



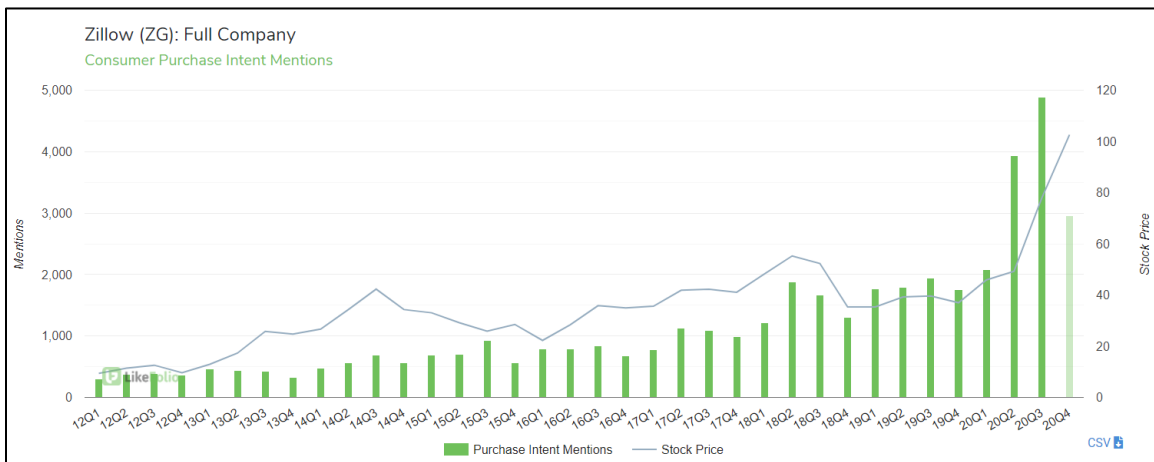
Coverage Addition Report: ZG

Zillow Group, Inc. (NASDAQ: ZG)

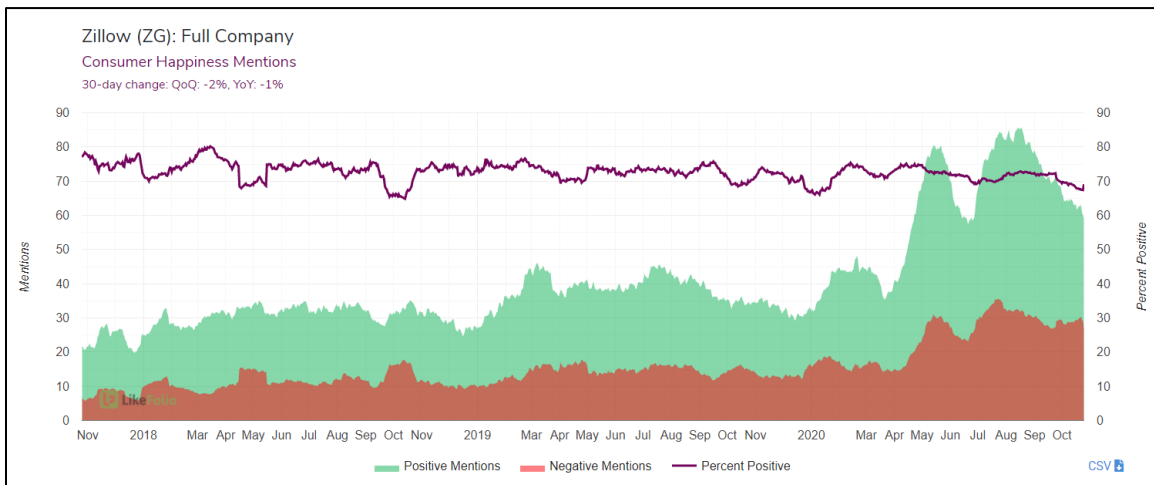
Current Outlook: Neutral

Key Points

Consumer Purchase Intent Mention boomed in 20Q3 and is now tempering



Consumer Happiness is relatively flat, 69% positive



Trader Commentary:

Zillow Purchase Intent mentions (mentions of consumers using Zillow's platform to buy or sell a home) soared in 20Q2 and pressed higher in 20Q3, registering +24% QoQ and +151% YoY.

This is no surprise, as existing home sales [continued to rise in September](#): +9.4% vs. August, and +21% YoY.

LikeFolio mentions of buying a home and looking for a home increased 32% in the last 90 days vs. prior year but are cooling off into the Winter months (-7% QoQ).

A [Fortune report](#) noted, "In many markets, the sales were driven by demand for suburban properties by millennial and first-time buyers as work-from-home policies became the standard across many industries."

Zillow detailed a significant [priority shift](#) driving demand on its last earnings call it deemed **the great reshuffling**: "Home offices are in high demand. Backyards are more desirable than parks and gyms. Work-from-home policies are eliminating the commute for many. There's an endless list of considerations. Millions of people are currently considering upsizing, downsizing, getting closer to family, further from the office, et cetera."

In its recent [Weekly Market Report](#), Zillow noted that pending sales are slowing down (-4.9% since last month and -1.7% since last week) due to low inventory and an overdue seasonal decline.

We're officially neutral into earnings. While 20Q3 growth was explosive, demand in October has cooled off (alongside the stock price). Shares are trading up more than 100% YTD and have shed 12% in value this month.

Next Earnings: 20Q3 release (for quarter ending 9/30/2020) is confirmed for [Nov. 5 after the bell](#). Last earnings release for [20Q2](#) (ending 6/30/2020) was 8/6/2020.