# Redfin beats expectations with $110M revenue in Q1 2019 earnings

The tech-focused Seattle-based real estate brokerage Redfin reported $110.1 million in revenue for the first quarter of 2019, a year-over-year increase of 38 percent and beating expected revenue of $104.55 million. But it still saw losses widen in the first quarter of 2019, to $67.2 million.

The company posted a $0.74 net loss per share, slightly beating the guidance of a net loss of $0.75 per share, according to investment research firm Zacks.

“Redfin’s traffic and revenue growth accelerated in the first quarter, and agent productivity increased for the first time since the second quarter of 2017, all while our earnings were better than our projections,” Redfin CEO Glenn Kelman said in a statement. “Demand has been especially strong for mortgage, title, RedfinNow and our concierge service for painting and staging listings, increasing our conviction that these new services can combine with our brokerage capabilities to let us solve customer problems no other real estate company can.”

On the first quarter earnings call, Kelman said the biggest reason that losses widened were a combination of a greater investment in advertising and new businesses. Spending on technology and development specifically increased slightly more than 20 percent.

Perhaps the biggest news of the quarter came from a new partnership between RE/MAX and Redfin, where Redfin will refer interested buyers to RE/MAX agents in Canada and in certain markets in which Redfin doesn’t have a presence. RE/MAX agents get a discounted referral fee in exchange for the partnership.

The brokerage’s other big news was its expansion into Canada. Redfin launched first in Toronto, with Vancouver just behind and unveiled a national listing website.

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Redfin Mortgage is also growing rapidly, with one out of 11 Redfin buyers getting a mortgage through the company's home lending arm. It grew so quickly, Kelman said on the call that they had to turn away some customers because they didn't have enough staff to serve all the potential clients.

Redfin's direct-to-consumer home buying and selling service Redfin Now quadrupled the number of homes it sold, but it was still less than 50 in the quarter. The company is also creating more synergy between both Redfin Now and its traditional brokerage services. It now asks consumers who field an offer from the service if they would like to meet with a Redfin agent and discuss other selling options, something 75 percent of consumers that solicited a Redfin Now offer have opted for since April.

Kelman said renovations have been the biggest thing holding the platform back from growing more, so the company is investing in building software to track renovations.

He also directly addressed the growing segment of well-funded iBuyers in the market.

"The winner will be the company that supports a customers entire move, not just a part of it," Kelman said on the earnings call. "Ibuying has become an important tool for agents, but it's not the whole toolbox."

Traffic to Redfin's website and mobile app increased by 20 percent year-over-year in the first quarter of 20 percent.

The company expects between $183.7 and $193.1 million in the second quarter of 2018, a year-over-year growth of between 29 and 35 percent. It also expects a net loss between $14.7 million and $11.3 million.

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