RE/MAX co-founder buys more than $3M of company stock

In what is beginning to look like a trend in which real estate leaders doubling down on their firms' stock market potential, RE/MAX revealed Wednesday that co-founder and former CEO Dave Liniger has just purchased 122,911 shares in the company.

Dave Liniger. Credit: Re/Max

In a statement explaining the purchase, Liniger said that he considers "RE/MAX stock at current levels to be undervalued." The statement also said that Liniger has purchased his new shares over the last three days, during which time prices have hovered above $30 per share.

Though RE/MAX did not say how much Liniger specifically spent on his new shares, his statement did note that he has been "buying shares in the open market." That means he likely paid more than $3.6 million for the stock.

Liniger further explained in his statement that while the real estate industry is changing, "the constant that I see through all of this time is consumer preference for quality brokers and agents."

He also said that he may buy additional shares in the future.

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"I believe that RE/MAX is uniquely positioned to continue to be the leader in the industry, which is what gives me great confidence that the company is well positioned for the future," he added.

Liniger founded RE/MAX with his wife, Gail, in 1971. He served as CEO of the company until 2017, when he named then chief operating officer Adam Contos his co-CEO. Lininger stepped down in early 2018, leaving Contos as sole-CEO.

The former CEO's stock purchase follows a strong earnings report last month that beat analysts' expectations.

The purchase also comes just a month after Realogy CEO Ryan Schneider bought 119,300 shares in his company. Schneider bought the shares for $8.38 each, and at the time a company spokesperson told Inman that "Realogy's financials are healthy."

However, Schneider's purchase came after years of decline for Realogy stock. Prices peaked in 2015 at nearly $50 per share, but have been falling ever since and hit an all-time low of less than $7 last week. Prices had rebounded slightly by Wednesday, but remain below what Schneider paid.

RE/MAX stock has also faced headwinds, though to a lesser degree. Share prices maxed out in late 2017 at more than $67 but have fluctuated ever since and are now worth less than half that amount.

RE/MAX stock prices since 2013. Credit: Yahoo Finance

RE/MAX stock was up very slightly Wednesday compared to the previous five days, but down about $10 per share compared to one month ago.

The stock market struggles of both RE/MAX and Realogy come as the industry faces significant disruption on virtually all sides. Large and well-funded upstarts such as Opendoor are trying to reimagine the entire home buying process, for example, while other companies such as Purplebricks or Reali are content to burn down the traditional commission model that older stalwarts rely on.

The final outcome of these changes is certainly not yet settled, but so far at least investors seem to have a growing reluctance to bet on the incumbents.

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