

Peer Insights

R E P O R T

Q&A with Steven Coulis

Founder & CEO of Vistia Group

Principle Series:

Family Office Insights sits down with Steven Coulis, Founder and CEO of the Vistia Group to talk about the unique alternative real estate finance company, why there is opportunity in this industry and how Vistia plans to explore the opportunity in equity-based home finance.



Family Office Insights is a voluntary, “opt-in” collaborative peer-to-peer community of single family offices, qualified investors and institutional investors.

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Q: What is Vistia?

A: Vistia is an alternative real estate finance company that allows homeowners to receive a debt-free lump-sum amount upfront in exchange for a portion of the property's potential future price appreciation over a 10-year period, while providing institutional investors with access to targeted, long-term residential real estate exposure without the inconvenience of property management. A “Vistia Agreement” is an equity-based financing option in a market that is almost completely dominated by debt-based financing.

Q: Why did you start Vistia?

A: My professional background is in capital markets, first as a sell-side options trader and most recently at a multi-billion macro hedge fund. Vistia is really about applying the risk-based mindset of a trader to the massive residential real estate market, while offering homeowners another option in their tool kits to manage personal exposures to home prices.

Q: How does a Vistia Agreement work?

A: We are not lenders, we are partners. In other words, the cash we pay to homeowners is for the right to participate in the potential upside of their properties. There are no monthly interest payments since it's not debt. We only make money when our customers make money. If a customer's home value stays the same or goes down over the term of the agreement, homeowners owe us nothing back. We are taking risk right alongside our customers, with a strong alignment of interests, which might not be the case with a lender relationship.

Q: Who are your target clients?

A: Vistia is focused on urban condominium markets, initially in New York City. A majority of our target customer base will use our product as a direct alternative to current financing options like 2nd lien home loans or lines of credit. A smaller portion will look to use the product more tactically, as a way to manage their personal exposure to real estate, essentially as a method for separating the investment and utility value of their properties. We're not trying to appeal to everyone. The exciting aspect of the business is that by tapping into just a very small slice of the market for home financing, the opportunity is still huge.

Q: What is the thesis for the institutions that invest in real estate via your offering?

A: For our investment partners, we offer a low-cost, passive investment vehicle for accessing exposure to real estate as an asset class. We don't charge any ongoing management fees and handle all servicing. Because of the uniqueness of the vehicle, we are able to offer exposure at a meaningful discount to the intrinsic value of these agreements. We're not an active fund that is trying to outsmart the next guy; our value proposition is the efficiency of the vehicle.

It's not for every investor, but the use cases are relatively broad. For any institution that is looking to allocate to real estate/real assets/inflation-protected investments, has the long-term investment time horizon necessary to collect significant illiquidity premium, and is sensitive to fees/transaction costs/tax efficiency, it could make a lot of sense in the context of an asset allocation framework.

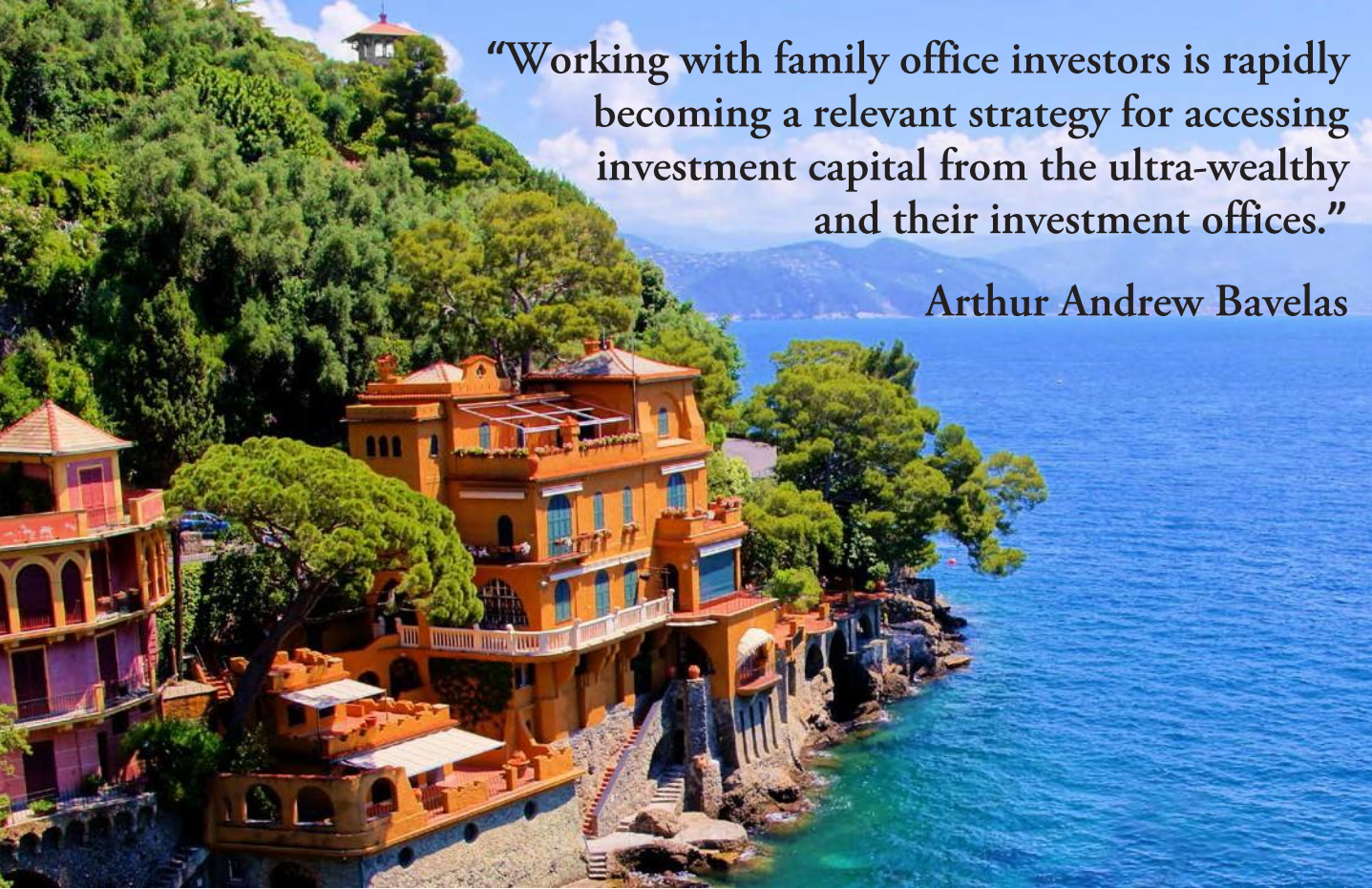
Q: What's next for you and Vistia?

A: We are currently fundraising in anticipation of launching in the first half of 2017. In the bigger picture, we are just scratching the surface of the opportunity in equity-based home finance, and I couldn't be more excited for what the future will bring for this nascent industry.



Steven Coulis

Steven Coulis brings 9-plus years' experience in the capital markets and hedge fund industries. He most recently served as a senior global macro trader specializing in emerging Latin American markets at Pharo Management, a \$5 billion AUM hedge fund management company, and is a CFA charterholder. Steven began his career as an FX options trader at Lehman Brothers. He holds a BS in Finance and Legal Studies from Indiana University's Kelley School of Business. For more information, please visit vistiagroup.com or email Steven at scoulis@vistiagroup.com.



“Working with family office investors is rapidly becoming a relevant strategy for accessing investment capital from the ultra-wealthy and their investment offices.”

Arthur Andrew Bavelas