

# Rocket Companies – Redfin Transaction Investor Call Transcript

March 10, 2025

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## Rocket Companies

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## CORPORATE SPEAKERS:

**Sharon Ng**

*Rocket Companies; Head of Investor Relations*

**Varun Krishna**

*Rocket Companies; Chief Executive Officer*

**Brian Brown**

*Rocket Companies; Chief Financial Officer*

## PARTICIPANTS:

**Ryan McKeveny**

*Zelman; Analyst*

**Naved Khan**

*B. Riley Securities; Analyst*

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### Operator

Thank you for standing by. And welcome to the Rocket Companies to Acquire Redfin Conference Call.

I'd now like to turn the call over to Sharon Ng, Head of Investor Relations. You may begin.

### Sharon NG, Head of Investor Relations at Rocket Companies

Good morning, everyone, and welcome.

Joining me today are Varun Krishna, Chief Executive Officer of Rocket Companies, and Brian Brown, Chief Financial Officer of Rocket Companies.

Before we begin, please note that this call may contain forward-looking statements. These statements include, but are not limited to, discussions about the anticipated benefits of the proposed transaction between Rocket Companies and Redfin, expected financial and operational outcomes, the timing of the transaction's completion, and plans for the combined company. Any statements made today that are not historical facts should be considered forward-looking statements.

We do not undertake any obligation to update these statements based on new information or future events, except as required by law. This call is being broadcast live and is accessible on our Investor Relations website at [ir.rocketcompanies.com](http://ir.rocketcompanies.com), where a recording will also be available later today.

Additionally, we have posted a press release and a copy of our presentation on our Investor Relations website for reference.

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With that, I'll turn the call over to Varun.

## **Varun Krishna, CEO of Rocket Companies**

Good morning, everyone, and thank you for joining us. I'm thrilled to be here to talk about Rocket's acquisition of Redfin.

I've been a longtime Redfin user—I even found my first home on their platform and have been an active user ever since.

Redfin is a true category leader—a pioneering disruptor that turned the concept of a digital realtor into reality. Their technology- and data-driven approach has transformed the home search experience. As the #1-ranked brokerage in the U.S., Redfin's 2,200 lead agents and broader network helped facilitate 61,000 home transactions in 2024 alone.

I want to thank Glenn and the entire Redfin team for building such a respected brand and outstanding business that I so admire, and I look forward to welcoming them to the Rocket family. I know I speak for all of Rocket when I say—we can't wait to move this industry forward together.

On our earnings call last month, we talked about how Rocket is executing a strategic evolution to fulfill our mission to Help Everyone Home. Over the past year, we've made bold investments and moved with urgency to redefine the homeownership experience, and we're continuing to do so.

Today's announcement is the latest milestone in that journey. Our agreement to acquire Redfin is a perfect fit with our mission to Help Everyone Home.

Brian will share more details shortly, but I want to highlight a few key transaction points. This is an all-stock transaction at \$12.50 per share. The deal is expected to generate over \$200 million in cost and revenue synergies and is projected to close in the second or third quarter of 2025. This is pending Redfin shareholder approval, regulatory clearance, and standard closing conditions.

We are incredibly excited about the impact this will have and the significant value it creates for both Rocket and Redfin shareholders.

Let me share why this combination makes so much sense.

First, we're bringing together two market leaders to bring more consumers into the Rocket ecosystem.

For far too long, the homeownership process has been outdated and disconnected. Home search, brokerage, mortgage, title, closing, servicing, all exist in separate ecosystems, forcing consumers to piece together a complex and frustrating journey.

This disjointed system creates confusion, adds friction, and drives up transaction fees—totaling roughly 10% of a home's cost. And yet, this inefficient, costly experience is still the accepted norm.

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We reject that status quo. There's a better way, and we're going to make it happen. By uniting search, buying, selling, mortgage, title, and servicing all under Rocket, we're creating a modern, intuitive experience that puts the consumer first.

With the entire journey under Rocket, we gain powerful economies of scale that benefit both Rocket and the consumer. We can introduce unique product offerings and pass value back to buyers and sellers because we earn revenue across multiple parts of the transaction.

We've already seen early success with integrated solutions like Buy+, and this combination with Redfin takes that to an entirely new level. The opportunity to transform homebuying at scale is here, and we're ready to lead the way.

Second, we expect our combination will drive purchase mortgage growth.

Rocket and Redfin have long had an advantage in engaging homebuyers at critical points in their journey. Redfin attracts 50 million potential homebuyers each month—the majority searching on a mobile phone. Rocket connects with 2 million purchase contacts annually when they explore affordability and mortgage financing. In fact, 40% of homebuyers start their journey by determining how much home they can afford. These are highly valuable buyers and sellers with a strong intent to transact.

When these clients are then connected with the best agents and the best loan officers, it creates a virtuous cycle.

Redfin's 2,200 lead agents and 5,000 partner agents are among the very best in the industry. Now, by joining forces with Rocket's 3,000 loan officers and expansive mortgage broker network, we're building a highly efficient funnel that matches motivated buyers with top professionals. This strengthens what we believe is the most effective homeownership distribution platform in the industry— and the best place for real estate and mortgage professionals to grow, succeed, and deliver exceptional client experiences.

Rocket and Redfin sit at the crossroads of technology and human connection. We empower our team members with AI-driven tools that help them provide the best client service in the industry. AI eliminates paperwork and administrative work, allowing agents and loan officers to focus more time on advising clients.

We're already seeing results. In Q4, Rocket's loan officers served 54% more clients per team member than the previous year—driven by AI-powered efficiency. Rocket aims to be the homeownership company where top professionals come to grow their business and serve more clients. Their success is our success.

Third, our combined scale in AI, technology and data put us further ahead. In today's world, the companies with the most data will win, and no industry is safe from the disruption or the opportunity that AI creates. As commoditization and disintermediation accelerate, access to scaled, proprietary data is what separates industry leaders from the rest.

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Rocket and Redfin are AI- and data-driven at our core, and our combined scale will accelerate the transformation of homebuying. Rocket has already invested \$500 million in AI, data infrastructure, and predictive modeling. Our platform processes 10 petabytes of data and over 65 million call logs annually, powering AI-driven tools that have already saved over 1 million hours of productivity.

Redfin adds an invaluable layer of data on top of that—4 petabytes of real estate data, insights on 100 million properties, buyer interactions, and pricing trends. The Redfin Estimate is widely recognized as the most accurate online home-value estimate, with a median error rate of just 2.1% for on-market homes.

AI delivers speed, accuracy, efficiency, and personalization—and these advantages only compound exponentially.

Rocket and Redfin are the original disruptors of their industries, using technology to redefine the status quo. Redfin revolutionized real estate by turning a paper-driven process into a data-powered, digital-first experience, making buying and selling homes faster and more transparent. Rocket pioneered online mortgage lending, bringing home financing into the digital era.

Now, together, we're taking this even further—using AI to drive the next wave of transformation in homeownership.

Through this acquisition, we are combining the strengths of Rocket and Redfin – creating a more seamless, data-driven homebuying experience that will set a new industry standard. I'm so excited for what's ahead. I can't wait to show the world what we can achieve together. Now, I'll hand it over to Brian to walk through the financial details of this transaction.

## **Brian Brown, CFO of Rocket Companies**

Thanks Varun, today is a major moment for the homeownership industry. This milestone marks the beginning of real change, and I couldn't be more excited for what Rocket and Redfin will accomplish together.

Now, I want to talk a little more about the financial opportunities ahead.

When it comes to homebuying, we believe Rocket and Redfin have built one of the largest top-of-funnel purchase pipelines in the industry.

Redfin attracts 50 million people actively searching for homes each month. This traffic generates nearly a million buy-side contacts each year. A buy-side contact is someone who has taken an action like asking a question, setting up a consultation with an agent, or requesting a home tour. These are high intent clients.

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Through our marketing efforts, Rocket connects with more than 2 million prospective home buyers a year. Additionally, our servicing portfolio includes 2.8 million homeowners who are looking to potentially sell their existing home and buy a new one. Taken together, the combined companies have an unmatched ecosystem of future homebuyers.

But audience reach alone isn't enough; engagement and fulfillment options are what convert the top-of-the funnel audience into eventual home buyers. Redfin's 2,200 lead agents and Rocket's 3,000 loan officers help move these home searchers through the home buying process to an eventual closing.

Redfin's brand and high-intent users bring more home buyers into Rocket's mortgage ecosystem, while Rocket's leading mortgage platform provides a simple and fast mortgage experience for Redfin buyers. With this high-quality client base, we expect to drive higher conversion rates and stronger mortgage attachment. Redfin already has one of the highest real estate brokerage to mortgage attachment rates in the industry at 27%, with some markets as high as 60%. More engaged buyers, a seamless experience, and the best professionals in the industry —this is the power of the Rocket-Redfin end-to-end experience.

And the opportunity before us is enormous. Combining the homebuyers across both platforms, we see a 200 billion dollar annual addressable mortgage opportunity, with one in six purchase originations coming through this ecosystem.

Beyond a large addressable audience, this deal allows us to lower homebuying costs for consumers. The traditional purchase process is fragmented and requires interacting with many entities along the journey—home search, buyer agents, listing agents, a mortgage originator, a title and closing provider, and a servicer. Each stop adds layers of transaction costs, stress, and friction. This friction is our opportunity.

We've never seen home affordability challenged as acutely as it is today. The median home price now exceeds \$400,000, and the typical home transaction incurs \$40,000 in fees—roughly 10% of the home price.

The combined companies will eliminate inefficiencies and earn revenue across multiple parts of the transaction while operating with a single fixed cost base. This allows us to deliver a modern, seamless, and more cost-effective homebuying experience for consumers that are listing, buying, and financing their homes.

This acquisition also unlocks meaningful financial value. We expect to capture over \$200 million in annual run-rate revenue and expense synergies. This includes approximately \$140 million of expense synergies from the rationalization of duplicative operations and other costs.

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We expect an additional \$60 million in revenue synergies from higher attach rates to mortgage, real estate brokerage, and title at an even greater scale. This transaction is expected to be accretive to our adjusted earnings per share by the end of next year. We will maintain our strong balance sheet and conservative leverage profile upon close.

There is one more piece of news that I'd like to share with you today. With an eye toward simplifying Rocket's corporate structure, we are also collapsing our existing Up-C.

Mechanically, the Up-C collapse converts our current Class D shares into newly created Class L shares. These Class L shares will be subject to a structured two-year lockup period to maintain market stability, after which they will be convertible into Class A shares upon their sale. It's also important to note that these new Class L shares will only have one vote - just as the Class A shares have also only one vote. In short, the collapse of the Up-C effectively eliminates the super voting right currently held by our parent company Rock Holdings Inc.

We believe that the collapse of the Up-C comes with other benefits, including a simplified corporate structure with easier to understand tax obligations and financial statement reporting. It also makes it easier to use stock as our currency for acquisitions such as this.

Finally, Rocket Companies, Inc., the holding company owned by Class A shareholders, has \$119 million of cash that has accumulated since our last dividend in March of 2022. As part of the Up-C collapse, we are distributing this cash to Class A shareholders through an \$0.80 per share dividend.

These strategic moves—acquiring Redfin and simplifying our corporate structure—put us in prime position for our next stage of growth. We are accelerating our mission to Help Everyone Home and creating long-term value for our shareholders.

Thank you for your support and being part of this journey with us.

Operator, we are ready to open up the line for questions.

**Operator**

Your first question comes from the line of Ryan McKeveny from Zelman. Your line is open.

**Ryan McKeveny, Analyst at Zelman**

Hey, good morning Varun and Brian. Exciting announcement for you guys, so congrats. A couple of questions for me.

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So I guess on just the big picture integration of Redfin and Rocket on the purchase side, obviously they've structured things with their brokerage business with the 2,200 agents, and they also have a partner network, kind of the Rocket Homes side of Rocket has kind of a partner network. Maybe you can give some more insight on how you see it all coming together and what the look and feel is you know fast forward a year or two years down the road as this comes together would be part one.

And then second question would be maybe about a month ago, Redfin and Zillow announced a partnership related to rental listings.

I assume that partnership will remain in place, but maybe you can comment on that with the change in ownership, if I'm thinking about that correctly.

Thank you so much.

## **Varun Krishna, CEO of Rocket Companies**

Yeah, Ryan, thank you for the question.

I appreciate it. Let me start, and then I'll ask if Brian wants to chime in as well. Let's start with the why. And you know I think the biggest thing is we've been very clear about our strategy, and we've talked about that over many calls.

And we want to grow in purchase. We want to invest deeply in data and AI. And we see this deal as really accelerating both.

We're going to bring together the leading home search company, the leading mortgage company, and we're going to create and construct a better end-to-end experience that we think is going to create better value for consumers.

When you think about just the fact that these companies are so complementary to each other in terms of our brand, the scale of what we do as well as the culture of the different companies, that is really the genesis of this deal. And then when you sit behind that and look at the data, just to share a few examples, Redfin has 50 million monthly active users, 2,200 agents, a network of 5,000 agents.

We think that will be very complementary to our existing agent network.

So you have a very highly engaged top of funnel to focus on purchase.

And then you have the most scaled mortgage platform built for 50 states, 3,100 counties and parishes. And so when you put that together, you can connect the entire value chain, right, from search to realtor



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to broker to banker to financing, title, closing, servicing. And when you think about the amount of time data, friction and expense that exists through individual facets of that, that's where we see the biggest opportunity. And so we think if we do a good job with this, we can create better economics across the value chain for ourselves, our clients, our realtors, really for anyone who participates in our network.

And so we really think of this as two data and tech companies sort of coming together to solve an important problem of homeownership.

In terms of how we think about the integration plan, I think we have three real focus areas. The first one is to make sure that we think about the team, we think about the culture, and we're thoughtful about that integration. The second is we think there's a lot of low-hanging fruit to go after in terms of new products and services that the two companies can start to think about building right away.

And then, of course, to us, this is about accelerating our AI and data strategy and how do we bring those pieces together thoughtfully so that we can get maximum benefit from the models and infrastructure and sort of knowledge engineering platforms that we're building. And so we're going to be thoughtful about that over the coming weeks and months.

We've obviously put together an integration team who will be dedicated and focused on this from both companies.

But that's the high-level plan.

In terms of the Zillow partnership, I would just say quickly that we absolutely support the partnership.

We think it's good for industry, and we think it's a great deal for both Redfin and Zillow.

## **Brian Brown, CFO of Rocket Companies**

Yes. Maybe, Ryan, I'll just chime in on the synergy case here real quick and just hit a few highlights.

But we expect the transaction to close in the second or third quarter of this year, and we expect it to be accretive next year.

We do see significant synergy value in the transaction.

We talked about about \$200 million in total.

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That's comprised of about \$60 million of estimated revenue synergies. Kind of going back to your question about the realtor and the brokerage, we do see a potential to increase mortgage attachment from the Redfin lead agents and even agent network there.

We've obviously proved that in our own four walls. And if you think about what we have to offer at Rocket Mortgage, it's just a larger product suite.

It's a competitive pricing. It's best-in-class digital experiences, super-fast close time so that's one aspect of the revenue synergies. And then, of course, we talked about this a lot on our earnings calls.

We have lots of clients that come into our funnel without a realtor, and that provides a great opportunity to increase attachment.

One of the things we really like is the Redfin brokerage is the realtors perform in the very top of all realtors across the industry.

So very exciting there. And then, of course, you have the expense side of the house, which is probably not a surprise. We've sized that up at about \$140 million. And those are things you would expect.

We, of course, have duplicative public company costs. We have some overlapping corporate and G&A functions.

We definitely expect some marketing synergies, particularly on brand optimization between the two properties. And then you have some mortgage and search cost overlap, too.

So when you kind of piece all that together, the synergy value here is really exciting and gives us a lot of confidence as we move to integration and -- closing and integration.

**Ryan McKeveny, Analyst at Zelman**

That makes sense, thank you very much, appreciate it.

**Operator**

And again if you would like to ask a question, press star one on your telephone keypad. Your next question comes from the line of Naved Khan from B. Riley Securities. Your line is open.

**Naved Khan, Analyst at B. Riley Securities**

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Great. Thank you very much. Maybe just give us your high-level thoughts on this transaction from an antitrust perspective and potential regulatory hurdles, if any? And then just curious to know if this was a competitive bidding process or how -- just some kind of background on the transaction would be very helpful. Thank you.

**Varun Krishna, CEO of Rocket Companies**

Yes. Thank you.

I'll start with the regulatory question.

Obviously we don't speculate on regulatory matters, but we believe the transaction will close approximately in the third quarter of '25.

Obviously we have worked very closely with our advisors, our attorneys.

We wouldn't be pursuing this agreement if we weren't confident in our ability to complete it.

And of course, we are actively going to work hard on filing all the required regulatory applications, the right notifications.

We cooperate fully in any reviews and processes, but we don't anticipate any challenges or risks given the work that we've invested in thus far.

**Brian Brown, CFO of Rocket Companies**

Yes. And on the question around the competitive process, that's probably a better question for the Redfin team, but we started this relationship a long time ago with the Redfin team. And as Varun talked about in his prepared remarks, we've been long-time admirers of what they've built, and we're just super happy to get to this point.

**Operator**

And that concludes our question and answer session.

I will now turn the call over to Varun Krishna, CEO, for closing remarks.

**Varun Krishna, CEO of Rocket Companies**

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Well thank you, everyone, for joining the call and look forward to speaking with you at our next earnings call. Thanks again.

## **Operator**

This concludes today's conference call. Thank you for your participation.

You may now disconnect.