

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) **November 7, 2022**

Redfin Corporation

(Exact name of registrant as specified in its charter)

Delaware	001-38160	74-3064240
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)
1099 Stewart Street Seattle	Suite 600 WA	98101
(Address of principal executive offices)		(Zip Code)
(206)576-8610		
Registrant's telephone number, including area code		

(Former name, former address and former fiscal year, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	RDFN	The Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.05 Costs Associated with Exit or Disposal Activities.

On November 7, 2022, we decided to wind-down RedfinNow and to reduce our number of employees by approximately 862, which represents 13 percent of our total employees. Of these, 264 job eliminations are directly related to the wind-down of RedfinNow. In addition, approximately 218 employees will have their current role eliminated, but are being offered a new role within the company.

Winding down RedfinNow is a strategic decision we made in order to focus our resources on our core businesses in the face of the rising cost of capital.

The remaining workforce reductions are primarily among our real estate services and headquarters employees in response to macroeconomic conditions. This workforce reduction will reduce our number of lead agents by approximately 197, which represents 9 percent of total lead agents. This action comes in the wake of our June workforce reduction, which was a response to slowing 2022 home sales. Since June, mortgage interest rates have continued to climb and expectations for home sales have come down even further. Today's workforce reduction assumes a housing downturn that lasts at least through 2023. Since April 2022, through involuntary reductions and attrition, we have reduced our total number of employees by 27 percent, including a reduction in lead agents of 28 percent.

Regarding RedfinNow, we expect to continue to complete the purchase of homes we are contractually obligated to purchase and to renovate and sell such properties quickly. As of October 31, 2022, the inventory value of our homes was approximately \$265 million, with another \$92 million under contract to sell. By the end of January 2023, we expect to own less than \$85 million in homes. We expect to complete the liquidation of our RedfinNow inventory in the second quarter of 2023. While the bulk of the workforce reduction is occurring today, we expect to complete this workforce reduction and wind-down of RedfinNow promptly after selling the remaining properties currently in inventory into 2023.

In connection with the preparation of our financial statements for the third quarter of 2022, we recorded an \$18 million write-down of inventory associated with RedfinNow as a result of purchasing homes during 2022 at higher prices than RedfinNow's current estimates of the values if we were to sell the homes as of September 30, 2022, net of selling costs.

As a result of the workforce reduction and wind-down of RedfinNow, we expect to incur pre-tax charges of approximately \$21 million to \$23 million, primarily in the fourth quarter of 2022 and the first quarter of 2023. Of the charges that will be recorded as impairment and restructuring costs in our consolidated statements of operations, an estimated \$19 million to \$20 million relate to one-time termination benefits consisting of severance and related costs, and an estimated \$2 million to \$3 million relate to charges associated with long-lived assets pertaining to RedfinNow. As a result of our decision to wind-down RedfinNow operations, we plan to report RedfinNow as a discontinued operation beginning with the period during which we complete wind-down of the business. Our evaluation of various alternative courses of action that we may take related to the wind-down is in progress, and we may incur additional costs as a result of such actions. All estimated amounts are subject to change until finalized.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of federal securities laws, including our future operating results and the estimated range and timing of the charges, write-downs, and cash outlays resulting from our expected workforce reduction and wind-down of RedfinNow operations. We believe our expectations related to these forward-looking statements are reasonable, but actual results may turn out to be materially different. Factors that could cause actual results to differ materially from the forward-looking statements include our inability to successfully implement the workforce reduction and wind-down of RedfinNow; unanticipated developments that may delay or increase the costs associated with our wind-down activities; a change in the number of employees being terminated as part of the workforce reduction; our inability to complete the purchase of homes we are contractually obligated to purchase and renovate, market, and close on the sale of homes currently in inventory during the wind-down of RedfinNow; disruptions in relationships with customers, suppliers, vendors, broker partners, contractors, employees, lenders, and consumers given our decision to wind-down RedfinNow operations; and changes in our access to and the availability of financing on terms acceptable to us to finance the purchase of homes through RedfinNow during the wind-down of RedfinNow. For additional factors, please see the risks and uncertainties identified under the heading "Risk Factors" in our annual report for the year ended December 31, 2021, as supplemented by our quarterly reports for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022, each of which is available on our Investor Relations website at <http://investors.redfin.com> and on the SEC website at www.sec.gov. All forward-looking statements reflect our beliefs and assumptions only as of the date of this report. We undertake no obligation to update forward-looking statements to reflect future events or circumstances.

Item 7.01 Regulation FD.

The estimated severance and related costs described in item 2.05 were not included in our third quarter 2022 guidance that we had provided on August 4, 2022.

On November 9, 2022, Glenn Kelman, our chief executive officer, published an article at www.redfin.com/blog discussing the wind-down of RedfinNow and the related workforce reduction. A copy of the article is furnished as Exhibit 99.1 to this report.

Item 9.01 Financial Statements and Exhibits.

Exhibit Number	Description
99.1	Article published November 9, 2022
104	Cover page interactive data file, submitted using inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Redfin Corporation
(Registrant)

Date: November 9, 2022

/s/ Chris Nielsen

Chris Nielsen
Chief Financial Officer

All-Hands Email on November Layoff

Our CEO, Glenn Kelman, sent this email to all Redfin employees at 5:45 a.m. PDT on November 9, 2022. For the public posting, we removed links to our intranet.

Dear Redfin,

We're laying off 862 brilliant, loyal people and also closing RedfinNow. We'll still need home-services employees for our concierge service to fix up brokerage customers' listings, but since that group spent most of its time renovating RedfinNow homes, it will get much smaller.

Calls to People Leaving Start at 8 Local Time

We're meeting with the RedfinNow and home-services teams at 6:15 a.m. and 8:15 a.m. Pacific time. We'll start calling the folks being asked to leave other departments at 8:00 a.m. local time, and then send an email out to everyone else when we're done.

13% Layoff

With this layoff, the number of employees at Redfin, including those at Rent and Bay Equity, will decline by 13%. Since April 30, the number of people working here has fallen 27%. We've also eliminated the roles of 218 employees who can choose over the next few days to stay at Redfin in another role; if all of those employees were to leave, the reduction would be 16% in November and 29% since April.

The Housing Market Will Get Smaller in 2023

A layoff is awful but we can't avoid it. We plan to keep increasing our share of the market, but that market in 2023 is likely to be 30% smaller than it was in 2021. The June layoff was a response to our expectation that we'd sell fewer houses in 2022; this layoff assumes the downturn will last at least through 2023.

Thank You

To every departing employee who put your faith in Redfin, thank you. I'm sorry that we don't have enough sales to keep paying you. The severance pay is the same as before: ten to fifteen weeks of pay depending on Redfin tenure, and healthcare coverage for three months. More information is on Fin.

Closing RedfinNow

There'll be another time to discuss our plans to grow, starting with this afternoon's earnings call. But we need a moment now to say why we're closing our iBuying business, when we've said for years that it drives listing share. One problem is that the share gains we could attribute to iBuying have become less certain as we rolled it out more broadly, especially now that our offers are so low.

RedfinNow Is Too Much Money and Risk

And the second problem is that iBuying is a staggering amount of money and risk for a now-uncertain benefit. We've tied up hundreds of millions of dollars in houses that you yourself wouldn't want to own right now. Even before its overhead expenses, the RedfinNow properties segment will likely lose \$22 - \$26 million dollars in 2022. However small our iBuying loss may be compared to others, that loss is still larger than we could afford to bear again.

Hello, Adversity

All of us, myself included, have to grieve for RedfinNow and other projects now ending. We'll be ridiculed for thinking they could've succeeded. But having strained ourselves to the limit for a long time, we have to acknowledge that, even if we had the money to do more, we'll be happier and more successful doing less, and doing it well. It will be good to focus on our original calling: getting people a higher, not a lower, price for their homes, at a 1% fee, and supporting people through their entire move, from the mobile application to the agent to the lender to the title specialist.

Our True Colors

We'll show our true colors over the coming year by putting customers first and taking market share, as we have every year through good and bad markets. We'll show our true colors today by caring for those who are leaving. I won't pretend it isn't heartbreaking.

A Caring Culture in a Cyclical Industry

A cyclical industry makes it hard to build a caring culture. We could be cynical and stop trying to care, or even more cynical and say we only pretended to try. But those of us still here tomorrow will have remained for a reason, united by a now-ancient belief that what's smaller can become bigger, that the only thing more inevitable than love's failures are its triumphs. Whether you're staying or going, you can, as always, call my cell, to vent, to plan your next career move, to ask questions, to say goodbye.

Sincerely, Glenn