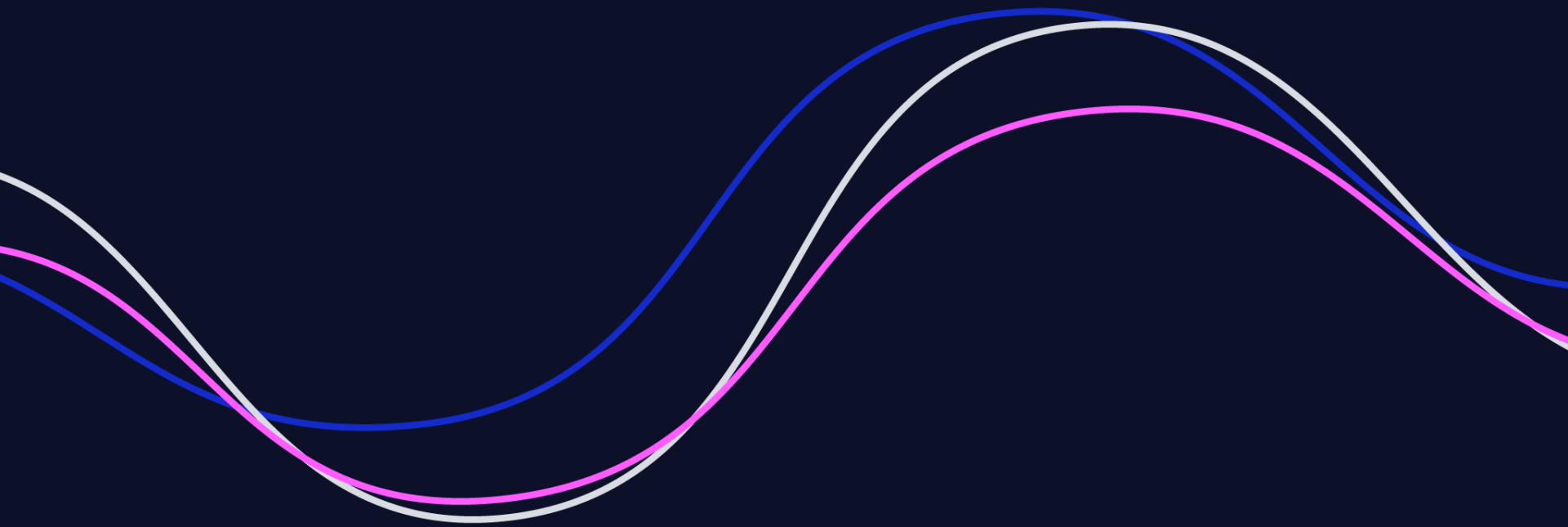


# The 2022 iBuyer Report



2022

# Introducing The iBuyer Report

2021 was a pivotal year for iBuyers, and the stakes are even higher in 2022.

In the last 12 months we've witnessed Zillow's implosion while Opendoor nears escape velocity as its rapid expansion continues – but risks remain.

iBuyer revenue and profit has never been higher, fueled by record home price appreciation. Yet the path to enduring, long-term profitability remains uncertain.

iBuyers are having a rising impact on the global real estate industry. My hope is that this report helps you smartly prepare for the future with a thorough understanding of the past and present.

Mike DelPrete  
April 2022



# Table of Contents



1. Overview
2. Financials
3. iBuyer Markets
4. Market Expansion
5. The Fall of Zillow Offers
6. Offer Quality
7. Offerpad vs. Opendoor
8. Can Opendoor Scale?
9. Attaching Mortgage
10. Sales to Investors
11. Key Themes for 2022

# Overview

iBuyers buy homes directly from consumers, turning the traditional home selling process on its head.

# Get an offer on your home with the press of a button.

[Get your free offer](#)

Sell your home to Opendoor so you can skip the hassle of listing, showings, and months of uncertainty.

# The iBuyer movement is led by Opendoor, founded in 2014, and currently the world's largest iBuyer.

- Opendoor buys homes directly from consumers, quickly spruces them up, and resells them on the open market.
- By March 2019, Opendoor had raised over \$1.3 billion in equity, \$2.4 billion in debt, and was valued at close to \$4 billion.
- In Dec 2020, Opendoor went public with a market cap of \$13B.
- Opendoor offers a compelling customer proposition focused on speed, certainty, and simplicity.



## Convenient home sale

Sell your home without listing, showings, and months of stress



## Competitive cash offer

No financing fall-through risk, so you can focus on buying your next home



## Move on your timeline

Complete flexibility and control of your moving timeline

In 2021, iBuyers accounted for nearly 120,000 transactions, or 1.3 percent of the U.S. market.

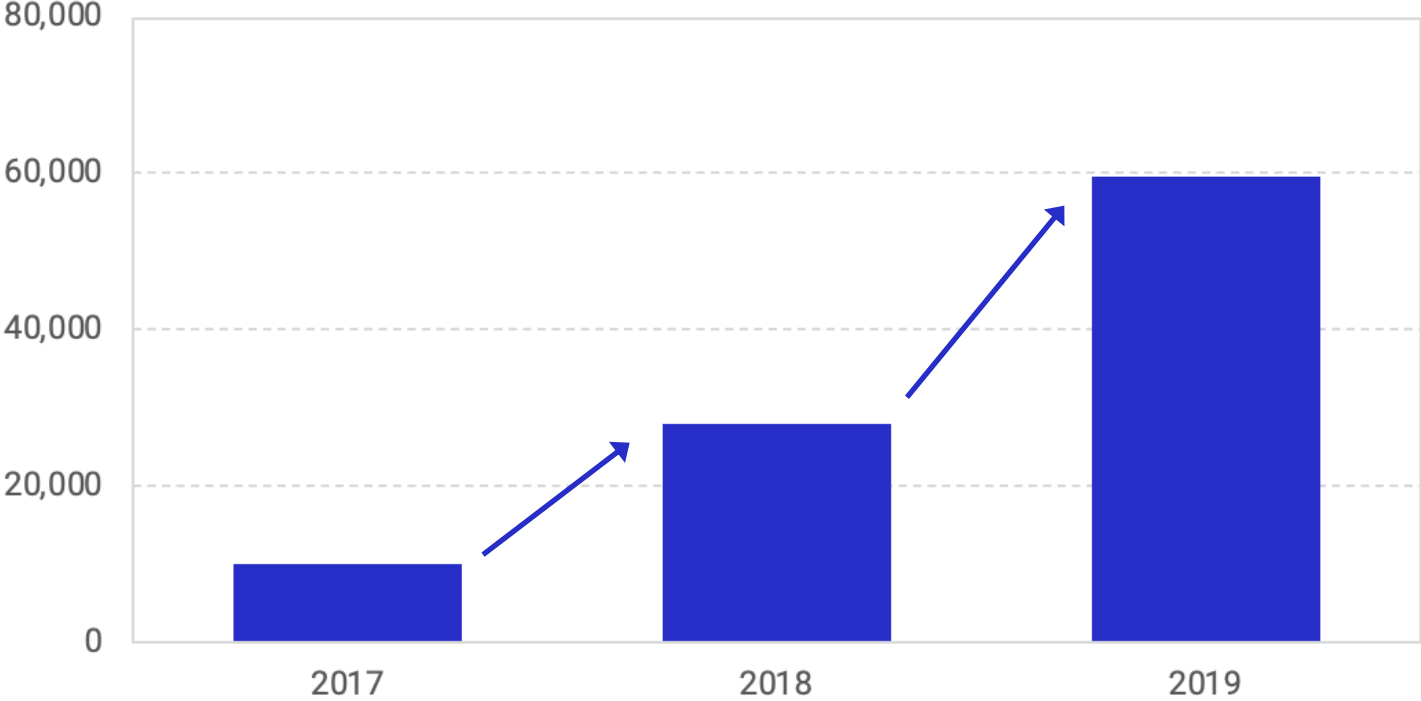
**1.3%**

**National Market Share**

Includes around 70,000 purchases and 45,000 sales.

# National iBuyer transaction volumes have doubled annually since 2017...

## iBuyer Transaction Volumes



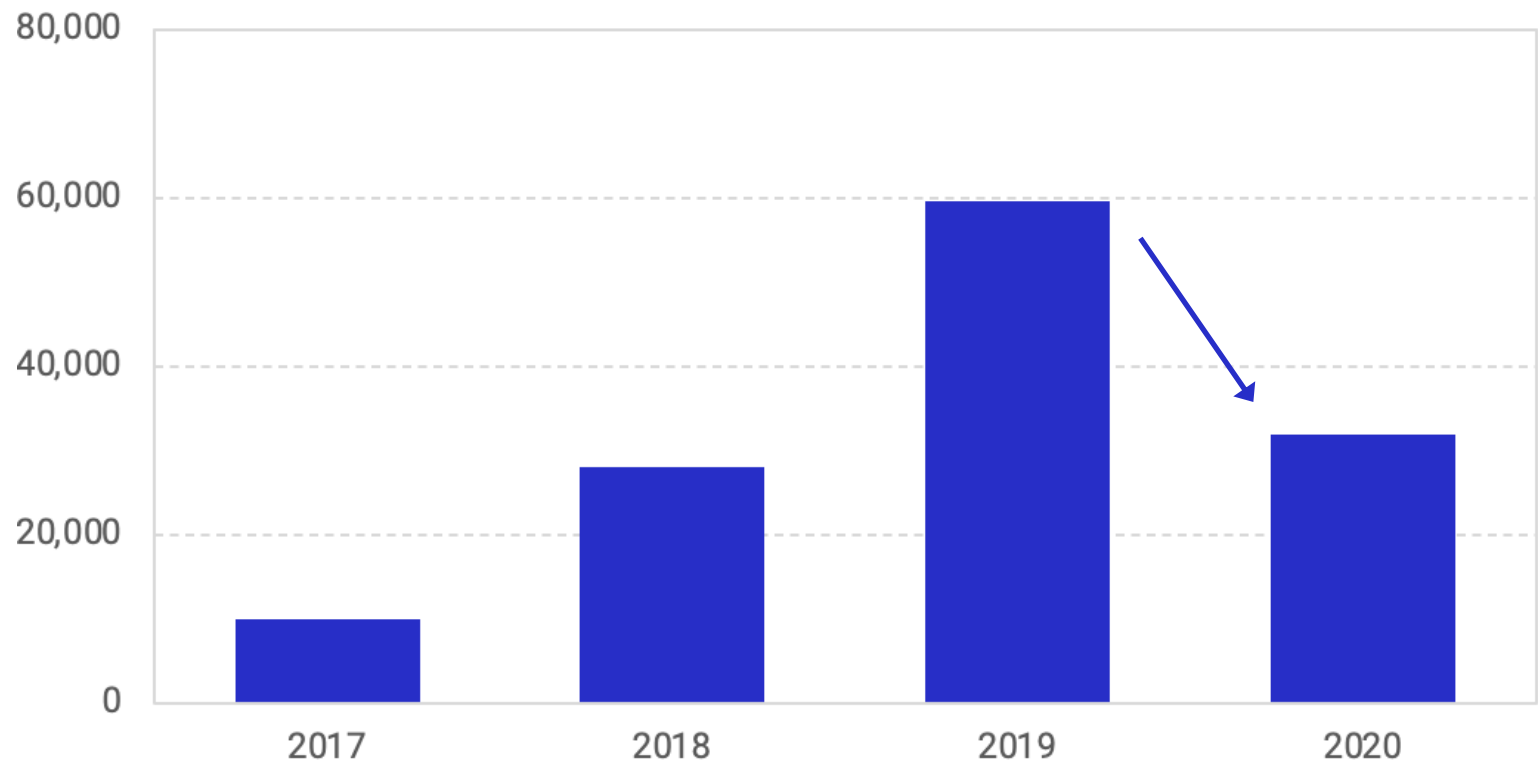
www.mikedp.com

Source: National public property records.



...with a 50 percent dip in 2020 due to Covid-19.

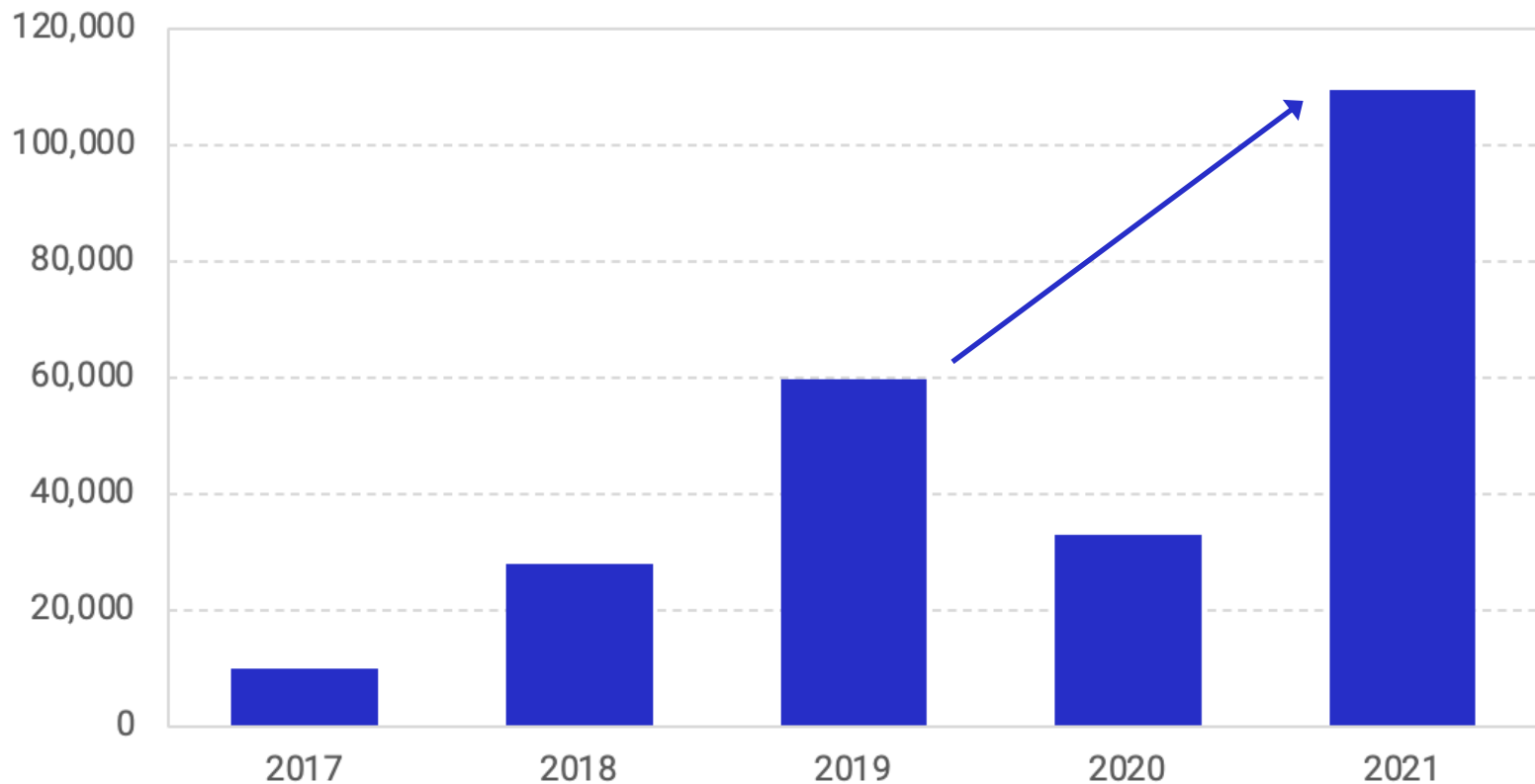
## iBuyer Transaction Volumes



www.mikedp.com

But 2021 was their biggest year yet, with volumes up 4x from 2020 and 2x from 2019...doubling again.

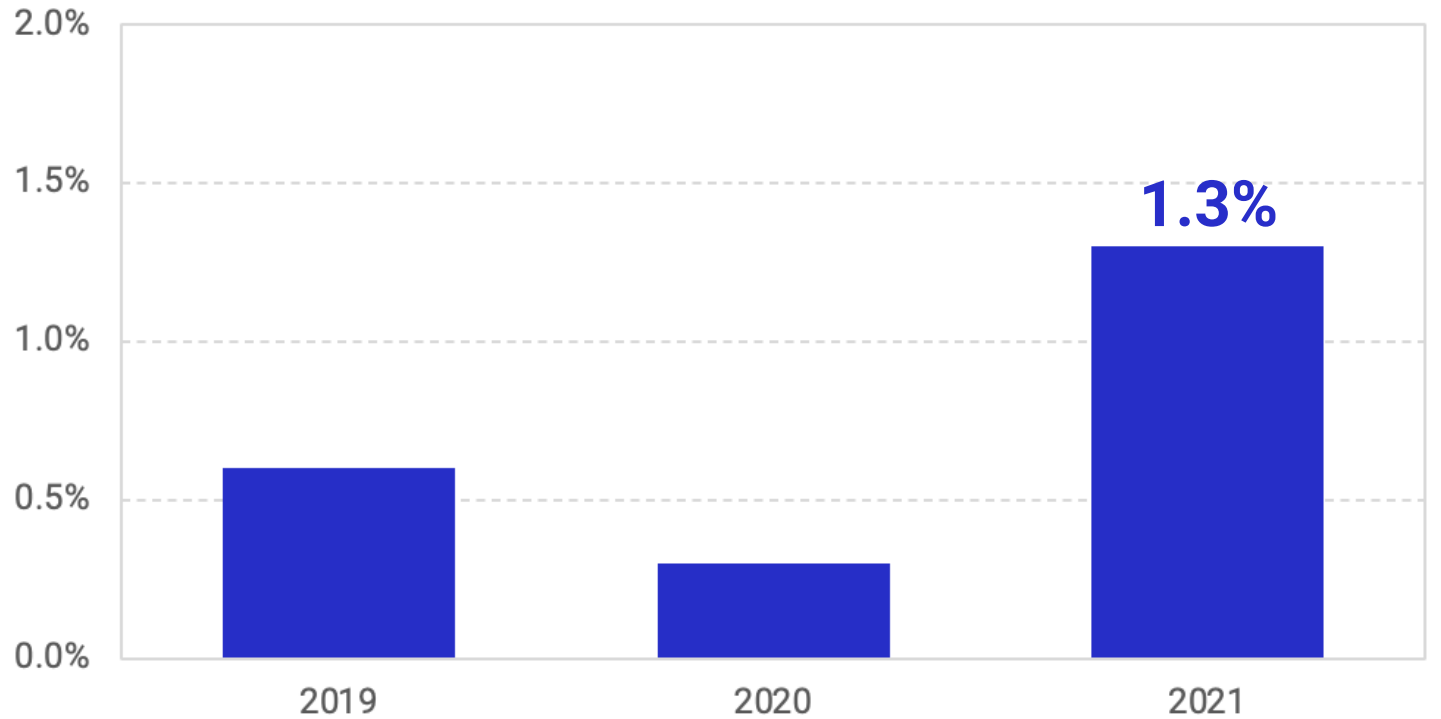
## Total iBuyer Transactions (Buy + Sell)



www.mikedp.com

The result is the highest national iBuyer market share ever, at 1.3 percent.

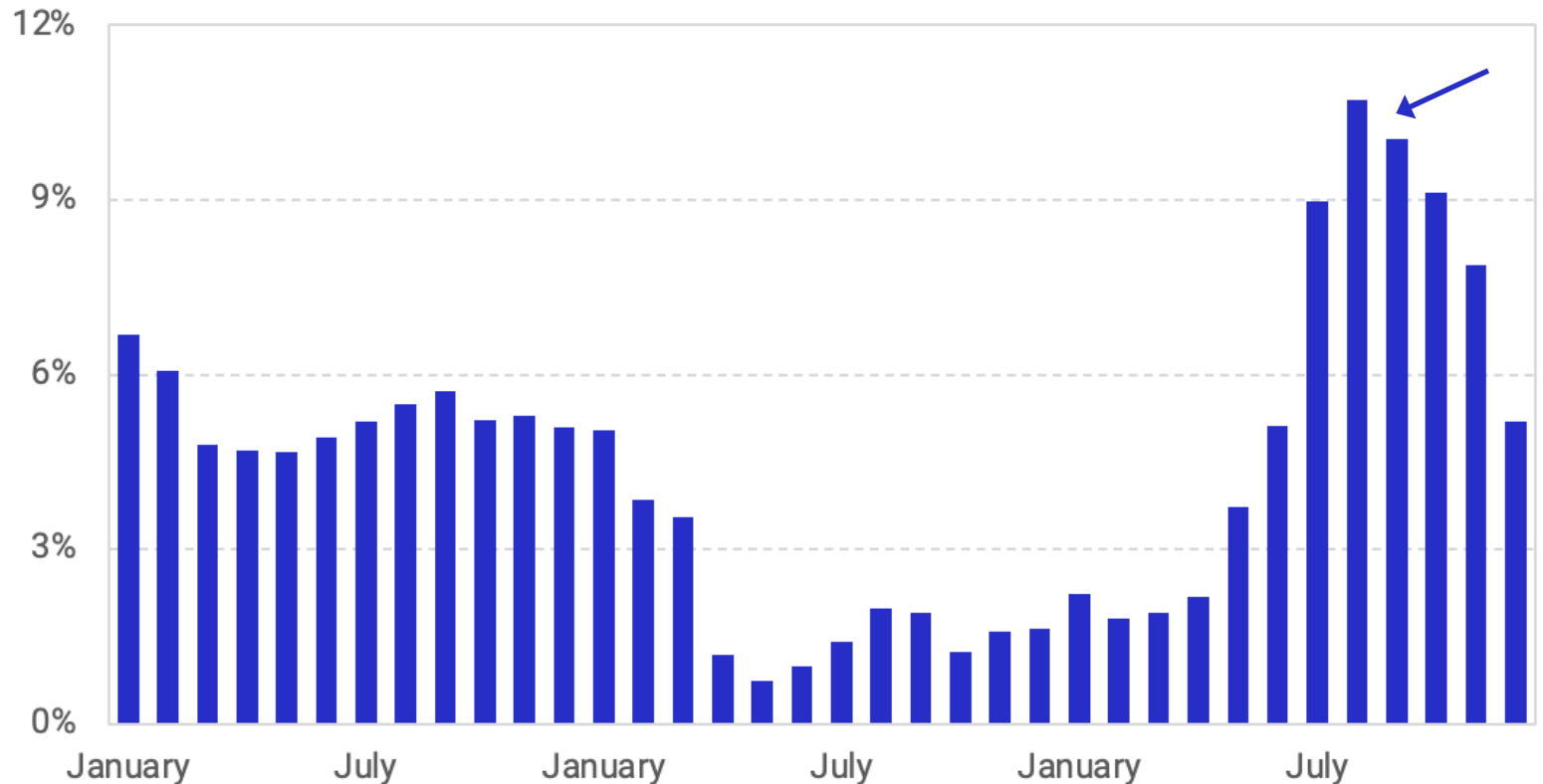
## iBuyer Purchase Market Share



www.mikedp.com

In one of their largest markets, Phoenix, iBuyer market share peaked over 10% for the first time.

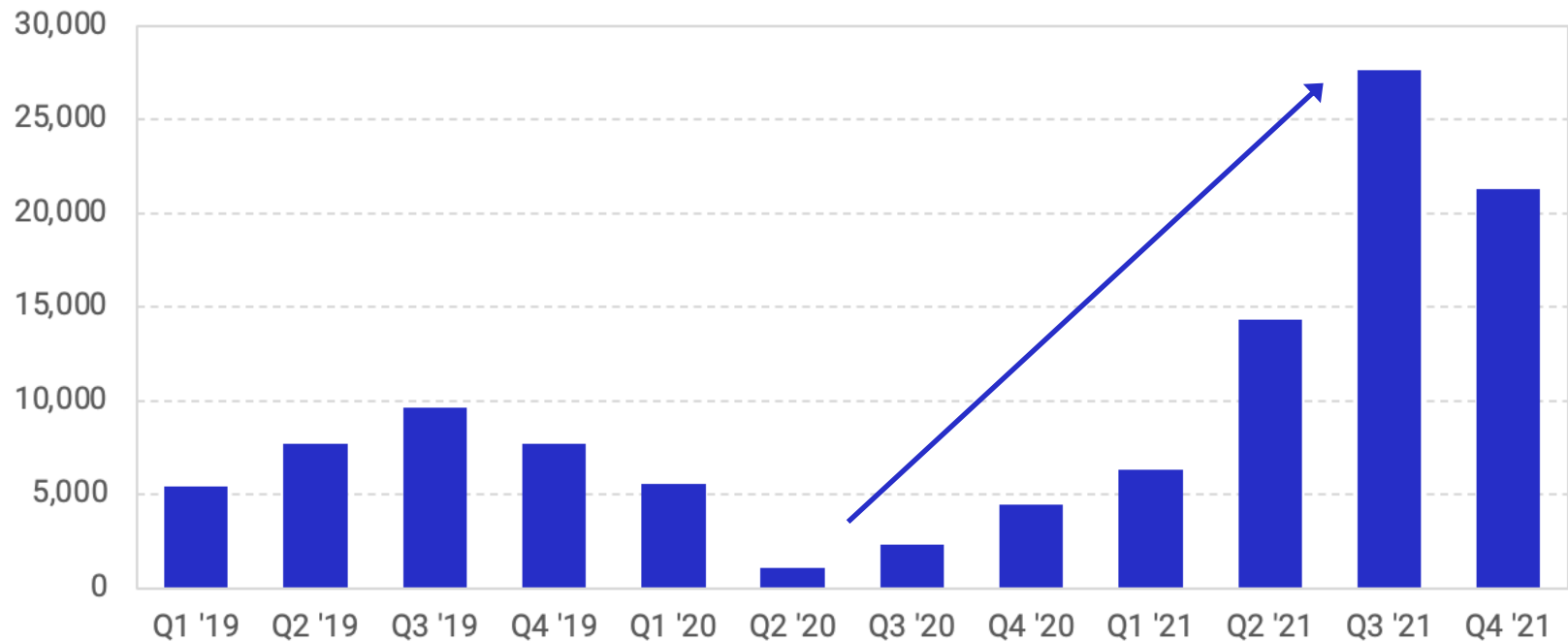
## iBuyer Market Share, Phoenix ('19-'21)



www.mikedp.com

The iBuyers rebounded strong in 2021, hitting an all-time purchase high in Q3 2021.

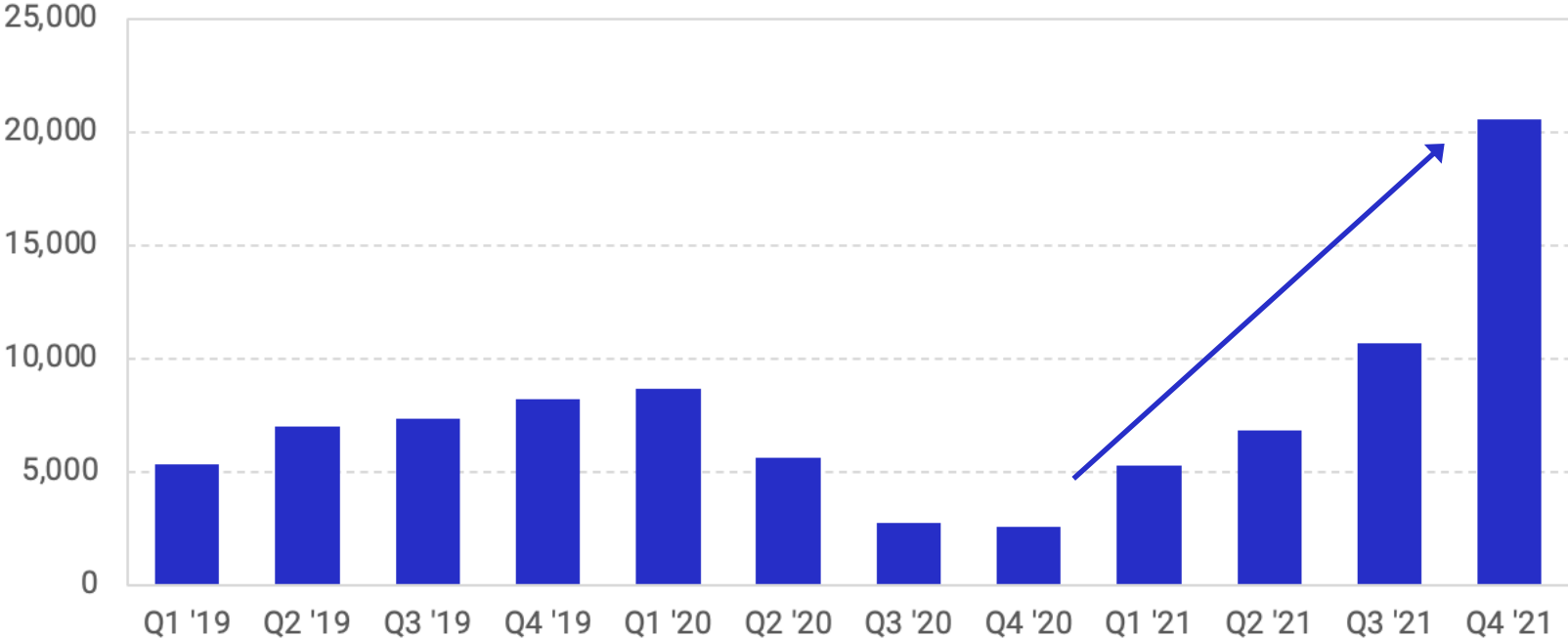
## iBuyer Purchases



www.mikedp.com

# Sales followed suit, with a record number of iBuyer sales in Q4 2021.

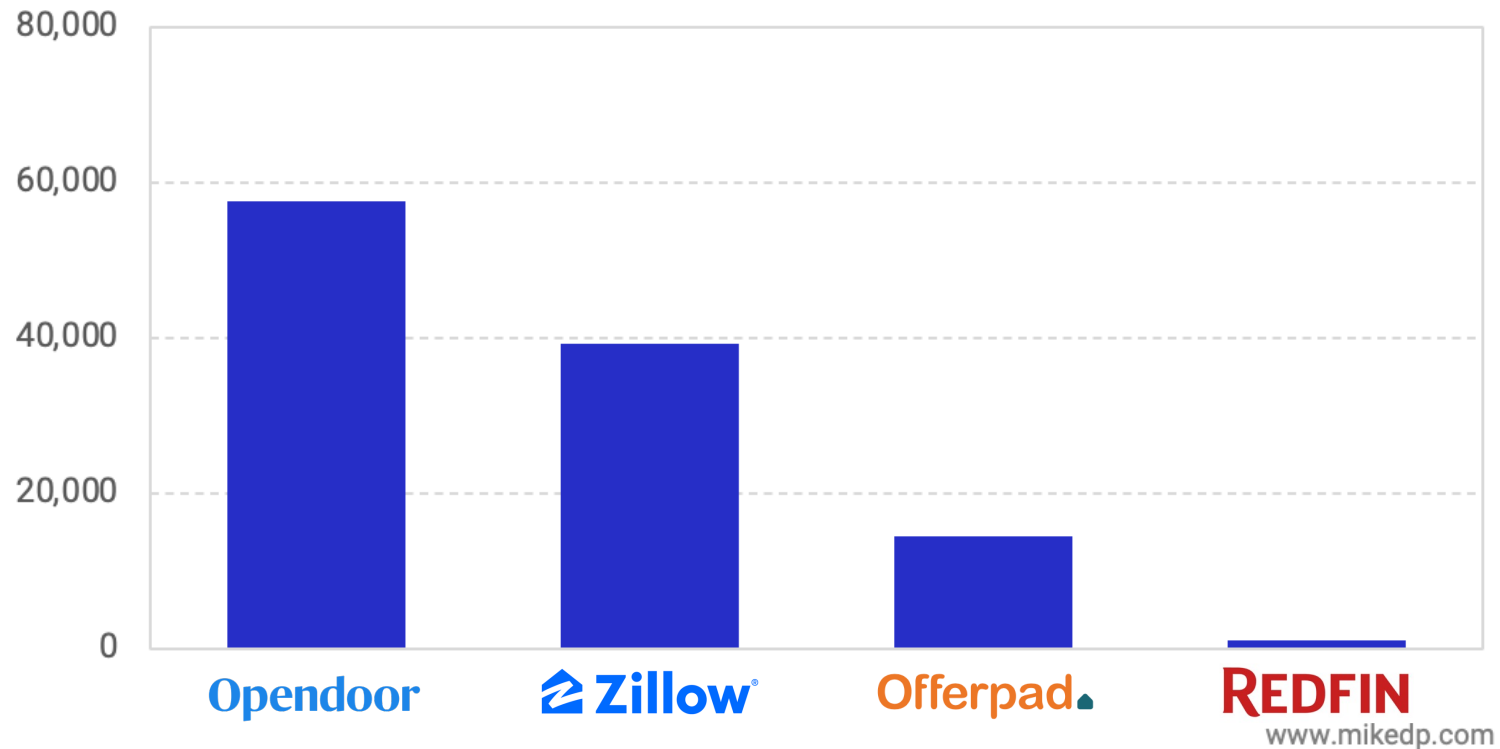
## iBuyer Sales



Source: National public property records.

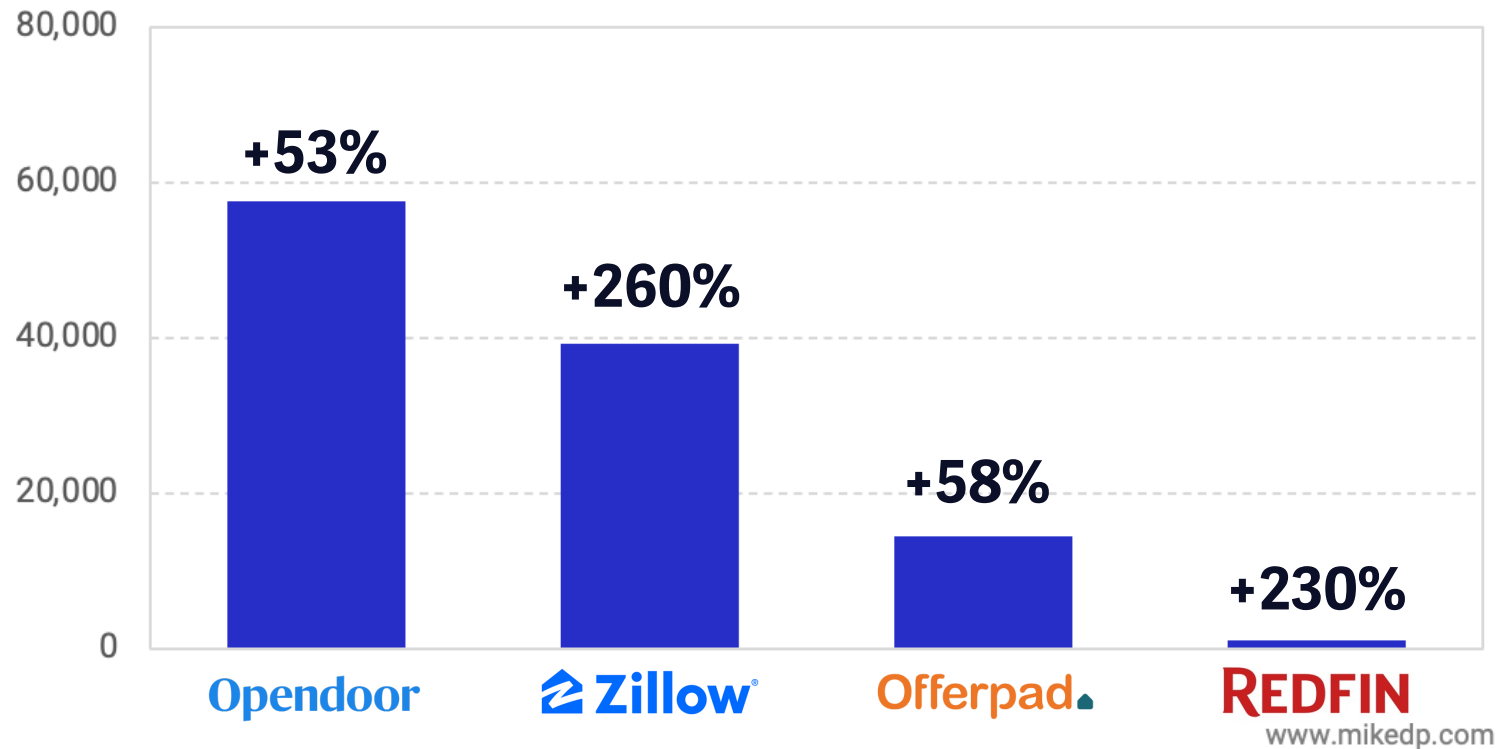
Opendoor continued to lead the segment in 2021, but Zillow wasn't too far behind.

## Total Transactions (2021)



The major iBuyers grew volumes significantly compared to the previous highs of 2019.


## Total Transactions (2021)





Back in 2018, Opendoor dominated the iBuyer segment with over 70 percent share of the market.

## iBuyer Segment Market Share

	2018
<b>Opendoor</b>	70%
 <b>Zillow</b>	3%
<b>Offerpad</b>	26%
<b>REDFIN</b>	1%

Zillow's rapid national expansion shifted the segment materially in 2019.

## iBuyer Segment Market Share

	2018	2019
<b>Opendoor</b>	70%	64%
<b>Zillow</b>	3%	18%
<b>Offerpad</b>	26%	16%
<b>REDFIN</b>	1%	2%

In 2020, Zillow and Offerpad made gains as all iBuyers effectively hit reset due to Covid-19.

## iBuyer Segment Market Share

	2018	2019	2020
<b>Opendoor</b>	70%	64%	50%
<b>Zillow</b>	3%	18%	26% ←
<b>Offerpad</b>	26%	16%	23% ←
<b>REDFIN</b>	1%	2%	1%

Zillow made massive market share gains in 2021 as it dramatically accelerated its activity.

## iBuyer Segment Market Share

	2018	2019	2020	2021
<b>Opendoor</b>	70%	64%	48%	51%
<b>Zillow</b>	3%	18%	26%	35% ←
<b>Offerpad</b>	26%	16%	24%	13%
<b>REDFIN</b>	1%	2%	2%	1%

In 2022, without Zillow in the mix, it's likely Opendoor will become the undisputed category leader.

## iBuyer Segment Market Share

	2018	2019	2020	2021	2022E
<b>Opendoor</b>	70%	64%	48%	51%	79% ←
<b>Zillow</b>	3%	18%	26%	35%	-
<b>Offerpad</b>	26%	16%	24%	13%	20%
<b>REDFIN</b>	1%	2%	2%	1%	1%

# Financials

iBuying is being driven by multi-billion dollar organizations, not scrappy start-ups.

**Opendoor**

**\$5B**  
market cap

**Zillow**

**\$11B**  
market cap

**Offerpad**

**\$1.3B**  
market cap

**REDFIN**

**\$1.5B**  
market cap

# The iBuyers have three primary sources of revenue.

**Revenue = Service fee + Home appreciation + Ancillary services**

The fee charged  
to the home  
seller.

~5%

The difference  
between what an  
iBuyer buys and  
subsequently resells  
a house for.

4–12%

Title insurance,  
mortgage, brokerage  
services, and more.

~2.5% target



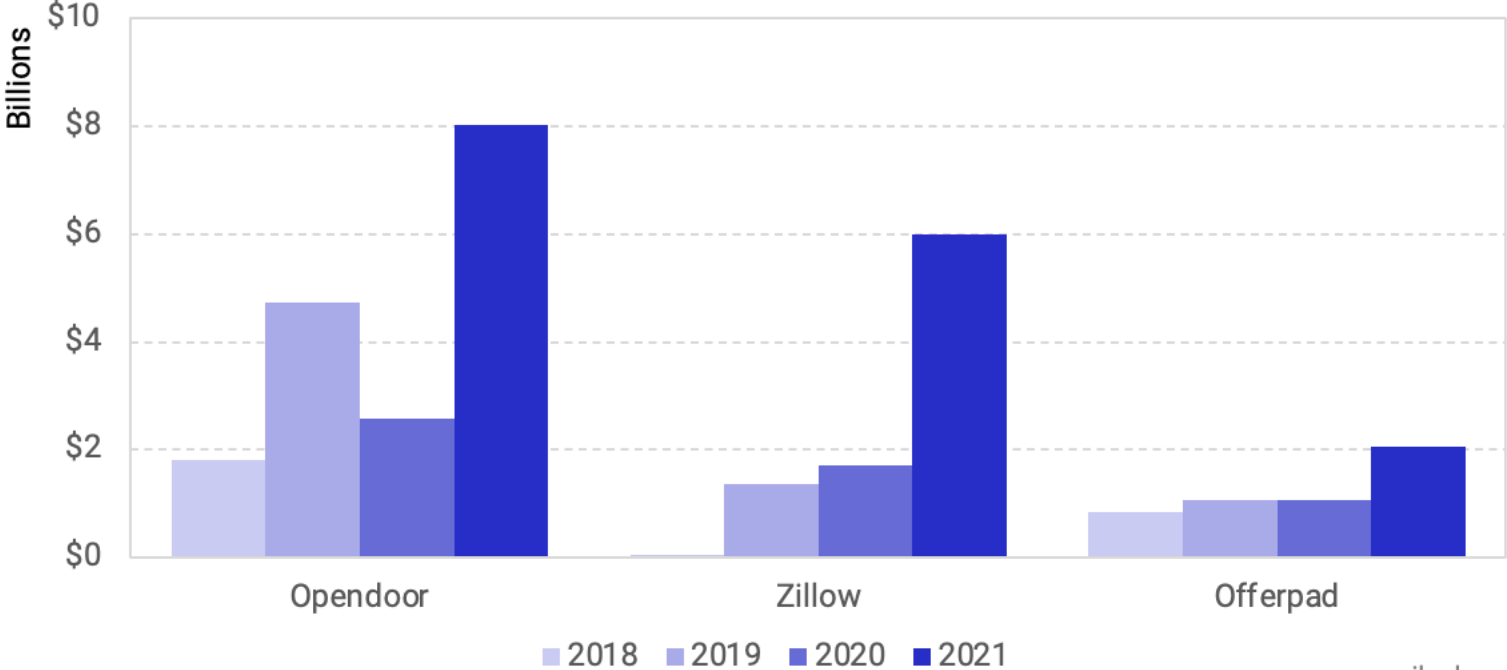
# The top iBuyers operate high gross revenue businesses, with negative / slim profit margins.

## Revenue Comparison: 2021

	Opendoor	Zillow	Offerpad	
<b>Gross revenue</b>	\$8 billion	\$6 billion	\$2 billion	Includes total value of homes sold
<b>Gross profit</b>	\$730 million	(\$100 million)	\$208 million	Fees + home appreciation + ancillary
<b>Gross margin</b>	9.1%	(1.7%)	10%	Fees + home appreciation + ancillary
<b>Contribution margin</b>	5.5%	(6.3%)	6.7%	After selling & holding costs, and interest
<b>Net margin</b>	(8.3%)	(18.7%)	0.3%	After <i>all</i> expenses

Overall iBuyer revenues have grown astronomically, especially over the past year.

### iBuyer Revenue Growth

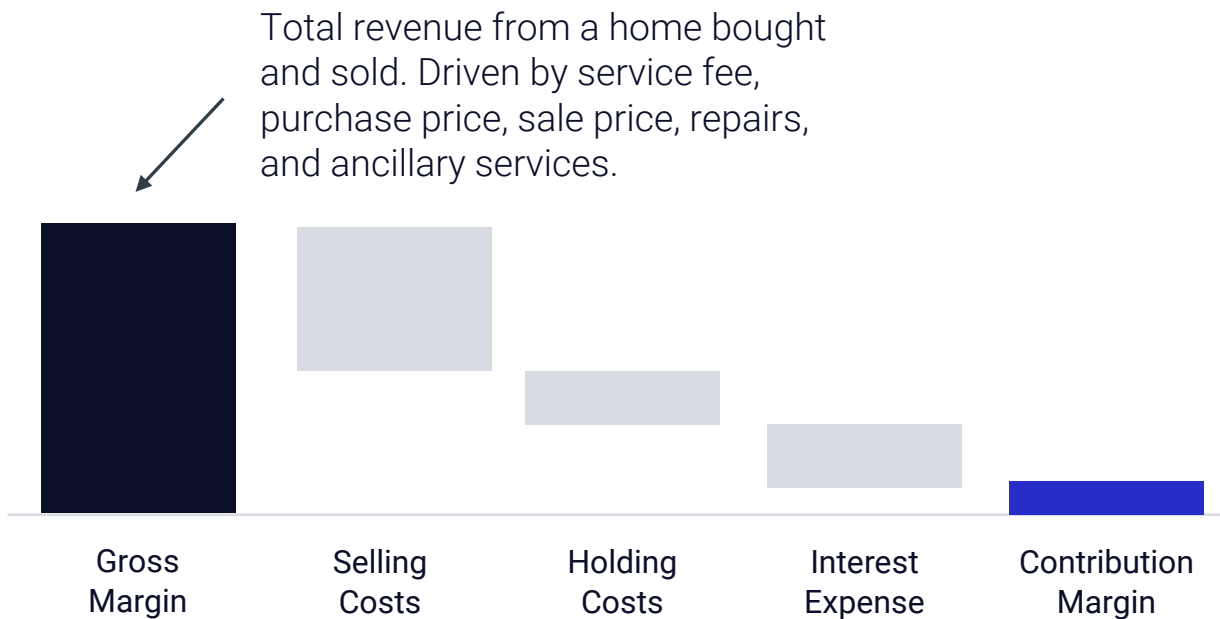


www.mikedp.com

Source: Public disclosures.

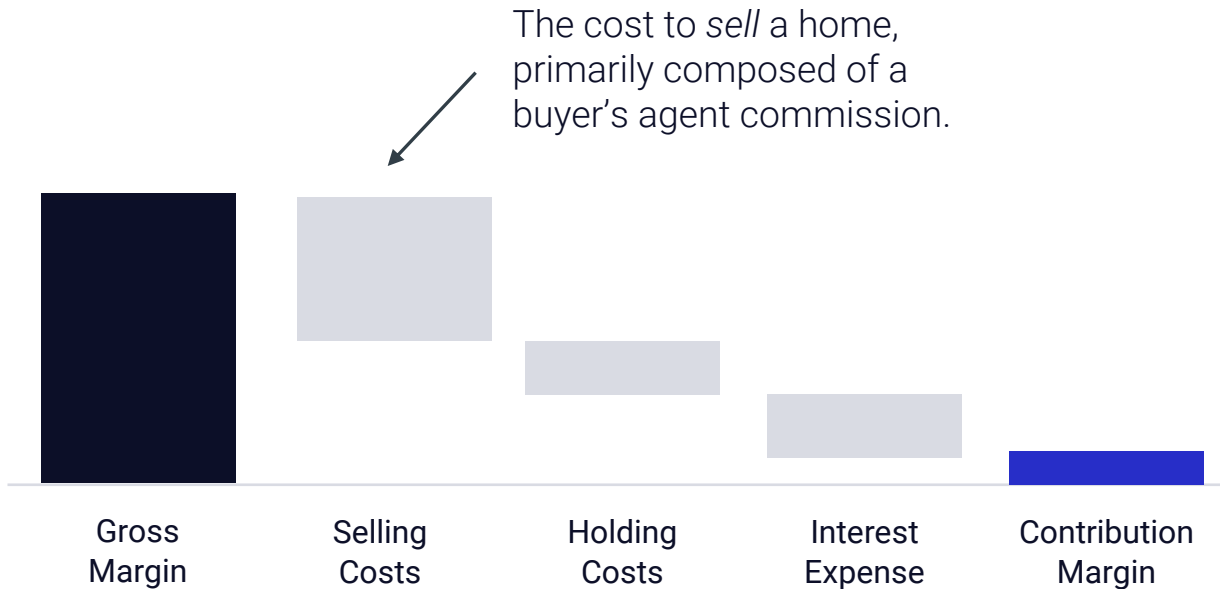
# Unit economics vary by iBuyer, but they all face similar costs in a low margin business.

## Example iBuyer Unit Economics



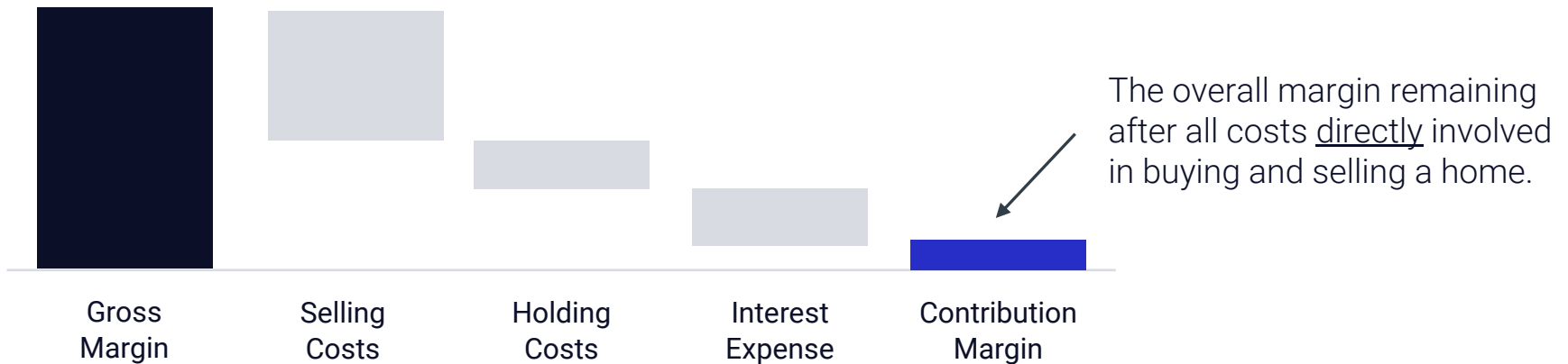
Unit economics vary by iBuyer, but they all face similar costs in a low margin business.

## Example iBuyer Unit Economics



Unit economics vary by iBuyer, but they all face similar costs in a low margin business.

## Example iBuyer Unit Economics



# iBuyer investor presentations tend to focus on positive unit economics...

## Example iBuyer Unit Economics



Gross  
Margin

Selling  
Costs

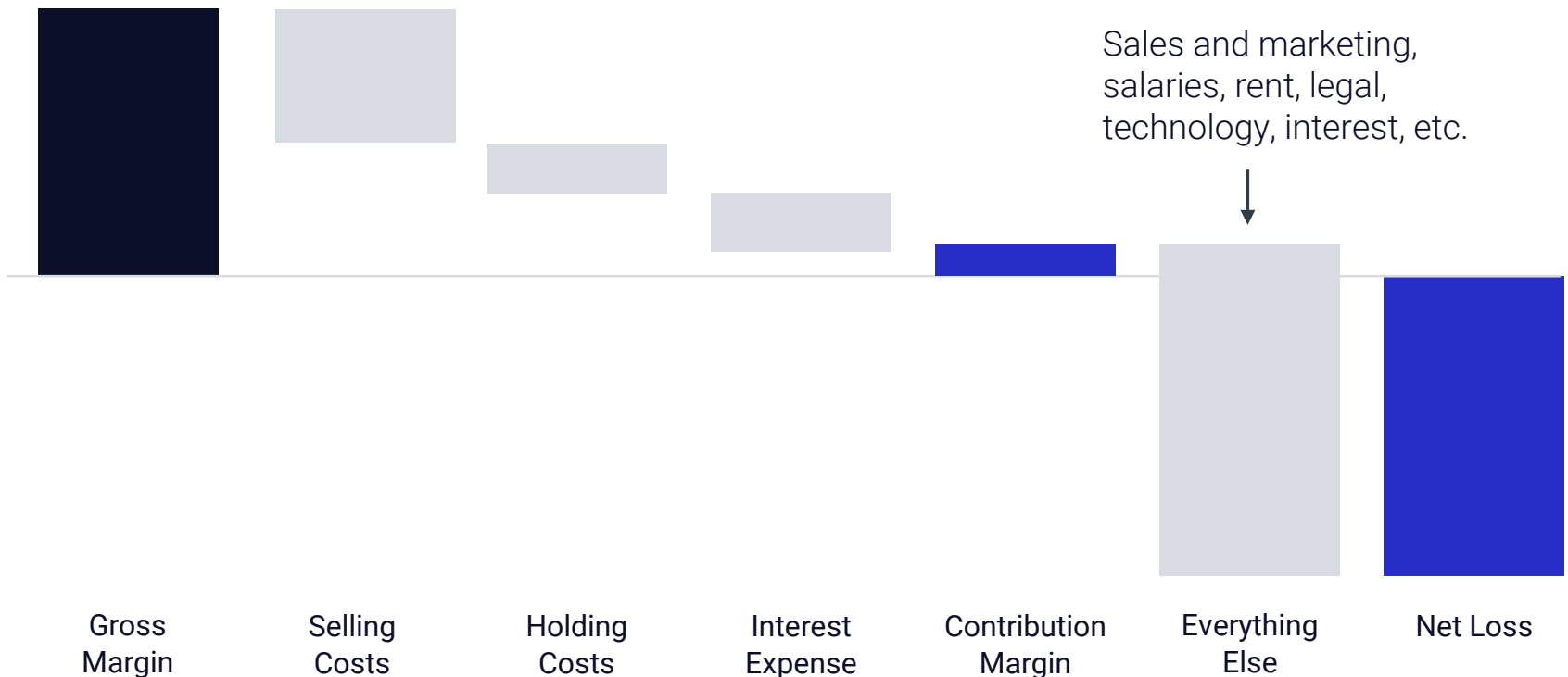
Holding  
Costs

Interest  
Expense

Contribution  
Margin

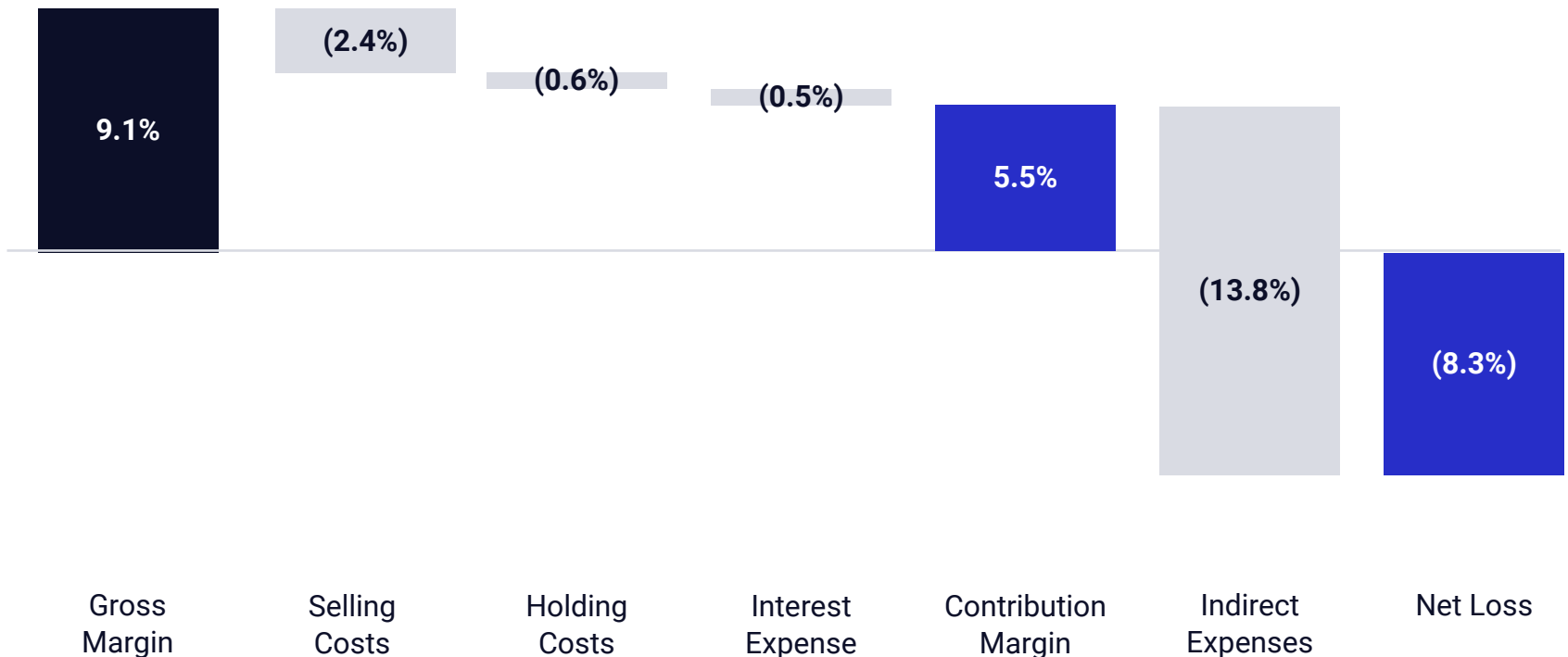
But “unit economics” doesn’t include all expenses (direct and indirect) necessary in an iBuyer business.

## Example iBuyer Unit Economics



Opendoor's direct unit economics are positive, but considerable indirect costs yields a negative margin.

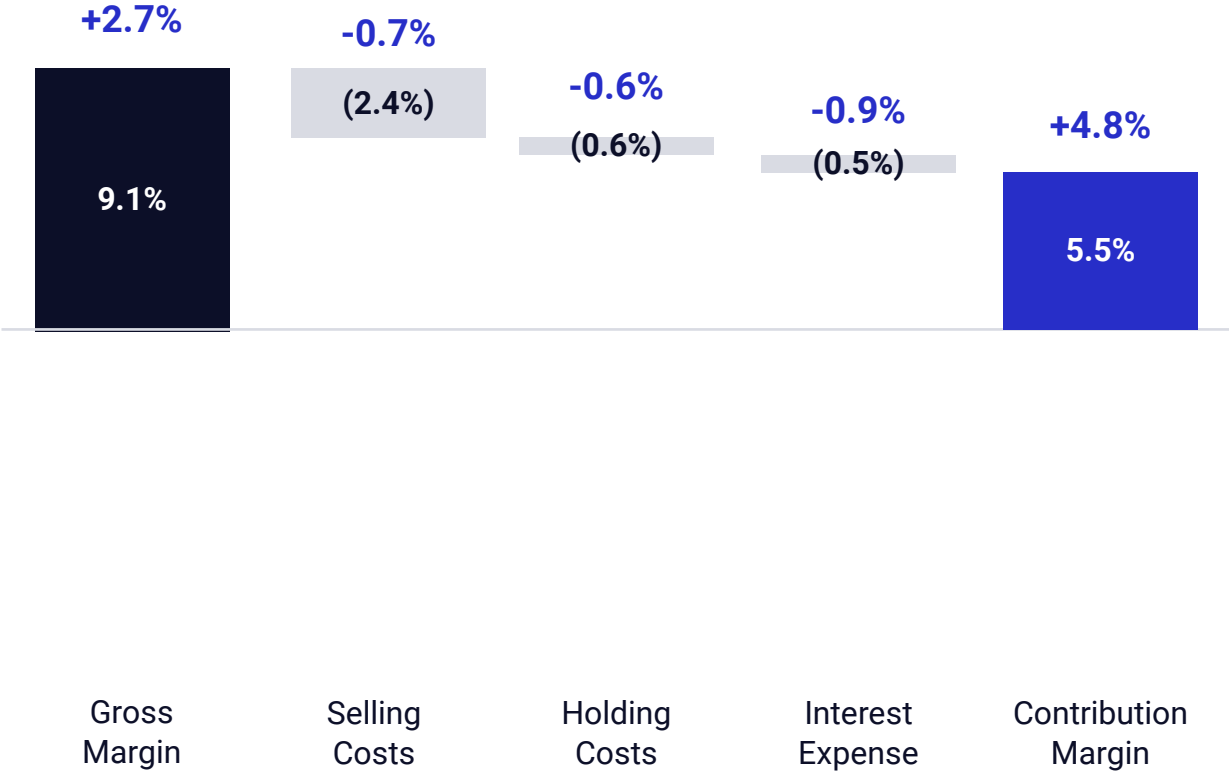
## Opendoor Unit Economics, 2021





Opendoor has made improvements across the board since 2019; efficiency as it scales.

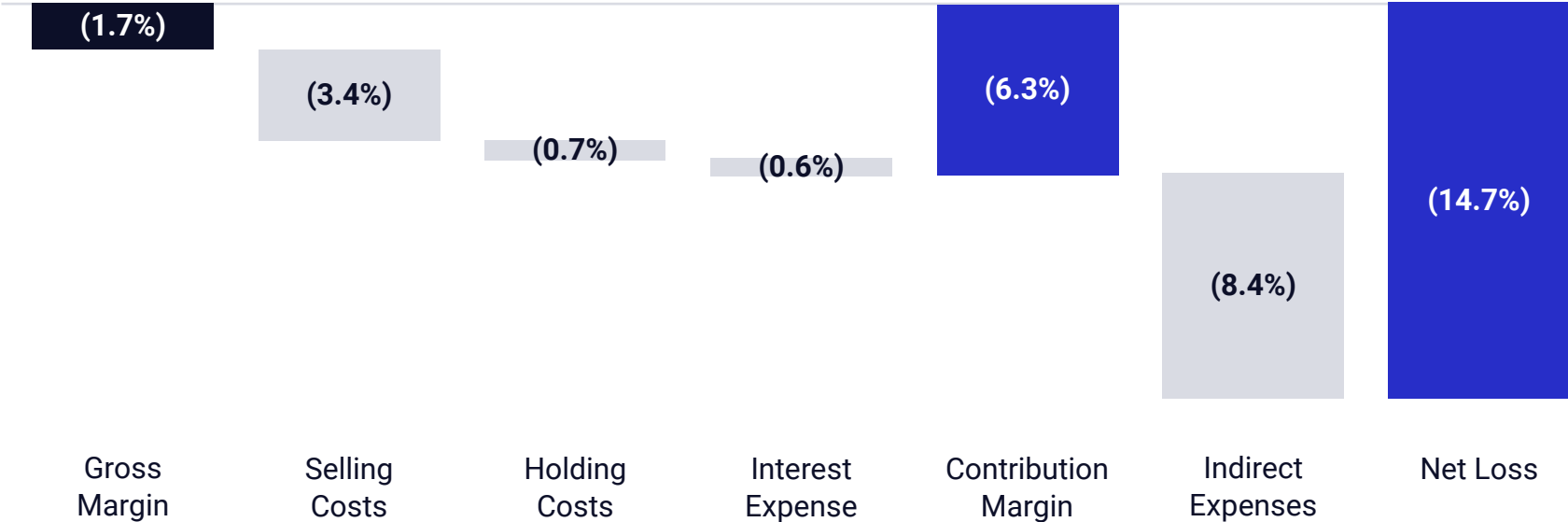
### Opendoor Unit Economics, 2021 vs. 2019



Source: Opendoor's S-4 filing and investor presentation.

Zillow had a difficult year. A negative gross margin made a massively unprofitable outcome unavoidable.

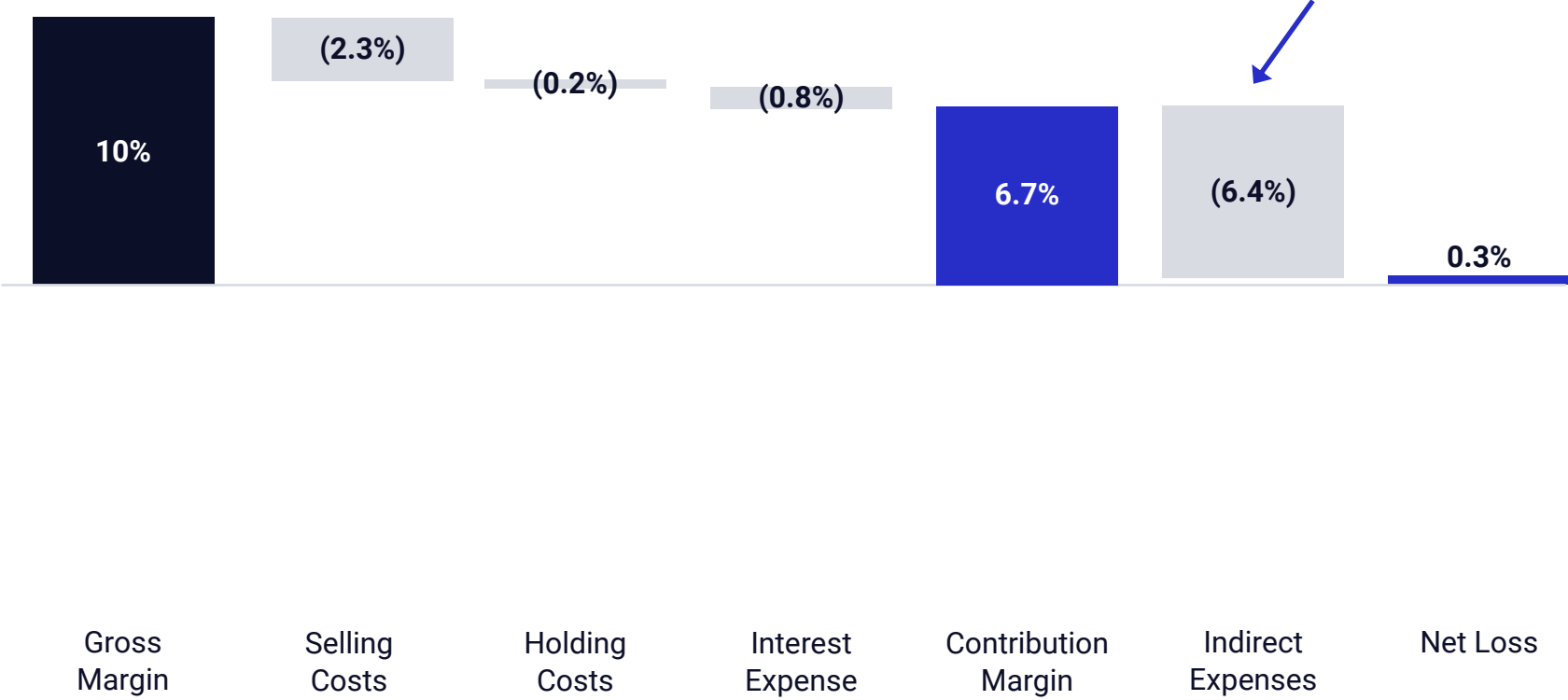
### Zillow Offers Unit Economics, 2021



Source: Zillow's public disclosures and filings.

Offerpad turned a profit, driven by significantly lower overhead expenses than its peers.

### Offerpad Unit Economics, 2021



Source: Offerpad's S-4 filing and investor presentation.

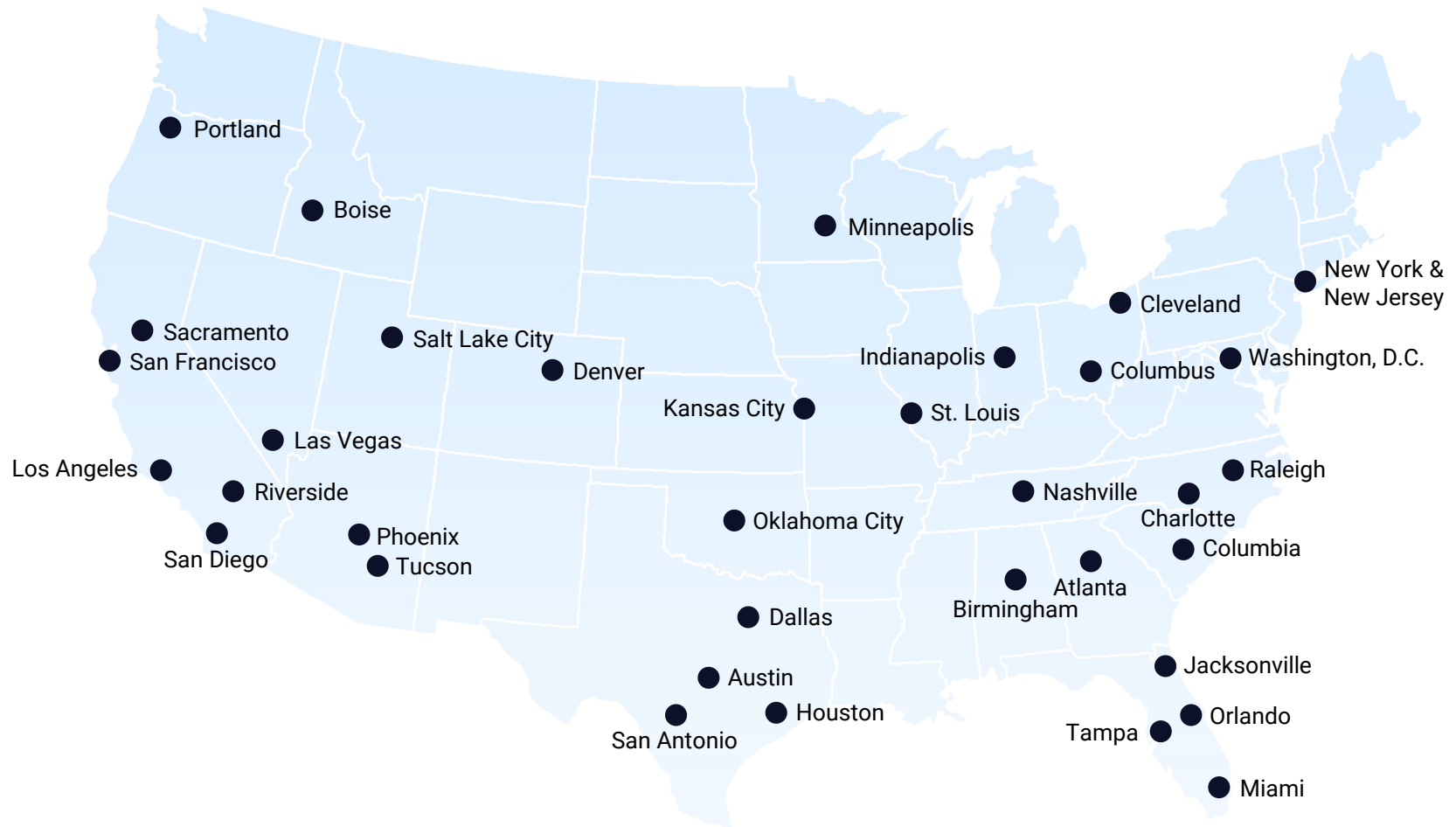
The three major iBuyers all made significant unit economic improvements since 2019.



[www.mikedp.com](http://www.mikedp.com)

# iBuyer Markets

The iBuyers have a growing national presence, clustered in dozens of markets across the U.S.



Traditionally, there are a variety of factors that make up the ideal – and largest – iBuyer markets.

### Market Factor

- “Middle of the road” average home price
- Turn-key houses with minimal work required
- Homogenous housing stock
- High overall market activity

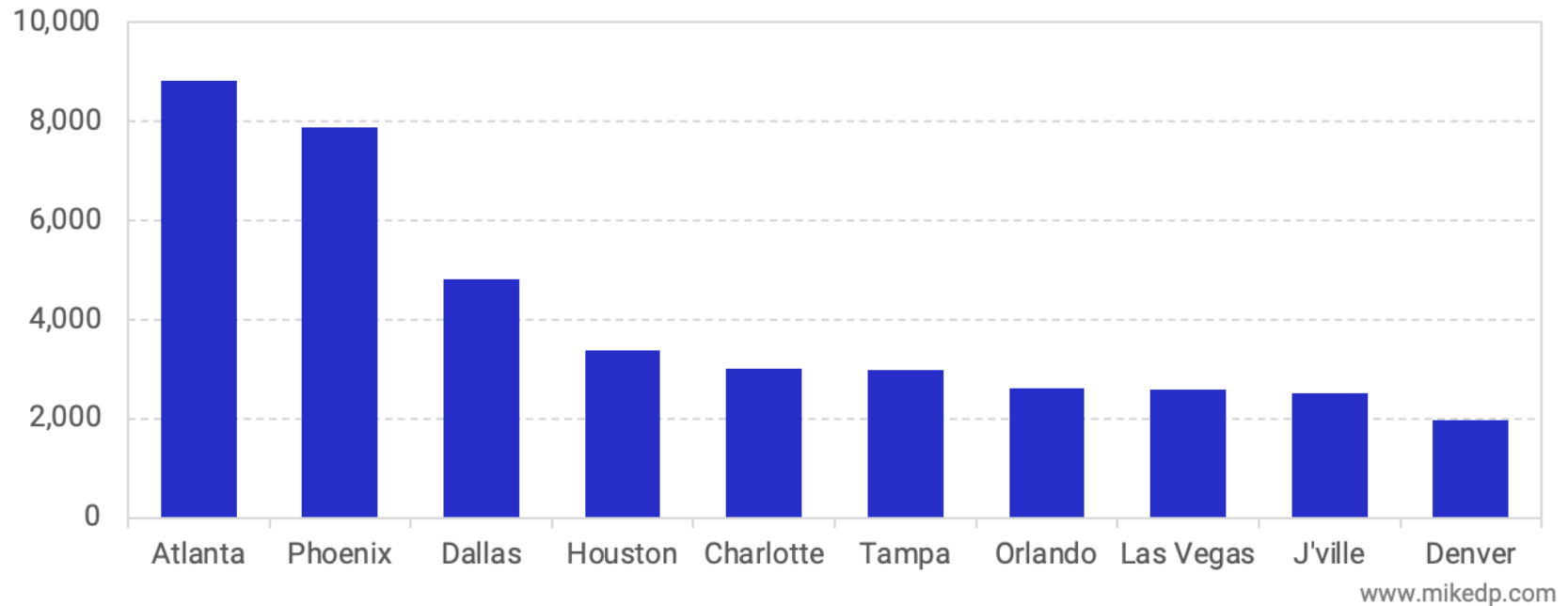


### iBuyer Benefit

- Less time on the market to resell
- Less renovation cost and less holding time
- More predictable house prices
- Less time on the market to resell

The top iBuyer markets, by purchase volume, are Phoenix, Atlanta, Texas, and North Carolina.

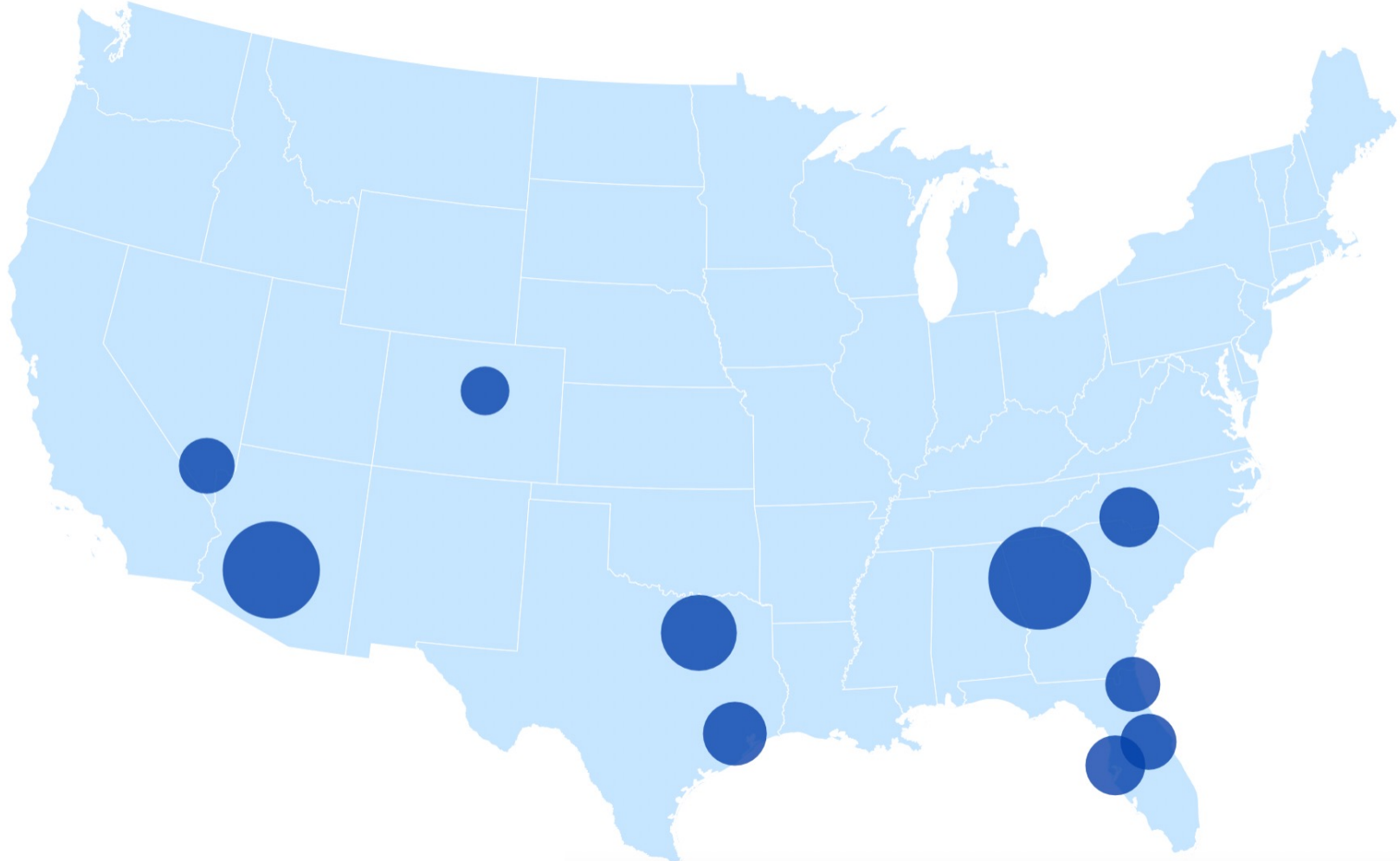
## Top 10 iBuyer Markets by Purchase Volume, 2021





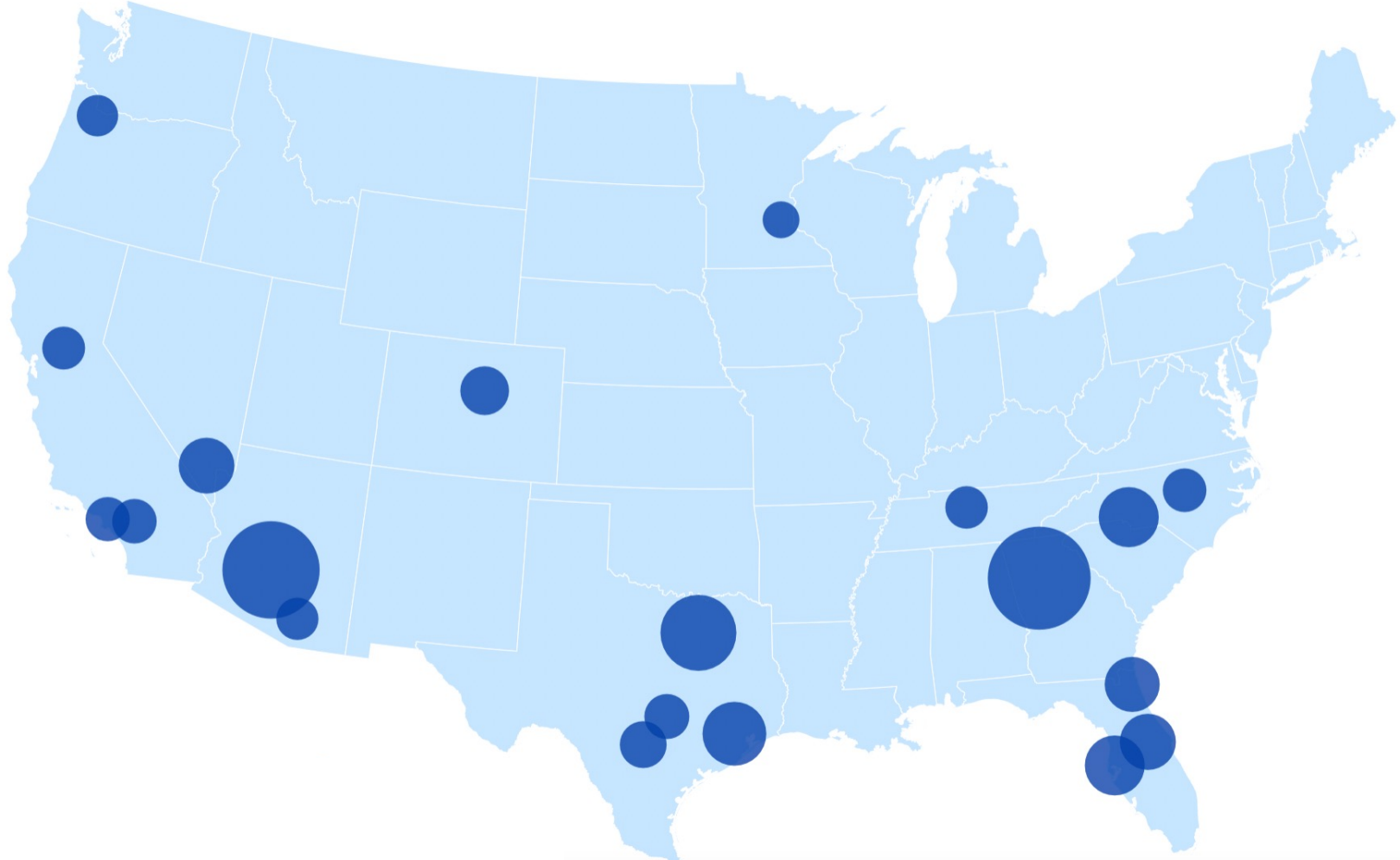
Rounding out the top 10 iBuyer markets are Florida, Las Vegas, and Denver.

## Top 10 iBuyer Markets by Purchase Volume, 2021



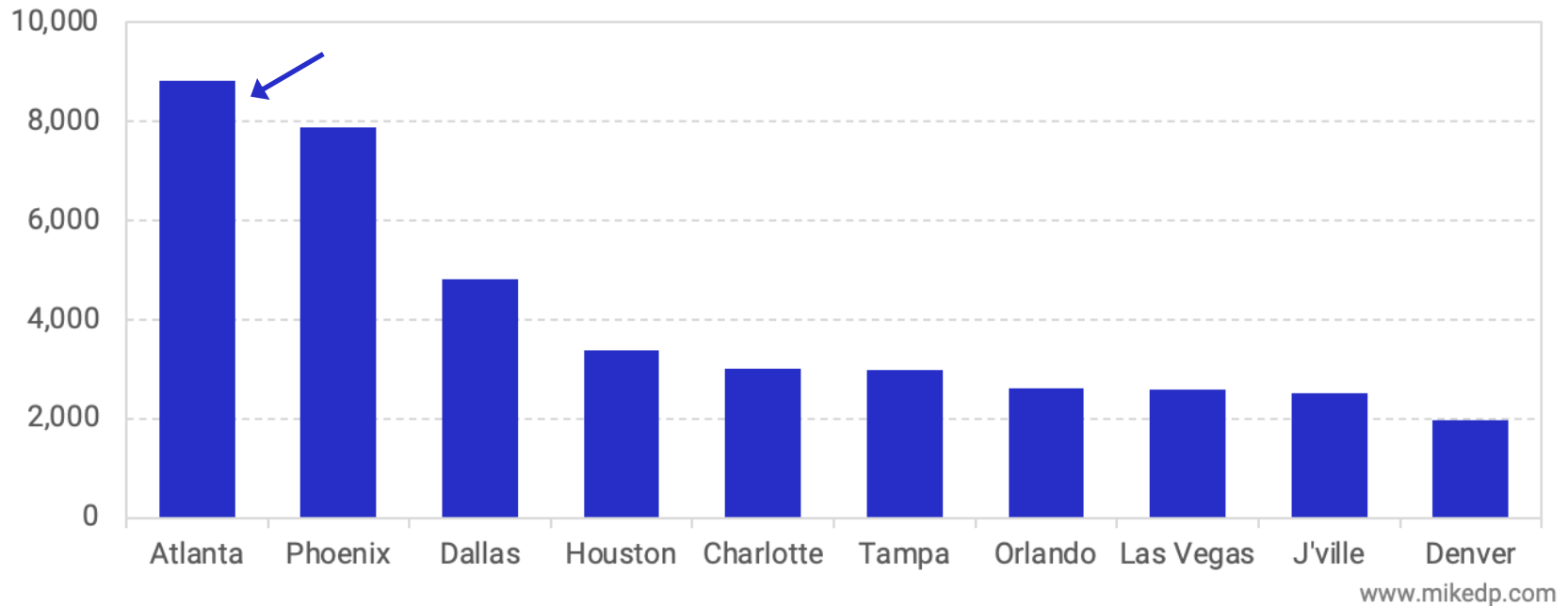
The top 20 iBuyer markets include California, Minneapolis, Nashville, and Portland.

## Top 20 iBuyer Markets by Purchase Volume, 2021



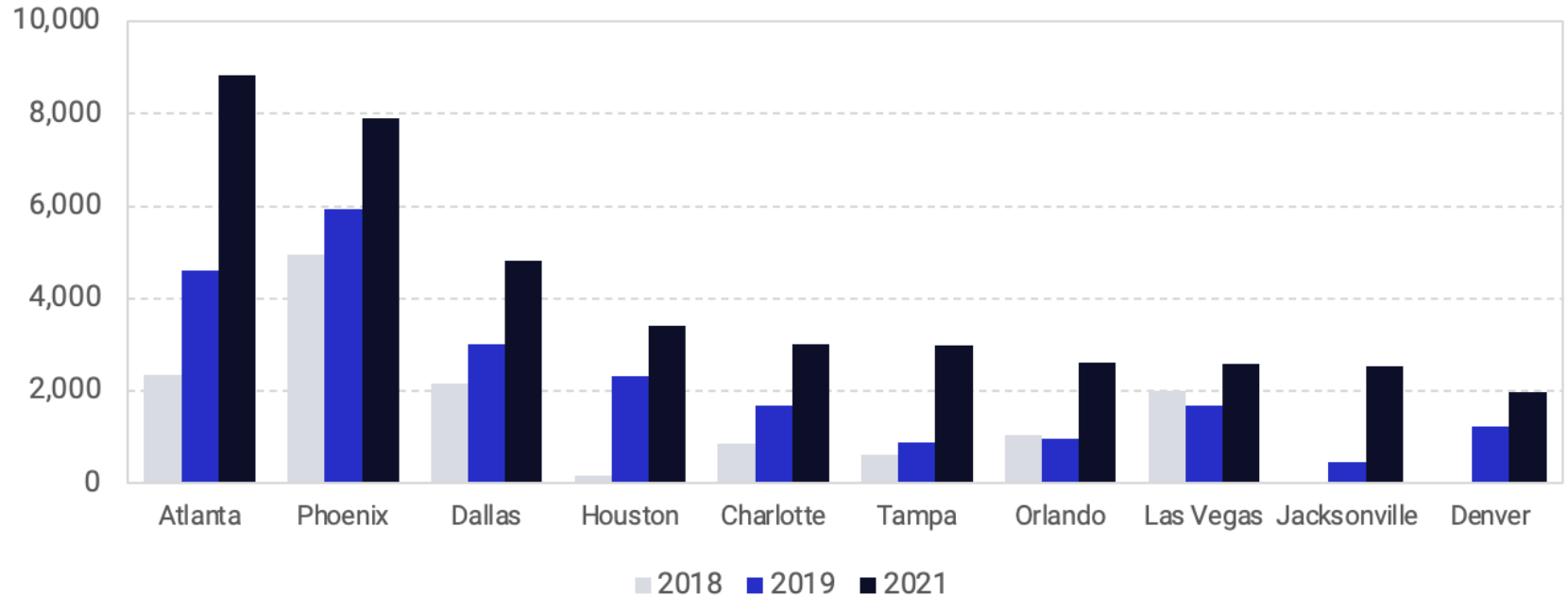
# Atlanta overtook Phoenix as the top iBuyer market in 2021!

## Top 10 iBuyer Markets by Purchase Volume, 2021



# The big iBuyer markets have grown tremendously since 2018.

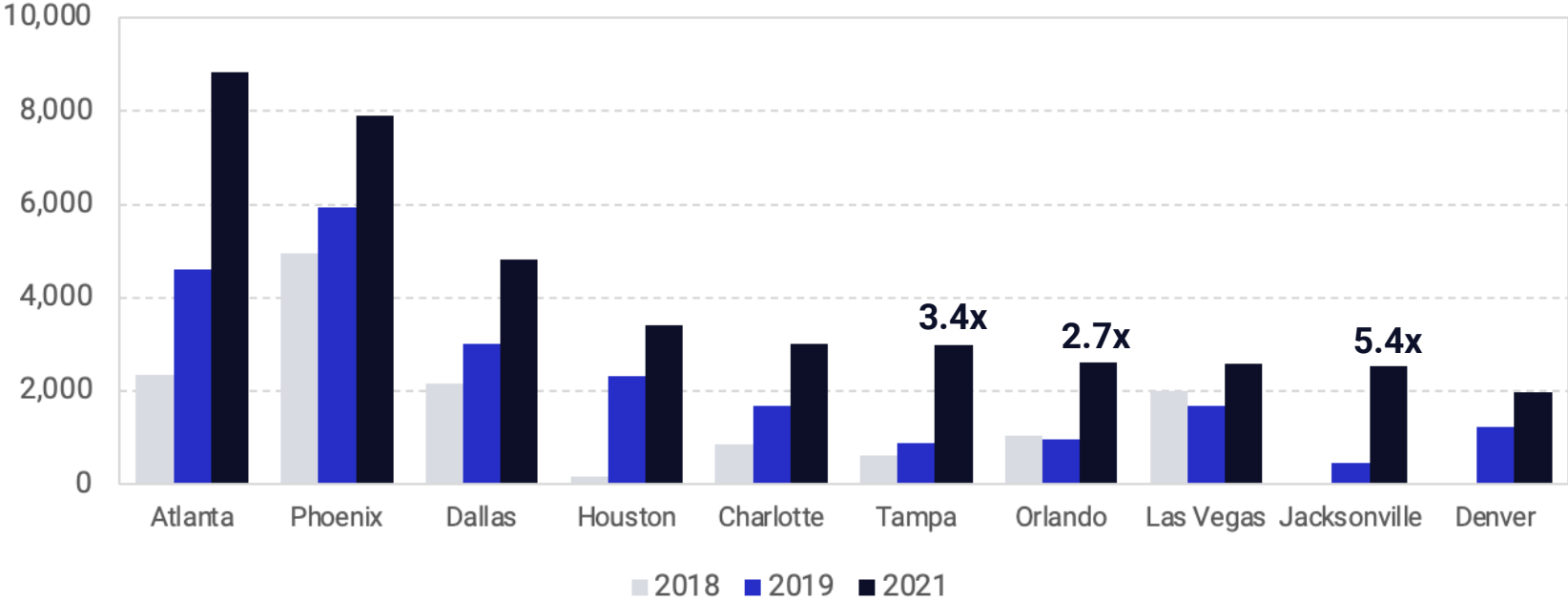
## iBuyer Purchases, 2018–2021



www.mikedp.com

The most growth occurred in Florida, with 2–5x the purchase volumes compared to 2019.

### iBuyer Purchases, 2018–2021



www.mikedp.com

Source: National public property records.

Atlanta is another standout growth market, with 2x the purchase volume compared to 2019.



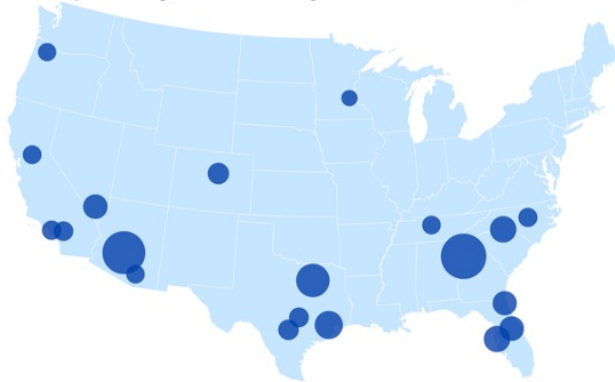
[www.mikedp.com](http://www.mikedp.com)

# Purchase the full 200+ slide report!

[LEARN MORE](#)

The top 20 iBuyer markets include California, Minneapolis, Nashville, and Portland.

Top 20 iBuyer Markets by Purchase Volume, 2021



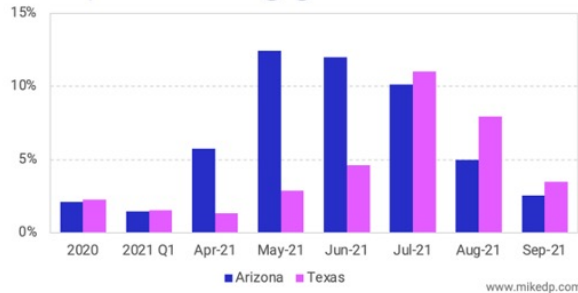
Atlanta is another standout growth market, with 2x the purchase volume compared to 2019.

iBuyer Purchases, 2018–2021



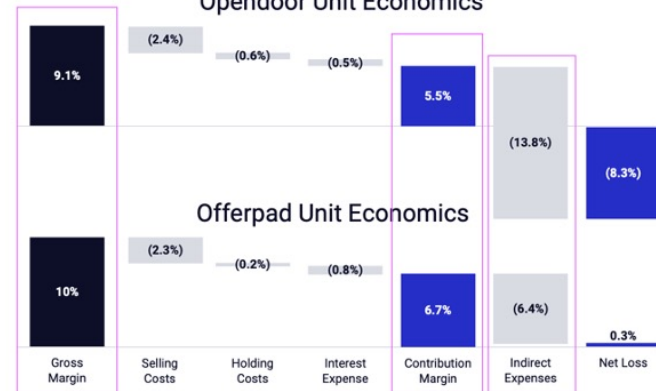
But Opendoor saw a significant improvement in mortgage attach rates in AZ and TX during 2021.

Opendoor Mortgage Attach Rates



The difference lies in Offerpad's slightly higher margins and considerably lower overhead expenses.

Opendoor Unit Economics



# Purchase the full 200+ slide report!

[LEARN MORE](#)

Get the full picture – don't miss the following sections:

- Market Expansion
- The Fall of Zillow Offers
- Offer Quality
- Offerpad vs. Opendoor
- Can Opendoor Scale?
- Attaching Mortgage
- Sales to Investors
- Key Themes for 2022





MIKE DELPRETE

# About the author: Mike DelPrete

I'm a global real estate tech strategist, and a scholar-in-residence at the University of Colorado Boulder. I'm internationally recognized as an expert and thought-leader in real estate tech. My evidence-based analysis is widely read by global leaders, and I'm a sought-after strategy and new ventures consultant.

My research and insights have featured in the New York Times, Wall Street Journal, Financial Times, and The Economist.



[www.mikedp.com](http://www.mikedp.com)

[Mailing list](#)

[mike@mikedp.com](mailto:mike@mikedp.com)

I split my time between research & writing, teaching, and working with select clients.



University of Colorado  
Boulder

I'm leading the University's new Real Estate Tech program, one of the world's first.

[www.curealestatetech.com](http://www.curealestatetech.com)

**Strategy  
Consultant**

I'm a strategy and new ventures consultant for businesses of all sizes, with a focus on real estate portals and disruptive models in real estate tech. [Learn more](#) →

**Start-up  
Advisor**

I advise and invest in a select group of real estate tech start-ups and growth-stage businesses around the world. [Learn more](#) →

# A note on data sources

The data sources include company reports, investor presentations, earnings calls (and transcripts), public property records, MLS data, company web site listing data, and public records sourced from various listing portals. All information used is in the public domain. No confidential information has been used in this report. Some data has been estimated from financial statements and other known data points.

Aggregate market data provided by [Attom Data Solutions](#).



Copyright © Mike DelPrete