-89
11	Las Vegas	Aug-89	Aug-89
12	Ventura, CA	Aug-89	Aug-89
13	Seattle	Jun-90	Jun-90
14	Stockton/Modesto, CA	Mar-91	Mar-91
15	Marin/North SF Bay Area	May-92	May-92
16	Washington, DC	Jul-94	Jul-94
17	New York City-Manhattan	May-95	May-95
18	Chicago	Jul-95	Jul-95
19	Boston	Mar-95	Mar-95
20	Atlanta	Jun-95	Jun-95
21	Colorado Springs	Sep-95	Sep-95
22	Baltimore	Aug-95	Aug-95
23	Denver	Sep-95	Sep-95
24	Dallas/Fort Worth**	May-97	May-97
25	Orlando	Oct-97	Oct-97
26	Fresno	Aug-97	Aug-97
27	Miami	Jun-98	Jun-98
28	Tampa/St. Petersburg	Feb-98	Feb-98
29	Fort Lauderdale (Broward County)	May-98	May-98
30	Palm Beach County	May-98	May-98
31	Jacksonville	Nov-98	Nov-98
32	Philadelphia	Oct-98	Oct-98
33	Portland	Nov-98	Nov-98
34	Austin	Dec-98	Dec-98

and some information regarding property characteristics. Each of the remaining six tabs contain information related to the row (property) currently highlighted in the Quick View window.

The second window tab, "Contacts," contains information on the seller, the buyers' brokers, and addi-

EXHIBIT 1B
Property Types Covered by COMPS.COM, Inc.

Apartment	Office
Commercial Land	Residential Land
Hotel/Motel	Retail
Industrial Land	Special
Industrial	Commercial-Industrial
Mobile Home Park	Apartment-Residential

tional contacts related to a specific property transaction. A confirmation date is also provided. The third window tab, "Income Loan," contains information regarding gross income, expenses, net income, cap rate, and lender information. A memo describing financial aspects of the transaction is also provided.

The fourth tab, "Vital Data," and fifth window tab, "Description," contain detailed information on property characteristics and details regarding the transaction. The last two window tabs, "Photo," and "Plat," contain a picture and plat for the subject property.[4]

A main menu is available near the top of the program window. This menu is accessible from any of the window tabs discussed above. There is also a bar containing shortcut buttons to menu options. These shortcut buttons are also accessible from any of the tabs discussed above. The main menu consists of four choices (file, view, comps, and help), which are described next.

Choosing "file" from the main menu allows the user to open previous search results, save new criteria, update a database, export data, set photo and plat preferences, and specify printer setup.

The data exporting capabilities are flexible. The user is able to pick which data fields will be exported for the selected records. Data may be easily exported to the following formats: ASCII, Paradox, dBase, and REA. A list of fields to be exported may also be saved.

Choosing "view" from the main menu allows the user to select and deselect properties one at a time or all at once. A useful feature is the ability to invert the selection. This will select only previously unselected records. Users have the option of discarding all unselected records.

Choosing "comps" from the main menu allows the user to reenter the search screens that appear when the program is initiated. It also allows users to specify how records should be sorted, specify reports to be generated, and compute basic statistics for selected records. Records can be sorted in ascending or descending order

EXHIBIT 2

Full Comp Report Example

High-Rise (9+ sty) Office Complex

Colonnade Office Complex
15301, 15303 Dallas Parkway
Addison, TX 75248

Buyer   (312) 466-3300

EOP Colonnade of Dallas (Ltd.)
Jeff Bramson — Equity Office Properties
2 Riverside Plaza, Suite 2200
Chicago, IL 60606

Seller   (972) 980-5000

MEPC O & I, Inc.
James D. Fant
15303 Dallas Parkway, Suite 100 LB 10
Addison, TX 75248

Additional Contacts

Shobi Kahn, Buyer Contact   (312) 466-3913
Dave Naus, Buyer Contact   (312) 466-3300

Income

Buyer reported that the property sold at an approximately 8.2% cap rate for phases I and II and 9.5% for phase III, based on income at the time of sale. Phase I (289,743 square feet) and phase II (317,367 square feet) were 98% and 97% occupied, respectively. Phase III (377,639 square feet) is in its initial lease-up and was 68.25% leased at the sale. (See description.)

Cap Rate 8.70%

Financing

Not Applicable: All cash sale.

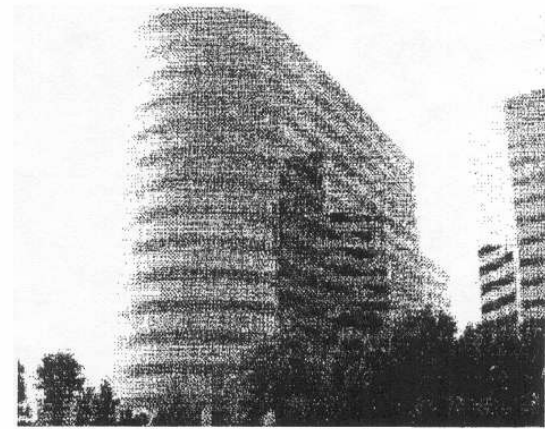**Listing Broker**   (212) 902-1000

Goldman, Sachs & Co.
85 Broad Street, 19th Floor
New York, NY 10004
Mark Ettinger

Selling Broker

None involved per principal

Office	$152,062,000	Confirmed

DAC–48117–10–98   Map: 14-D
Issue# 10   Parcel #: 10005290000000000, 1, 2
Area 01-Dallas

Vital Data

Recording Date	October 1, 1998
Escrow/Under Contract	4/1998
Market Time	120
Exchange	No
Conditions	None
Doc. #/Trans. Tax	98192-5823
Sale Price	$152,062,000 confirmed
Down Payment	$152,062,000 100%
Building Square Feet	984,749 rentable
Price/Square Foot	$154.42
Floor Area Ratio	1.82
Improvement Ratio	N/Av
Year Built	1986 Age: 12
Coverage	N/Av
Parking Spaces	N/Av
Parking Ratio	
Number of Tenants	N/Av
Zoning	PD, Addison
Acres	12.4311
Land Area	541,498 square feet
Price/Square Foot Land	$280.82 Net $0.00
Lot Dimensions	x Irregular
Frontage	680' Dallas Pkwy., 1,353' Arapaho

Prior Transfer

based upon fields specified by the user.

Users may pick from several preformatted reports for a particular property or a select set of properties. These reports can be previewed prior to printing. Exhibit 2 shows a sample report for a single property.

The COMPSLink software also facilitates the creation of user-specified trend reports. Exhibit 3 shows an example of a trend report for the average price per square foot of office space for Dallas county.

The number (count), average, and median statistics for sales price, square feet, cap rate, gross multiplier, price/square foot, units, and price/unit can be easily computed for a selected set of properties by choosing the "statistics" option from the comps submenu (or the corresponding shortcut button).

SHOULD YOU OUTSOURCE YOUR DATA REQUIREMENTS?

If your business can benefit from detailed data pertaining to commercial real estate transactions, you have a choice of obtaining data through in-house staff or from an outside service provider. As discussed in the Summer 1998 issue of this journal, the benefits derived from having access to data should outweigh all costs of obtaining the data.[5] It makes sense to out-source your data needs if outside service providers can gather and supply needed data more efficiently than your in-house staff. Outside service providers may benefit from economies of scale and scope in their data-gathering efforts.

For ad hoc users, the costs for E-COMPS property reports range from $16 to $28 each, depending on the price of the property. Subscriptions or licenses are available for all the comparable reports in a given city or county or by property type. The cost depends on the size of the database and how many users have access to it. An average city like San Diego, for all property types, would be approximately $4,800 per year. Washington, D.C., which has a far greater transaction volume, would be approximately $9,000 per year.
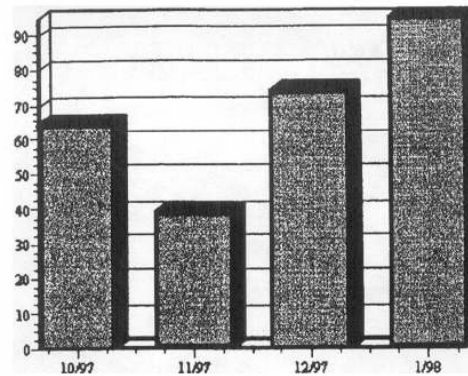
For more information on products from COMPS you can visit their web site at http://www.comps.com or call 1-800-821-1573.
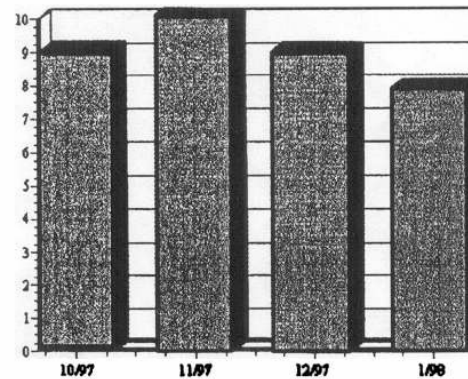
ENDNOTES

If you are a national data vendor or major software provider serving the commercial real estate industry and wish

EXHIBIT 3
Dallas Office Transactions

Median $/SF

Average Cap Rate

| | 10/97 | 11/97 | 12/97 | 1/98 |
| | 10/8/97 | 11/1/97 | 12/1/97 | 1/1/98 |
	10/31/97	11/30/97	12/31/97	1/31/98
Total Sales	4	4	14	11
Total $ Volume	$7,076,000	$61,250,000	$159,255,773	$94,016,258
Total Square Feet	141,153	521,900	3,079,050	998,187
Average Sale Price	$1,769,000	$15,312,500	$11,375,412	$8,546,933
Avg. Number of SF	35,288	130,475	219,932	90,744
Avg. Price per SF	$50.13	$117.36	$51.72	$94.19
Median Price per SF	$64.63	$39.00	$73.59	$95.00
Avg. Cap Rate	8.99	10.04	8.96	7.89
Avg. GRM				

Selection criteria: Market: DA; Submarket: 01; PropType: OFF.

to have your product considered for review, please send a note to Norm Miller at millernn@email.uc.edu.

[1]Information is confirmed for all transactions of at least $250,000. Multifamily dwellings must have at least five units.

[2]Information in COMPSBase may also be obtained by calling and requesting specific reports for a subject property, reports on trends in a given market, or contact information for a given property type in a desired geographic area. Limited search and reporting capabilities are available via "E-COMPS," an Internet-based service. A more comprehensive service is also available via the Internet "spectrum service."

[3]The entire data for which a user subscribes will be accessed.

[4]The photo and plat are read from a CD and hence do not use up hard disk space.

[5]See Rodriguez [1998].

REFERENCES

Rodriguez, Mauricio. "LeaseTrend Review" *Real Estate Finance*, Summer 1998.