What If Renting an Apartment Were as Easy as Booking an Airbnb?

AI startup Block wants to make finding your next rental apartment less of a nightmare.

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More people are renting today than in the past 50 years, according to the Pew Research Center, but the apartment search process can be a dispiriting experience.

Just before I emigrated from the U.K., I emailed the one person I knew in Los Angeles (who happened to be a Hollywood agent so, you know, pretty well-connected). Someone in his office was moving back east, so I foolishly took over their lease after seeing just one small photograph, which didn't do justice to the wall-to-wall 1960s-era beige carpet or the cracked French windows looking straight out onto the street. But hell, there was a pool, and it was L.A.: I coped, until I found somewhere else to land.

Years later, when moving to New York City, I used a broker. Not only was it hideously expensive, I was shocked by the jargon, which masked the true nature of what a cozy (tiny), original features (avocado bathroom set), "must-have" (for the desperate-only), room with a view (no elevator) on the Upper West Side-adjacent (Inwood) actually meant.

This is all familiar territory to Nick Dazé, CEO and co-founder of AI startup Block, which came out of beta in October. Dazé went through his own rental nightmare and decided it could be done better through technology. We talk to

him about human scouts, EV charging, AI, and why no one wants carpet. Here are edited and condensed excerpts from our conversation.

Nick, tell us your rental hell backstory.
As a product person, I'm fundamentally motivated by scratching itches I — and the people I love — have. With Block, the "itch" was the ghastly experience my wife and I had the last time we moved. It had been bad before, but this time it was something else. It honestly felt like part of some sadistic game. We had to dodge pests, fraudulent listings, paranoid landlords — all while between work and caring for a 5-month-old baby. It was nuts. And every day around the world millions of people put up with it.

So you thought, "another industry ripe for disruption, then?"
As one of our advisors put it, if Airbnb or Uber were this bad, they wouldn't exist. But we all put up with this terrible experience once every year or two. At Block, we see it as a huge opportunity to do a lot of good for a lot of people. Imagine if finding a great apartment was as easy as booking a place on Airbnb. That's what fundamentally drives us.

How does Block work?
Put pretty simply, Block works like this: our users tell us a lot about themselves, and we learn a lot about the inventory on the market. We do our best to understand what's happening on both sides and then make a match.

"Right Swiping on a Rental" concept?
The fundamental breakthrough is a simple insight: you could have two apartment units. They're in the same building, managed by the same landlord, have the same square footage, the same number of beds and baths. They're the same, right? To a lot of our competitors, they are the same. But tell a person that's in a dark, north-facing, second-story apartment right above a parking garage that their experience of the apartment is the same as someone with a bright, quiet, south-facing,

fourth-story apartment. They'll laugh (or cry) at the thought of it.

Image credit: Kurhan/Shutterstock

Good point. So how much does Block cost?
Right now, Block is free, because we're in an R&D mode, and are running several product experiments in parallel.

Is it true you make the process 10x faster than other rental apps?
Yes, Block is fast. Without us, an average renter will spend about 45 days looking for a new place to live. We regularly find people their next home in less than a week.

How many users do you have now?
We're not disclosing our user numbers yet. But we can say there are a lot of people sleeping tonight in a home Block helped them find.

How many cities are you in and where's next?
While we're in R&D mode, Los Angeles is where we're focused. And we chose to be here because it's the perfect market for what we're doing. The people are diverse, the housing supply is diverse, and the quality varies a LOT. When we're ready to scale (soon), our technology will be applicable throughout most of the United States overnight.

Let's talk about how you're using AI. Is it machine learning and data crunching? Or is there some fancy triangulation and sentience analysis going on?
Relative to the state-of-the-art, we're in our humble beginning. But relative to the rest of the real estate industry, we're doing some fanciful things. Without giving too much away, we're using machine learning in applications like

image recognition/classification. We're doing some fun data science for cohort analysis and user profiling. But, NLP and Sentiment Analysis are our most unconventional tools in this space. As far as what's on the roadmap, you'd be surprised how high tech we're going to make apartment hunting.

In true futuristic bio/AI symbiosis, you're deploying tech-equipped human called Scouts.
Right, because, as you're probably aware, AI is only as good as the data you feed it, and you need massive amounts of data. One of the biggest problems that renters face is the same problem our tech faces: a lot of data "in the wild" is inaccurate, and most pictures are crummy. We noticed that we could help both problems. Our Scouts are trained to capture great content (images, 3D models, video) and log clean quantitative data about each rental we visit. The content delights our users who want a better look at an apartment they're considering but are too busy to visit, and our machines get clean data.

You're collating data to analyze generational shifts in the rental market. Tell us more about that.
Our data on renter preferences come from the self-reported data our users give us when they use our products. We get to know our users quite well, and every bit of information about what the renter is looking for helps us find them a match faster and with higher accuracy. To give you an idea of the types of inputs we search against, a user just messaged me about his search. He's looking for a dog-friendly bungalow walking distance to the Expo Line with EV charging hookups. That's how we're learning what people want and sending them recommendations that feel like "magic."

What are the millennial/GenZ must-haves?
The must-haves we increasingly see align well with cultural shifts that millennials and Gen Z are popularizing. We see a decreasing interest in high-square-footage units, for example, and a huge increase in interest around walkable neighborhoods

and public transit. Our users seem to value entertaining and socializing a lot, so kitchen space and amenities are much higher priorities to them than you normally find in pre-1990s multi-family inventory. My favorite is EV charging and access to ride-share. I've experienced people flat out reject apartments in areas with long waits for a Lyft.

Once people have moved in, do you expand your service offerings with discounts or recommendations to other amenities like furniture rentals? Cleaners? Repair people?
We have a number of affiliates that we are partnered with that help our users save money on things they need when they move. This is an area of intense future interest to us.

What percentage of your user base is from out of state?
It hovers around 25 percent, but we think that's artificially high because there's been a lot of migration into Los Angeles. That said, it's one of our most powerful use cases. When you're moving from out of state to Los Angeles, if you need trustworthy boots on the ground to figure out where to live, your options are pretty limited. And some of our most effusive users are ones that are moving to L.A. from out of state.

Tell us about incubating with Viterbi Startup Garage and what you learned there.
The VSG was a dream come true. It's honestly the best-kept secret in the L.A. startup scene. First of all, all the companies there are made up of brilliant, kind people. We're all very generous with our time and expertise with each other. Second, starting a tech company (or any company) is hard, and having a community that is going through similar or identical problems is both practically helpful, and emotionally powerful. There's also access to great mentorship, activities, and the view is great, too. Finally, I've made some lifelong friends in the VSG.

Who are your investors, and what was it about your business model that grabbed their attention?

So far, we've raised a modest amount from angel investors, and I don't think they invested in the business model because we're still testing several of them. I think our investors share our vision of a dramatic improvement in the way people find their homes. It's a huge and growing addressable market (160 million renters in the U.S. alone), and an expensive activity (the average year-lease is worth $25,000). Also, my co-founder and CTO, Julian Vergel de Dios, is brilliant. That's probably a big part of it. Right now we're focused on solving problems in the residential rental market, and we'll have our hands full for years. We won't rest until we solve these problems.

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