



## FEATURED OPTIONS RADAR REPORT



### Zillow Put Spreads See Limited Downside As Housing Market Remains Hot

**Ticker/Price:** Z (\$118)

#### Analysis:

**Zillow (Z)** continues to see bullish flow accumulate with the recent basing price action and today 700 November \$105 puts sold to open for \$8.70. Zillow has seen buyers in size for the September \$130 calls and January 2023 \$310 OTM calls recently while the January 2023 \$120 puts sold to open over 4000X on 6/23 for more than \$10.5M. Zillow also has 18,000 January 2023 \$90 short puts in OI from 5/21. Shares are forming a tight 10-week base under \$125 and back at the 50% retracement of the rally from the March 2020 lows. A move higher has room to \$140 and a high-volume node. The \$21.55B company trades 83X earnings and 6.3X sales with mid-60% growth in revenue. Zillow continues to benefit from the red-hot housing market with expectations for the surge in buying to continue as 9% of consumers plan to buy a home in the next six months according to the Confidence Board survey, a 20-year high. In June, they noted that inventories are also starting to recover after a year-long decline. The company's buy-side business remains robust with 38% revenue growth while Zillow Offers continues to expand geographically and show promising early results. Zillow continues to see massive long-term opportunity from their '2.0 Plan' which sees them expand into Mortgages, Zillow Closing Services, even Rentals. Analysts have an average target for shares of \$158 with a Street High \$200. RBC positive in late May noting that Zillow remains the dominant digital player in the real estate vertical and the firm likes the company's exposure to underappreciated secular tailwinds and a down-funnel strategy that's easily misunderstood. Evercore positive on 5/5 noting that Zillow continue to see their core business accelerate while profit levels are at a record high. Short interest is 11.6%. Hedge fund ownership rose 2.5% in Q1.

#### Hawk Vision:



**Hawk's Perspective:** Z is a name we've always liked and think the recent lows give a nice risk/reward to lean against for a move higher; short-term, a move above \$123.50 on watch

**Confidence Ranking:** \$\$