CONCLUSION

RLGY and AMZN (covered by Michael Olson) announced this morning a collaboration program called TurnKey, which connects buying a home (via a RLGY agent) with making a home (via Amazon home services and products). Prospective home buyers can go to the amazon.com/turnkey website to get matched with a local agent from RLGY’s brands. Upon purchase of the home, the buyer will receive a $1,000-$5,000 in credits and products for Amazon Home Services, Amazon Smart Home Products and Amazon Move. We see the collaboration as an innovative program that could meaningfully boost lead generation for RLGY and help ease pressure on agent recruiting and commission splits. The magnitude of those benefits will depend on the amount of marketing put forward to drive awareness.

- Economics of collaboration & lead generation opportunity. We believe the AMZN-RLGY collaboration is not officially exclusive, but that AMZN selected RLGY as a unique partner given RLGY’s scale, brand equity and ability to provide high quality agents for TurnKey home buyers. The TurnKey leads will be broker-generated, so we expect the agent commission split to be more favorable for RLGY than its current ~73% company average. RLGY will utilize the better commission economics to fund the $1,000-$5,000 in home buyer credits/benefits. Overall, we believe TurnKey will have a positive economic impact for RLGY as it should generate home buyer leads at attractive economics. If Turnkey is marketed aggressively, we believe it could meaningfully boost lead generation for RLGY and help it drive market-share gains and higher brand awareness in the evolving competitive real-estate landscape. Separately, we believe this collaboration will also help RLGY with agent recruitment by incentivizing agents to join the real-estate brokerage connected with Amazon.

- TurnKey collaboration details. As of today, home buyers can access this program across 15 markets that cover ~20% of total U.S. home sales. Home buyers start by providing their name, email & phone number, and they are then matched with a RLGY agent (company-owned and franchisee agents). After the home purchase closes, the home buyer receives $1,000-$5,000 (tiered home price range from $150k-$700k+) of credits and products for Amazon Home Services, Amazon Smart Home Products and Amazon Move. In order to provide the best service, the program is only selecting top RLGY agents based on select agent performance criteria. We believe RLGY is a great partner for this program based on scale and quality of agent, and could be a home buyer lead generation tool. We are still unsure who will take ownership in marketing this solution to home buyers, but likely it will be split between Amazon and RLGY.

COMPANY DESCRIPTION

RLGY provides real estate franchising, brokerage, relocation, and title services.
IMPORTANT RESEARCH DISCLOSURES

Rating and Price Target History for: Realogy Holdings Corp. (RLGY) as of 07-22-2019

Notes: The boxes on the Rating and Price Target History chart above indicate the date of the fundamental Equity Research Note, the rating and the price target. Each box represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first Note written during the past three years.

Legend:
I: Initiating Coverage
R: Resuming Coverage
T: Transferring Coverage
D: Discontinuing Coverage
S: Suspending Coverage
OW: Overweight
N: Neutral
UW: Underweight
NA: Not Available
UR: Under Review

Distribution of Ratings/IB Services

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Analyst Certification — Jason S. Deleeuw, CFA, Sr Research Analyst

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Time of dissemination: 23 July 2019 08:33EDT.
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