



## Large Put Sale in Redfin Confident in Rebound

Ticker/Price: RDFN (\$18.7)

### Analysis:

**Redfin (RDFN)** with unusual activity on 4/23 as 2000 deep ITM August \$23 puts were sold to open \$7 to \$6.70. RDFN has not seen much recent positioning but does have 3000 August \$15 puts bought on 1/15 and 8000 May \$17 puts bought on 9/26/19 sitting in open interest. On the chart RDFN has formed an ascending triangle with \$19.20 a key breakout level with \$16.65 support and above can measure up to a move back to \$25. The \$1.76B real estate brokerage company operates online as one of the few competitors to Zillow (Z) and trades 1.7X FY20 EV/Sales with a cash-rich balance sheet. RDFN gave an update on 4/16 noting a return to home-buying demand and notes how well home prices have held firm. RDFN is targeting a massive \$85B real estate commissions industry in the US. It averages over 27M monthly visitors and has a long term goal of a complete digital closing process. RDFN customers save on average \$12,000 on a \$500,000 home using Redfin versus a traditional agent and also sells faster at better levels. Redfin also has innovative services like Concierge and Now for fixing up homes and buying homes outright immediately, both in limited markets currently but set to expand. It also offers Mortgage and Title services as a full solution to customers. Analysts have an average target of \$24 on shares and short interest at 13.8% of the float is falling quickly to a one-year low. Goldman lowered its target to \$16 on 3/27 with a Sell rating seeing the industry in a difficult position for a sharp drop in transaction volumes but may see some longer term share gains with request for agent-led video tours up 500%. Needham raised shares to Hold seeing it emerging stronger from the crisis with customers having greater seller price sensitivity and agent hunger. RDFN had been a strengthening margin story and was being praised for stellar Q4 results. Hedge Fund ownership rose 3.3% in Q4 filings, Jackson Square a notable top holder.

### Hawk Vision:



**Hawk's Perspective:** RDFN on watch for a move out of this consolidation, a name that screens quite cheap and in a return to normalcy should thrive with a major opportunity in RE.

**Confidence Ranking:** \$\$