Redfin announces $240M stock offering for potential acquisitions

The innovative brokerage Redfin announced to investors on Monday that it is making a new public offering of nearly $240 million, in a combination of 3.5 million shares of common stock – at a max of $23.69 per unit according to SEC filings – and $125 million in senior notes due 2023.

The technology-focused brokerage said in filings that it plans to use the net proceeds from the public offering for working capital and other general corporate purposes, “which may include technology development and marketing activities, general and administrative expenses and capital expenditures.”

The company also stated in the press release that it may choose to use a portion of the proceeds to invest in or acquire third-party businesses, products, services, technologies or other assets, but it has no agreements or plans in place to make any investments or acquisitions at present.

In addition to the new public offering, Redfin is offering underwriters of the common stock a 30-day option to purchase up to an additional 525,000 shares and the underwriters of the notes a 30-day option to purchase up to an additional $18.75 million in notes to cover over-allotments.

The Seattle-based brokerage posted a net loss of $38.6 million in the first quarter of 2018 and a revenue of $79.9 million, a year-over-year increase of 33 percent. The the first quarter earnings call with investors, Redfin CEO Glenn Kelman said profits are always lower in the first quarter as the company hires agents and runs ads to set up third and fourth quarter sales.

Redfin went public in July 2017 with shares opening at $15 and closing at $21.70 on its first day of trading. Shares closed the day on Tuesday at $23.99.

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Late last month, real estate portal giant Zillow announced a $650 million public offering and also hinted that it may be eyeing acquisitions.

Email Patrick Kearns

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