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Zillow to sell nearly \$100M of Greater Cincinnati homes as homebuying division shuts down

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As Zillow Group Inc. shutter its homebuying division, the Seattle-based real estate company is selling all the homes it purchased in Greater Cincinnati through Zillow Offers.

Zillow (Nasdaq: ZG) owns 359 homes in Butler, Clermont, Hamilton and Warren counties as of Nov. 16, according to property records. Combined, Zillow spent \$95.9 million buying those homes.

A spokesperson for Zillow said the company currently has 89 Zillow-owned homes listed for



ZILLOW

Zillow is exiting the "instant buyer" market after recording significant losses. It plans to sell all the homes it owns in Greater

sale in the Cincinnati area and another 76 that Cincinnati.
are pending or under contract.

“We intend to sell our remaining inventory – which represents less than three-tenths of 1% of all U.S. homes sold this year – the same way we always have: by selling to buyers of all types including individuals, families, individual investors, institutional investors and nonprofits,” the Zillow spokesperson said in a statement to the *Business Courier*.

The difference in the numbers is a combination of the lag in data reporting in the county records and homes Zillow owns but has not listed yet, as the company has been backlogged in preparing homes for sale because of labor and supply shortages, and a competitive housing market.

Zillow announced on Nov. 2 it was shutting down Zillow Offers, its direct homebuying service. The move came weeks after Zillow said it wasn't buying any more homes through the end of the year. Zillow also said it will lay off about 25% of its workforce as a result of shutting down Zillow Offers.

Zillow will sell off the 7,000 homes it owns nationwide, Bloomberg reported.

Hamilton County has the largest share of Zillow-owned homes with 127. Butler County has 95, Warren County has 77, and Clermont County has 60. Some of the transfers to Zillow were posted as recently as Nov. 15, as the company said it would still close on the homes it had under contract and will not be canceling contracts.

Robin Sheakley, president of Sibcy Cline Realtors, said Zillow leaving the instant buying market, where real estate buyers use online tools to figure out a house's worth and then make a cash offer, doesn't mean it won't remain an option going forward.

“Data is critical to use in making decisions, but real estate still involves local knowledge and nuances, and that's where a local agent is invaluable,” Sheakley told me.

Sheakley said an example of Zillow Offers not knowing the local market is that it bought a home in the area and the first thing it did was fill in a pool. Locally, many pool companies have a two-year wait list.

“That could have been that house's biggest selling feature,” Sheakley said.

Another example of information a local real estate agent would have compared to an iBuyer is knowing what's happening in the surrounding area. Dorothy Lane Market coming to Mason is a news story local real estate agents will know and factor into homes near where the store will be built.

"That is where it takes a combination of comparable sales, add to it local understanding and nuance that a Realtor brings to the equation – that is the perfect combination," Sheakley said.

Peter Chabris, founder of the Chabris Group with Keller Williams Seven Hills Realty, said not every industry can be made into a digital experience, with real estate being one of those industries.

"The funny thing is, everybody wants to disrupt the agent," Chabris told me. "You have the most well-capitalized, most well-recognized by consumers digital real estate brand, they tried to do it different, and it's a lot harder and more expensive than they thought."

The Chabris Group is still making cash offers for sellers, as it has for the past three years, but Chabris said that's because he and his team have the local knowledge to understand the market and help a seller determine if they want to take a cash offer or take their home to market.

"Real estate will always be a local business, especially residential," Chabris said.

As for the inventory of homes Zillow is looking to sell, both Sheakley and Chabris said it is not enough to have a major impact on the market. Selling all 359 homes would be about 1% of all the home sales for the year in the region.

"They're not going to flood the market," Sheakley said.

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