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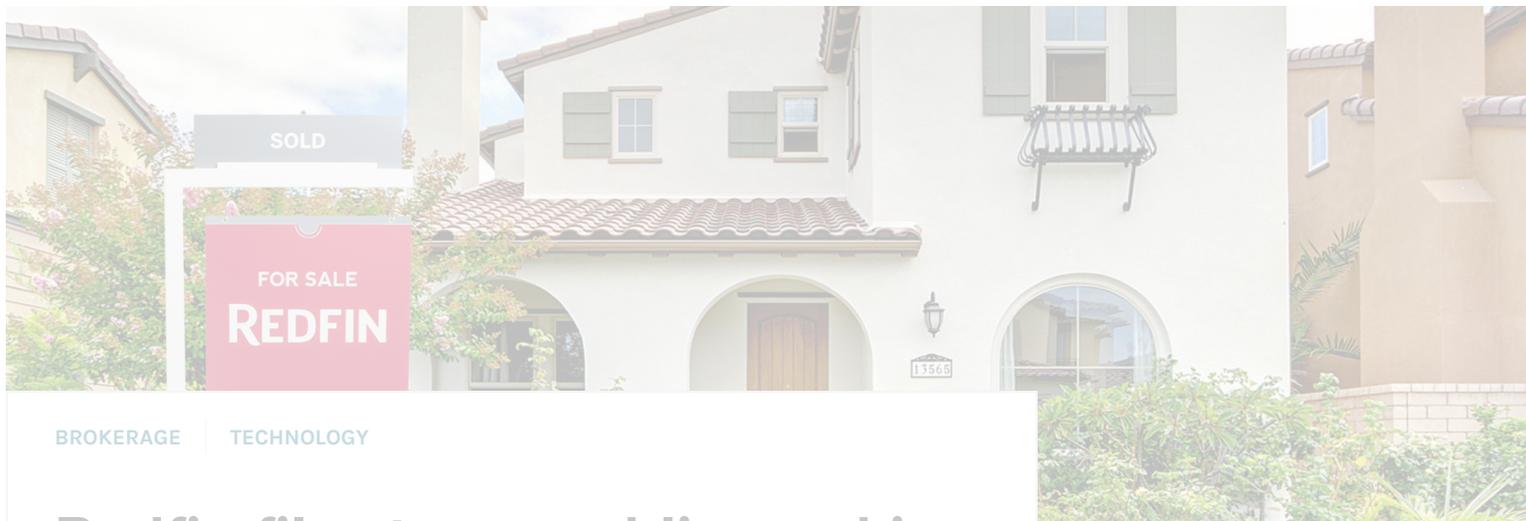
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BROKERAGE

TECHNOLOGY

Redfin files to go public, seeking \$100M

Seattle tech broker also announces iBuyer program, Redfin Now

BY CAROLINE FEENEY ★ Staff Writer JUL 6

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Seattle-based tech brokerage Redfin has filed to go public, today registering its S-1 with the Securities and Exchange commission and pricing its initial public offering (IPO) at \$100 million.

The real estate company, led by CEO Glenn Kelman, offers traditional real estate services alongside lower commissions and innovative technology, allowing it to sell homes for more money and with a higher success rate than traditional agents, Redfin says. It launched in 2004 and began offering homebuying and selling services in the Pacific Northwest starting in 2006 and sprawling across the U.S. over the last decade for a

total of 80 markets.

This step is a test for not only Redfin, but other innovative real estate business models to see whether the public markets will hold up their private investor valuations. If successful, it could free up more investment capital.

No online residential real estate company has filed to go public since Zillow (2011) and Trulia (2012).

In the S-1, Redfin also announced it was testing Redfin Now, a competitor to Opendoor, making it another iBuyer and marking its official entry into the instant offer movement. This program buys homes directly from homesellers and resells them to homebuyers. "Customers who sell through Redfin Now will typically get less money for their home than they would listing their home with a real estate agent, but get that money faster with less risk and fuss," according to today's filing.

In the public filing, Redfin also brags about a series of accomplishments including:



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- Helping customers buy or sell more than 75,000 homes worth more than \$40 billion through 2016
- Gaining market share in 81 of its 84 markets from 2015 to 2016
- Drawing more than 20 million monthly average visitors to its website and mobile application in the first quarter of 2017, 44 percent more than the first quarter of 2016, making it the fastest-growing top-10 real estate website
- Earning a Net Promoter Score, a measure of customer satisfaction, that is 32 percent higher than competing brokerages', and a customer repeat rate that is 37 percent higher than competing brokerages'
- Selling Redfin-listed homes for approximately \$3,000 more on average compared to the list price than competing brokerages' listings in 2016.

In 2014 Redfin scooped up the neighborhood-information site Walk Score, which offers extensive neighborhood data, along with ratings on the walkability, bikeability and public transit access of individual communities.

Its other tech products include Book It Now, an on-demand home tour service and a website feature called Shared Search for collaborative home hunting.

Redfin got its start inventing map-based search.

Prior to joining Redfin, Kelman was a co-founder of Plumtree Software, a Sequoia-backed, publicly traded company that created the enterprise portal software market. Before Plumtree, he worked as one of the first employees at Stanford Technology Group, a startup acquired by IBM.

An avid bicyclist, Kelman was raised in Seattle and graduated from the University of California, Berkeley.

When he took the helm at Redfin 11 years ago, he was an outspoken critic of the real estate industry, but he has since offered to work cooperatively with other brokers and local MLSs.

Email Caroline Feeney

Editor's note: This story has been updated.

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Joel Schilperoort · Realtor at Brown and Company Real Estate

"Offers traditional real estate services alongside lower commissions and innovative technology, allowing it to sell homes for more money and with a higher success rate than traditional agents." I'm sorry where are they getting these generalized "stats". Any good traditional agent knows the value proposition they provide above and beyond what Redfin's platform does, especially in regards to an ongoing relationship after the transaction.

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Eric Axelson · Associate Broker at Keller Williams Realty, Inc.

"Ongoing relationship after the transaction"? Why do you assume Redfin's agents do not keep in touch with their past clients? (I do agree with you however: Many of their stats seem extremely general and hard to prove.)

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Joel Schilperoort · Realtor at Brown and Company Real Estate

Because their roles as I understand it are broken into departments. So a buyers agent isn't the same agent a client works with when it comes time to list.

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Daniel Stine · Real Estate Sales Agent at Century 21 Northwest Realty

I'm sorry but where does Redfin get all its listings? Does it not rely on MLS input like Zillow and Trulia? Do the MLS listings not come from Realtors and Real Estate salespeople? If Redfin and the others did not have these MLS, Realtor driven listings, would they not have a dramatically reduced inventory? Maybe it is time we Realtors stop giving away our business. Redfin would never have the money and power to expand and push out the Realtors if it wasn't for the Realtors they are seeking to push out. So let's push back. No more MLS feeds to the ingrates!

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Eric Axelson · Associate Broker at Keller Williams Realty, Inc.

Redfin is a brokerage.

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John Reilly · Director at RealTown Real Estate Network

As I understand it, Redfin, as a licensed broker, obtains the right to display listings by way of a VOW (Virtual Office Website) feed from the MLS, whereas Zillow acquires much of its listings from license data agreements either with the brokers direct or from individual MLSs.

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Andy Taylor · CEO and Co-Founder at Approved

Since Redfin employs a significant number of agents across 80+ markets, I'd say they're absolutely not out to "push out the Realtors".

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Kevin Foreman · General Manager at INRIX

Congrats to Glenn Kelman, [Redfin Real Estate](#), Paul, [Madrona Venture Group](#) and the entire extended team.

Good news for both the real estate industry and the the Seattle ecosystem.

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Daniel Stine · Real Estate Sales Agent at Century 21 Northwest Realty

I stand corrected. Redfin is a Brokerage. Therefore it is OK to accumulate investment cash and jump into the various markets with their clout. Forget about their influence on the markets, the ripples they cause when they splash about buying and selling homes for reduced commission rates. It's great that Redfin hires agents to help them control the market, to sway things the investors way. Nothing wrong with a little competition, right? I mean, the buyers we local Realtors represent are having trouble finding homes because the inventory is so low. This has no relationship with the investors sna... [See More](#)

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Florida Realty Expert

One thing not mentioned in Redfin's list of accomplishments was earning a profit. They are propped up by hundreds of millions of investor capital yet continue to lose tens of millions per year. Yet they are still able to convince investors to keep giving them more money and I can't help but respect that but what good does it do to sell 75,000 houses and not make a profit? Also, this idea of buying homes from Sellers for less than market value is not new nor is it innovative. There are plenty of home flippers and cash buyers. So is Redfin trying to become a giant home flipper in an attempt to earn a profit? Home flipping is extremely difficult and hyper local. It will take very skilled people earning good money in each city where they plan to start flipping houses. How long will they be propped up by investor capital before they have to turn a profit and start paying back the hundreds of millions they've already lost?

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Val Mayer · Realtor at Re/Max One

Redfin is a finely tuned machine who on average offers a much higher level of service and better results than the average agent. Are the best agents better than most Redfin agents? Yes of course but your average Realtor cant hold a candle to what those guys pull off through a transaction.

I have worked with three different Redfin agents recently in the Washington DC area and I can tell you its not just the agents themselves, there is a team of well trained highly polished support staff backing them up.

Say what you will, I compete against them and I feel I offer better service and results ... [See More](#)

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Connie Hayhurst Schuermeyer · Works at United Real Estate Lexington

As an exceptional realtor, I feel confident with face to face, personal service with my clients. Redfin cannot serve dinner to clients on move in day. They can provide a gift card. Redfin cannot visit my client in the hospital that had her bladder removed last Thursday. If we have a freak flood, Refin cannot call the fire department for the client on Sable Ave that moved in state last month...and is scared. My business is much more than marketing.

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Soldsense Realty LLC - Tysons Corner Area Real Estate

I agree Val. Redfins website and platform structures the real estate transaction in ways that appeal to many buyers.

Their agents are pleasant and professional (as are most of the agents I deal with from other brokerages.) The Redfin website is great - most brokerages lack anything similar. Zillow, DotLoop and other try to offer pieces of the transaction process to the agents but most brokerages would love to have a fully integrated platform like Redfins.

An experienced and diligent agent can compete against Redfin just as they compete against any other brokerage.

Someone will soon come up with a real estate platform equaling or surpassing the Redfin platform and make lots of money from agents and brokers in the process.

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Paula Swayne

Hi Val~

Wow - your experience with a Redfin agent is much different than mine. he didn't return phone calls, didn't perform the most basic of things...like providing disclosures in a timely manner.

Having said that, I just don't believe you can say agents from one brokerage are superior than agents from another brokerage. As with any profession, there are stellar people and lazy people and everything in between. The stellar ones will rise to the top and get the business. The others will eventually leave the business, finding out it isn't just about looking at pretty houses.

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Pete Thorpe · REALTOR®; Licensed at Cummings & Co. Realtors

Selling for \$3k over list is easy when you list below market value.

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Mike McElroy · Managing Broker/Owner at Center Coast Realty

Ha, I read this story yesterday and made it two sentences before my journalism alarms went off. I see the story has since been edited. Thanks for the attribution.

[Like](#) · [Reply](#) · Jul 1, 2017 9:37am



Greg Watkins · Founder at NetStarHomes

After finishing this article, I couldn't help but think of that great quote from Thomas Edison: "I have not failed...I've just found 10000 ways that won't work..."

There goes Redfin...after more than a decade of kickbacks and now hybrid brokerage following the crowd to cliff's edge with iBuyers. I guess the private money ran out...

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Greg Bennett · Sugar Land, Texas

Just another experiment from the virtual World gurus. Success will be as limited as technology.

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