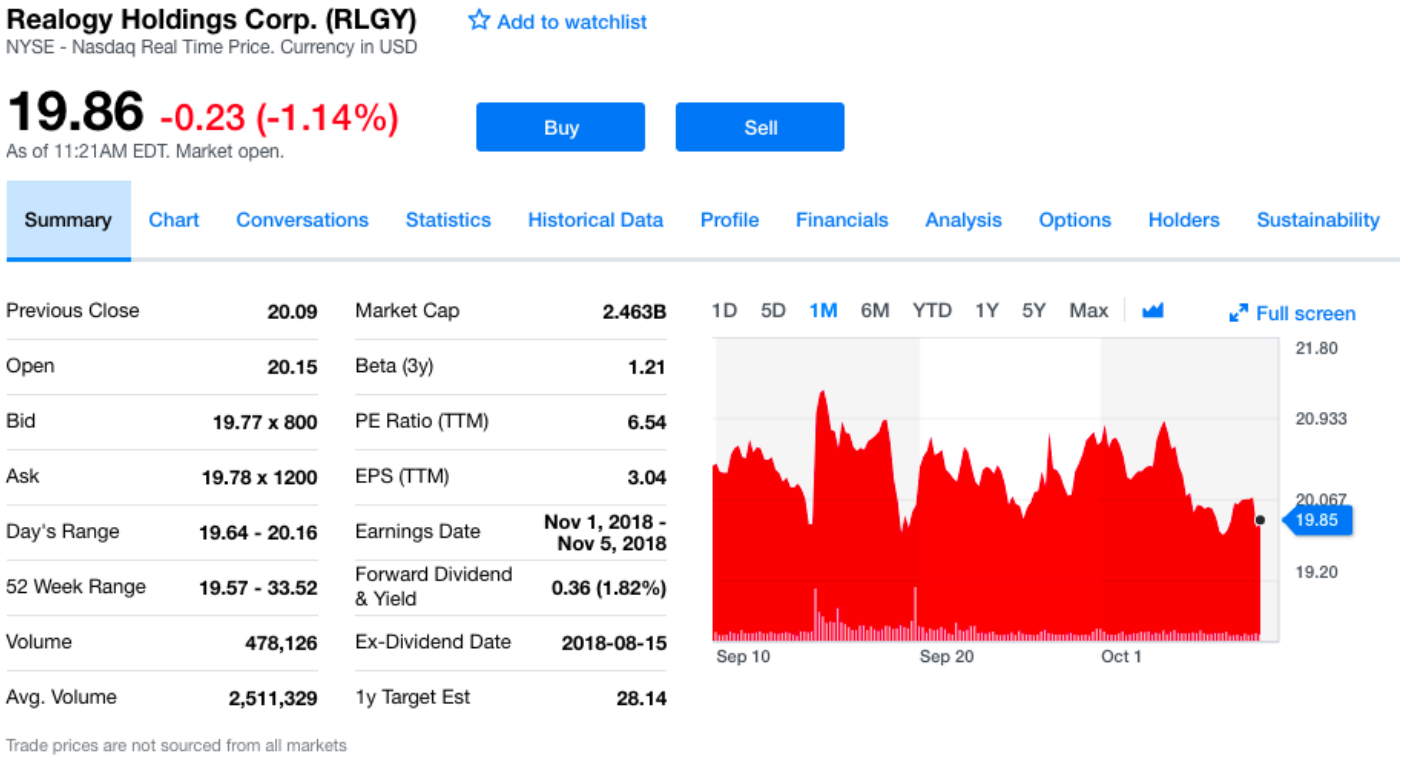
Are real estate's giants ready for a stock market correction?

This year, the Fed has raised short-term interest rates three times, pushing short-term interest rates to 2.25 percent and 10-year U.S. Treasury notes to 3.23 percent — all of which makes borrowing more expensive for buyers, companies, and investors alike.

“Higher yields equate to steeper borrowing costs for corporations and investors alike, and have caused a reassessment of equity valuations, already deemed lofty by some measures,” said Sue Chang of *MarketWatch*. “On top of that, richer rates of so-called risk-free bonds can compete against equities, which are perceived as comparatively riskier.”

This month, the steady rise in interest rates has negatively impacted investor sentiment, causing the S&P 500 and NASDAQ to close with 1.14 and 52.50 deficits, respectively. Some analysts say worse is yet to come in the form of a market correction of anywhere from 10 to 20 percent (a correction is defined as 10 percent decline in a stock or index).

So, how are real estate’s biggest companies positioned with a potential correction on the horizon?



Since Sept. 10, Realogy’s price per share (PPS) has decreased 0.57 cents from $20.43 to $19.86, with a high of $21.24/PPS on Sept. 14 and low of $19.70/PPS on Sept. 19.

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During the same time period, Realogy continued its leadership shuffle, jumped into the iBuyer market, and paid $17M in a lawsuit over kickbacks stemming from its now-defunct PHH Home Loans Venture.

Although some analysts think the company's share values are simply underpriced, others say Realogy has been hit hard by the housing slowdown, high commission payouts, and too much overhead. Most of all, a focus on new brokerage models is pushing venture funding toward companies such as Compass and Opendoor.

Zillow Group, Inc. (Z) Add to watchlist
NasdaqGS - NasdaqGS Real Time Price. Currency in USD

40.10 -0.81 (-1.98%) Buy Sell
As of 11:22AM EDT. Market open.

Summary | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Previous Close	40.91	Market Cap	8.096B
Open	40.70	Beta (3y)	0.59
Bid	40.12 x 800	PE Ratio (TTM)	N/A
Ask	40.13 x 800	EPS (TTM)	-0.47
Day's Range	39.90 - 41.17	Earnings Date	N/A
52 Week Range	38.63 - 65.70	Forward Dividend & Yield	N/A (N/A)
Volume	590,036	Ex-Dividend Date	N/A
Avg. Volume	2,054,813	1y Target Est	50.00

Trade prices are not sourced from all markets

Since Sept. 10, Zillow's price per share has increased 0.07 cents from $45.03 to $40.10 — its lowest PPS in the past 30 days. A high of $47.53/PPS happened on Sept. 12.

Zillow has been relatively quiet since its acquisition of Mortgage Lenders of America on Aug. 6, which sliced the company's market cap by $1.6B the next day. Zillow CEO Spencer Rascoff said the drop in market cap and share values was "due to lowered guidance" for one of the company's four marketplaces. But investors told another story, saying that said the integration of Mortgage Lenders of America alongside the company's iBuyer moves posed too much risk for 2019.

"Investors … don't want an interest-rate-sensitive company that owns homes; they bought Zillow because it's a high-margin, asset-light online real estate play with a fabulous multi-year growth story," said CNBC's Jim Cramer. "In short, it's not what the shareholder base signed up for."

Redfin Corporation (RDFN) Add to watchlist
NasdaqGS - NasdaqGS Real Time Price. Currency in USD

16.74 +0.28 (+1.70%) Buy Sell
As of 11:23AM EDT. Market open.

Summary | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Previous Close	16.460	Market Cap	1.485B
Open	16.400	Beta (3y)	N/A
Bid	16.87 x 800	PE Ratio (TTM)	N/A
Ask	16.90 x 800	EPS (TTM)	-0.845
Day's Range	16.39 - 16.98	Earnings Date	N/A
52 Week Range	16.375 - 31.500	Forward Dividend & Yield	N/A (N/A)
Volume	209,688	Ex-Dividend Date	N/A
Avg. Volume	1,516,401	1y Target Est	21.73

Trade prices are not sourced from all markets

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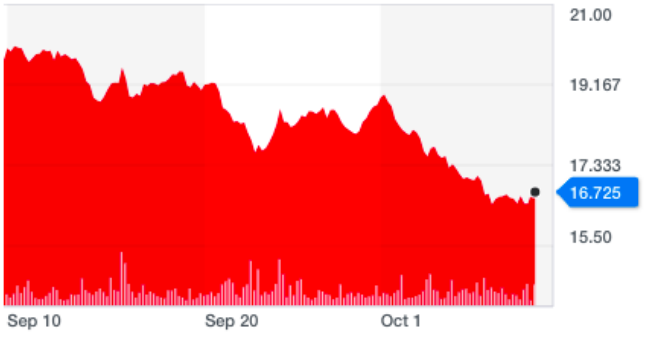


Since Sept. 10, Redfin's price per share has decreased $2.98 cents from $19.72 to $16.74, with a high of $20.04/PPS on Sept. 10 and low of $16.46/PPS on Oct. 8. Much of the news from Redfin over the past month has focused on the launch of a new price estimate tool for off-market homes, continued expansion efforts for Redfin Mortgage, and a controversy surrounding the accuracy of Redfin Estimate after sudden, dramatic price hikes.

Redfin CEO Glenn Kelman did lower the company's Q3 forecast, citing "slowing traffic growth in a weakening real-estate market." Despite that, investors are saying that Redfin is still a good investment.

"With the stock down below $20, it's a good time to buy in or add to a position," said Jonathan Poland of Guru Focus. "Even though growth is slowing in the hottest markets, houses are still selling in less than 30 days. Across the country the average is about 60 days."

"That's way down from the 140 days it took to sell a property back in 2010."

DocuSign, Inc. (DOCU) Add to watchlist
NasdaqGS - NasdaqGS Real Time Price. Currency in USD

43.4600 +0.2300 (+0.53%) Buy Sell
As of 11:23AM EDT. Market open.

Summary | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Previous Close	43.2300	Market Cap	6.815B
Open	42.9800	Beta (3y)	N/A
Bid	43.3100 x 1800	PE Ratio (TTM)	N/A
Ask	43.4200 x 1800	EPS (TTM)	-4.8380
Day's Range	42.9200 - 45.0000	Earnings Date	N/A
52 Week Range	37.0000 - 68.3500	Forward Dividend & Yield	N/A (N/A)
Volume	824,663	Ex-Dividend Date	N/A
Avg. Volume	1,719,544	1y Target Est	66.71

Trade prices are not sourced from all markets

Since Sept. 10, DocuSign's price per share has decreased $11.28 cents from $54.74 to $43.46, with a high of $57.03/PPS on Sept. 12 and low of $42.98/PPS at the open of today's stock market. DocuSign surpassed Zillow Group's market cap ($8.66 billion vs $8.56 billion) at the close of the trading day on Sept. 20 — a lead they've since lost ($8.096 billion vs $6.815 billion).

According to an analysis by Keith Noonan of *The Motley Fool*, DocuSign is heading into a two-month slump with shares continuing to fall in October after a 15.8 percent decrease in September, according to S&P Global Market Intelligence data. Noonan says "guidance that has underwhelmed some investors" may be to blame, but the company's total revenue, earnings, and free cash flow have remained strong.

News Corporation (NWSA)
NasdaqGS - NasdaqGS Real Time Price. Currency in USD

Add to watchlist

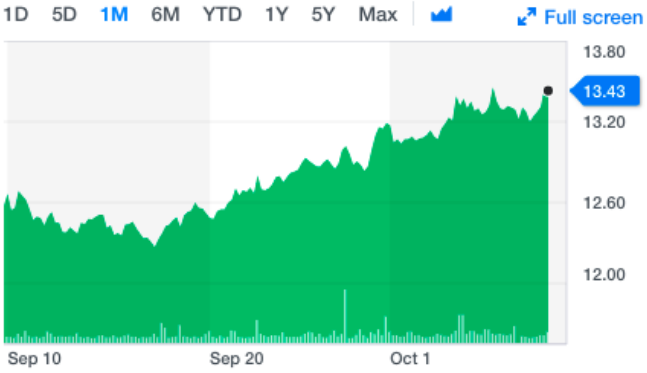
13.435 +0.115 (+0.86%)
As of 11:24AM EDT. Market open.

Buy Sell

Summary | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Previous Close	13.320	Market Cap	7.928B
Open	13.490	Beta (3y)	1.89
Bid	13.440 x 3200	PE Ratio (TTM)	N/A
Ask	13.450 x 1800	EPS (TTM)	-2.60
Day's Range	13.260 - 13.500	Earnings Date	Nov 7, 2018 - Nov 12, 2018
52 Week Range	12.240 - 17.290	Forward Dividend & Yield	0.20 (1.50%)
Volume	1,280,738	Ex-Dividend Date	2018-09-11
Avg. Volume	3,177,206	1y Target Est	15.90

Trade prices are not sourced from all markets



Since Sept. 10, News Corp's price per share has increased 0.86 cents from $12.58 to $13.44, with a high of $13.46/PPS on Oct. 5 and low of $12.27/PPS on Sept. 17.

In August, News Corp bought lead generation platform Opcity for $210 million a move that was followed by acquiring a brokerage license in Texas, where Opcity is headquartered. The company also experienced 19 percent year-over-year growth in its digital real estate services during Q4 2018 , which includes Move's realtor.com.

RE/MAX Holdings, Inc. (RMAX) Add to watchlist
NYSE - Nasdaq Real Time Price. Currency in USD

42.4650 -0.1950 (-0.46%) Buy Sell
As of 11:17AM EDT. Market open.

Summary | Chart | Conversations | Statistics | Historical Data | Profile | Financials | Analysis | Options | Holders | Sustainability

Previous Close	42.6600	Market Cap	1.287B
Open	42.5800	Beta (3y)	0.27
Bid	42.3600 x 800	PE Ratio (TTM)	56.54
Ask	42.4900 x 1200	EPS (TTM)	0.7510
Day's Range	42.4250 - 42.6289	Earnings Date	Nov 1, 2018
52 Week Range	42.2100 - 67.5000	Forward Dividend & Yield	0.80 (1.84%)
Volume	13,114	Ex-Dividend Date	2018-08-14
Avg. Volume	124,132	1y Target Est	56.86

Trade prices are not sourced from all markets

Since Sept. 10, RE/MAX's price per share has decreased $5.59 from $48.05 to $42.46, with a high of $48.05/PPS on Sept. 10 and low of $42.65/PPS on Sept. 24. During the same time period, RE/MAX appointed a new CEO, expanded Motto Mortgage's market share, and continued its battle with Keller Williams over who has the highest sales volume in the nation.

But, the company had a rockier start to the year, with ethics violations by CEO Adam Contos and founder Dave Liniger.

Email Marian McPherson.

Source: click here