Twitter Thread by KiD ■



KiD ■
@kidkapital

Quick recap of Zillow’s Q4 earnings report/call $ZG $Z

The Premier Agent business is prob as strong as it has ever been.

Normalized for some accounting nuances, QoQ growth was 20% in Q3 and 27% in Q4.

YoY growth was 13% in 2020 despite a 17% decline in Q2 related to the pandemic.

Reading the tea leaves, it sure sounds like Flex is one of the main drivers of PA revenue acceleration. This is something we talked about in Q3, 2019 when the stock had sold off by 20%+ and was trading in the low 30s https://t.co/yfNk89Uwuj

> Takeaway No. 2\ufe0f\u20e3:$ZG is expanding its @PremierAgent Flex program.
>
> This is crucial so let me explain.
>
> — KiD \U0001f4b0 (@kidkapital) August 8, 2019

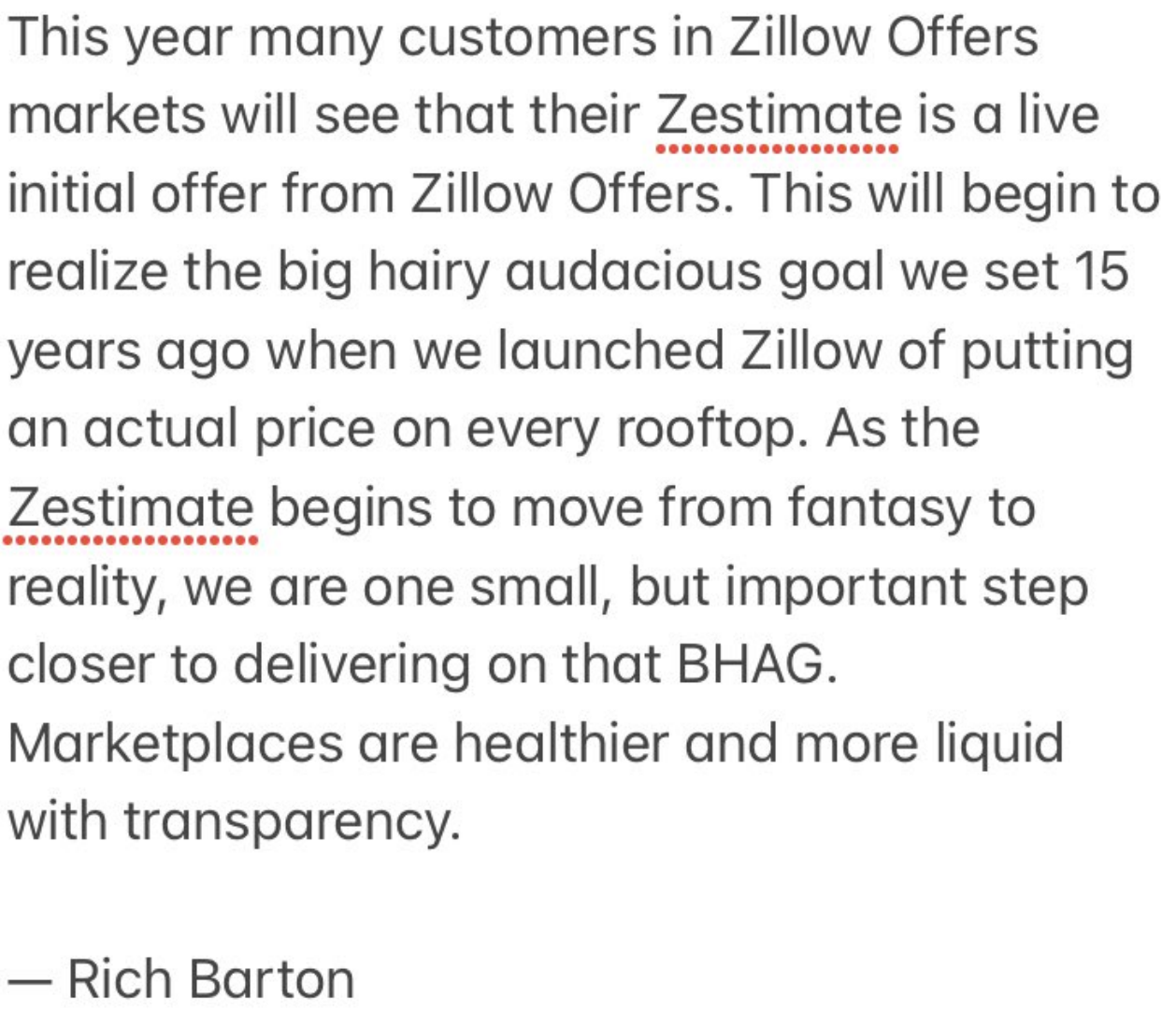
Not gonna claim iBuying is inevitable nor a “good” biz but even skeptics must admit the segment looks more viable today.

And we can all agree iBuying is clearly the superior customer experience compared to the tradition home selling process.

	Q1, 2019	Q2, 2019	Q3, 2019	Q4, 2019	Q1, 2020	Q2, 2020	Q3, 2020	Q4, 2020
Homes Revenue	$310,319.00	$316,697.00	$317,610.00	$317,155.00	$321,266.00	$315,808.00	$318,875.00	$326,872.00
Homes Acquisition Cost	$281,906.00	$286,202.00	$287,237.00	$286,168.00	$288,076.00	$284,975.00	$290,369.00	$280,915.00
Appreciation	$8,679.58	$9,029.85	$8,830.23	$9,524.40	$11,584.30	$9,459.88	$6,728.33	$24,888.38
Service Fee	$19,733.42	$21,465.15	$21,542.78	$21,462.60	$21,605.70	$21,373.13	$21,777.68	$21,068.63
Revenue	$28,413.00	$30,495.00	$30,373.00	$30,987.00	$33,190.00	$30,833.00	$28,506.00	$45,957.00
Holding	$2,990.00	$3,268.00	$3,827.00	$3,903.00	$4,018.00	$4,166.00	$4,693.00	$1,772.00
Renovation	$11,307.00	$12,066.00	$12,757.00	$14,860.00	$15,284.00	$15,848.00	$13,772.00	$10,074.00
Interest	$3,998.00	$4,494.00	$4,713.00	$4,895.00	$4,618.00	$4,139.00	$4,638.00	$2,624.00
Selling Cost	$13,386.00	$13,583.00	$13,902.00	$13,736.00	$13,748.00	$13,619.00	$12,909.00	$12,281.00
Operating Costs	$31,681.00	$33,411.00	$35,199.00	$37,394.00	$37,668.00	$37,772.00	$36,012.00	$26,751.00
GM	-$3,268.00	-$2,916.00	-$4,826.00	-$6,407.00	-$4,478.00	-$6,939.00	-$7,506.00	$19,206.00
Appreciation	2.80%	2.85%	2.78%	3.00%	3.61%	3.00%	2.11%	7.61%
Service Fee	6.36%	6.78%	6.78%	6.77%	6.73%	6.77%	6.83%	6.45%
Revenue	9.16%	9.63%	9.56%	9.77%	10.33%	9.76%	8.94%	14.06%
Holding	0.96%	1.03%	1.20%	1.23%	1.25%	1.32%	1.47%	0.54%
Renovation	3.64%	3.81%	4.02%	4.69%	4.76%	5.02%	4.32%	3.08%
Interest	1.29%	1.42%	1.48%	1.54%	1.44%	1.31%	1.45%	0.80%
Commissions	4.31%	4.29%	4.38%	4.33%	4.28%	4.31%	4.05%	3.76%
Operating Costs	10.21%	10.55%	11.08%	11.79%	11.72%	11.96%	11.29%	8.18%
GM %	-1.05%	-0.92%	-1.52%	-2.02%	-1.39%	-2.20%	-2.35%	5.88%

Maybe the most interesting comment made on the call?

The Zestimate will be a live initial offer in some iBuying markets this year ■

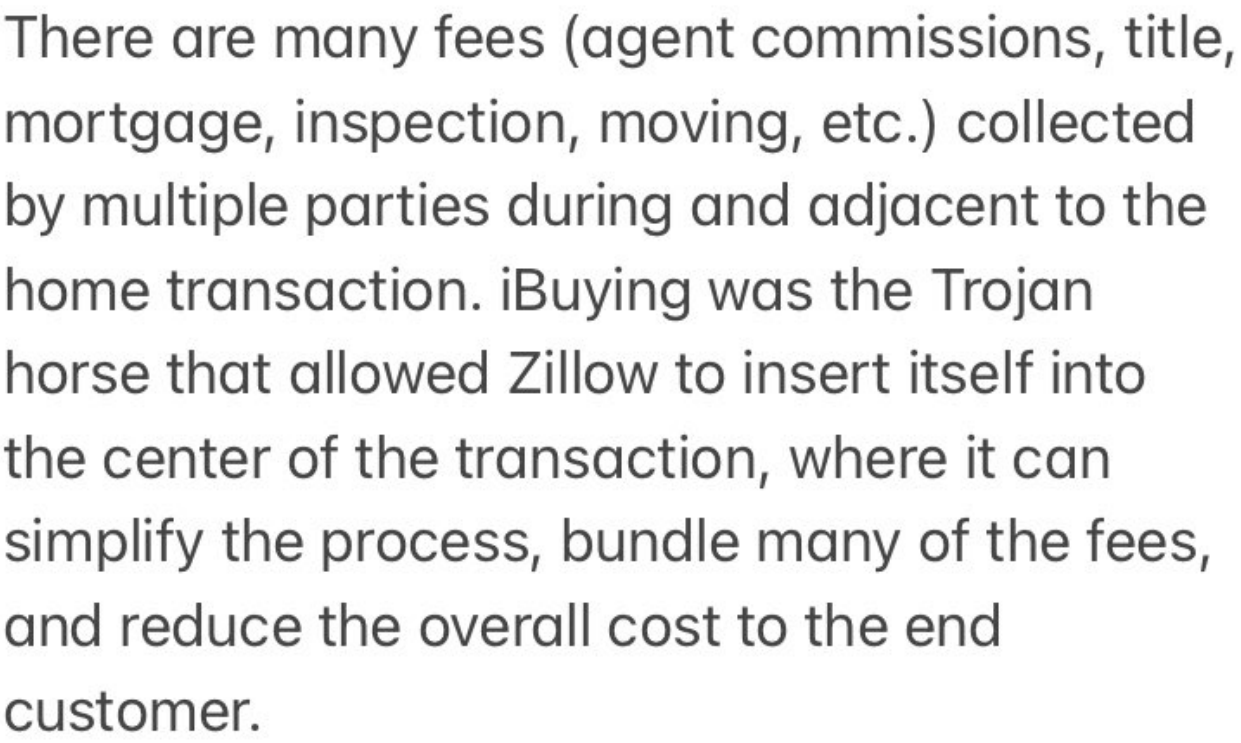


Zillow's challenge is now to convert its unrivaled top of funnel traffic into transactions.

"...our customers arrive at Zillow simply trying to move. It is our job to deliver for them in any way that we can, be it through our own services or w/ our best-in-class partners."

■That means multiple paths to success as long as Zillow remains the first place consumers go when looking to buy or sell a house.

This remains my (overly simplified) thesis:



Don’t ask me about valuation, I thought it was rich at a $30B EV ■

/fin