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

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2019**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________

Commission File Number: **001-38160**

Redfin Corporation

(Exact name of registrant as specific in its charter)

Delaware	**74-3064240**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1099 Stewart Street, Suite 600 **Seattle, WA**	**98101**
(Address of principal executive offices)	(Zip Code)

(206) 576-8333
(Registrant's telephone number, including area code)

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

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

Title of each class	Trading Symbol(s)	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 (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☑	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

As of May 1, 2019, there were 90,988,859 shares of the registrant's common stock outstanding.

Redfin Corporation

Quarterly Report on Form 10-Q
For the Quarter Ended March 31, 2019

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As used in this Quarterly Report on Form 10-Q, the terms "Redfin," "the Company," "we," "us," and "our" refer to Redfin Corporation and its subsidiaries taken as a whole, unless otherwise noted or unless the context indicates otherwise.

Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements. All statements contained in this report other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans, our market growth and trends, and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “could,” “would,” “project,” “plan,” “potentially,” “preliminary,” “likely,” and similar expressions are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including those described under Item 1A of our Annual Report for the year ended December 31, 2018, as supplemented by Part II, Item 1A of this Quarterly Report for the quarter ended March 31, 2019. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the effect of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the future events and trends discussed in this report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements. Accordingly, you should not rely on forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to update any of these forward-looking statements for any reason after the date of this report or to conform these statements to actual results or revised expectations.

Note Regarding Industry and Market Data

This Quarterly Report on Form 10-Q contains information using industry publications that generally state that the information contained therein has been obtained from sources believed to be reliable, but such information may not be accurate or complete. While we are not aware of any misstatements regarding the information from these industry publications, we have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied on therein.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Redfin Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts, unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	$ 395,618	$ 432,608
Restricted cash	10,471	6,446
Accrued revenue, net	16,253	15,363
Inventory	38,306	22,694
Loans held for sale	15,748	4,913
Prepaid expenses and other current assets	13,586	14,223
Total current assets	489,982	496,247
Property and equipment, net	30,618	25,187
Right of use assets, net	32,737	—
Goodwill and intangibles, net	11,870	11,992
Other non-current assets	9,403	9,395
Total assets	574,610	542,821
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	17,533	2,516
Accrued liabilities	54,064	30,837
Other payables	10,374	6,544
Warehouse credit facilities	15,193	4,733
Current operating lease liabilities	6,368	—
Current portion of deferred rent	68	1,588
Total current liabilities	103,600	46,218
Non-current operating lease liabilities	41,567	—
Deferred rent	—	11,079
Convertible senior notes, net	115,094	113,586
Total liabilities	260,261	170,883
Commitments and contingencies (Note 7)		
Stockholders’ equity		
Common stock—par value $0.001 per share; 500,000,000 shares authorized; 90,926,249 and 90,151,341 shares issued and outstanding, respectively	91	90
Additional paid-in capital	552,418	542,829
Accumulated deficit	(238,160)	(170,981)
Total stockholders’ equity	314,349	371,938
Total liabilities and stockholders’ equity	$ 574,610	$ 542,821

The accompanying notes are an integral part of these condensed consolidated financial statements.

Redfin Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(in thousands, except share and per share amounts, unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Revenue		
Service	$ 88,768	$ 76,841
Product	21,373	3,052
Total revenue	110,141	79,893
Cost of revenue		
Service	84,395	70,855
Product	22,993	3,342
Total cost of revenue	107,388	74,197
Gross profit	2,753	5,696
Operating expenses		
Technology and development	15,556	12,762
Marketing	33,201	13,336
General and administrative	21,448	16,772
Total operating expenses	70,205	42,870
Loss from operations	(67,452)	(37,174)
Interest income	2,316	577
Interest expense	(2,136)	—
Other income, net	92	158
Net loss	$ (67,180)	$ (36,439)
Net loss per share - basic and diluted	$ (0.74)	$ (0.44)
Weighted average shares - basic and diluted	90,610,416	82,010,913
Net loss	$ (67,180)	$ (36,439)
Foreign currency translation adjustments	1	—
Total comprehensive loss	$ (67,179)	$ (36,439)

The accompanying notes are an integral part of these condensed consolidated financial statements.

Redfin Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(in thousands, unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Operating activities		
Net loss	$ (67,180)	$ (36,439)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,637	2,003
Stock-based compensation	6,406	4,196
Amortization of debt discount and issuance costs	1,507	—
Non-cash lease expense	1,216	—
Change in assets and liabilities		
Accrued revenue	(890)	1,241
Inventory	(15,612)	(3,286)
Other assets	1,441	3,374
Accounts payable	14,848	1,029
Accrued liabilities	21,695	7,248
Operating lease liabilities	(1,459)	—
Deferred rent	69	(268)
Origination of loans held for sale	(49,850)	(9,477)
Proceeds from sale of loans originated as held for sale	39,015	9,887
Net cash used in operating activities	(47,157)	(20,492)
Investing activities		
Purchases of property and equipment	(3,151)	(2,305)
Net cash used in investing activities	(3,151)	(2,305)
Financing activities		
Proceeds from the exercise of stock options	3,732	5,946
Tax payment related to net share settlements on restricted stock units	(818)	(59)
Borrowings from warehouse credit facilities	48,557	9,265
Repayments of warehouse credit facilities	(38,097)	(9,924)
Other payables - deposits held in escrow	3,968	6,808
Net cash provided by financing activities	17,342	12,036
Net change in cash, cash equivalents, and restricted cash	(32,966)	(10,761)
Cash, cash equivalents, and restricted cash		
Beginning of period	439,055	212,658
End of period	$ 406,089	$ 201,897
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 1,202	$ —
Non-cash transactions		
Stock-based compensation capitalized in property and equipment	(270)	(124)
Property and equipment additions in accounts payable and accrued liabilities	(1,370)	(55)
Leasehold improvements paid directly by lessor	1,963	—

The accompanying notes are an integral part of these condensed consolidated financial statements.

Redfin Corporation and Subsidiaries
Condensed Consolidated Statements of Changes in Stockholders' Equity
(in thousands, except share amounts, unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance, December 31, 2017	81,468,891	$ 81	$ 364,352	$ (129,003)	$ 235,430
Issuance of common stock pursuant to exercise of stock options	1,198,732	2	6,000	—	6,002
Issuance of common stock pursuant to settlement of restricted stock units	7,532	—	—	—	—
Common stock surrendered for employees' tax liability upon settlement of restricted stock units	(2,563)	—	(58)	—	(58)
Stock-based compensation	—	—	4,320	—	4,320
Net loss	—	—	—	(36,439)	(36,439)
Balance, March 31, 2018	82,672,592	$ 83	$ 374,614	$ (165,442)	$ 209,255
Balance, December 31, 2018	90,151,341	$ 90	$ 542,829	$ (170,981)	$ 371,938
Issuance of common stock pursuant to exercise of stock options	679,495	1	3,731	—	3,732
Issuance of common stock pursuant to settlement of restricted stock units	139,889	—	—	—	—
Common stock surrendered for employees' tax liability upon settlement of restricted stock units	(44,476)	—	(818)	—	(818)
Stock-based compensation	—	—	6,676	—	6,676
Other comprehensive income	—	—	—	1	1
Net loss	—	—	—	(67,180)	(67,180)
Balance, March 31, 2019	90,926,249	$ 91	$ 552,418	$ (238,160)	$ 314,349

The accompanying notes are an integral part of these condensed consolidated financial statements.

Index to Notes to Condensed Consolidated Financial Statements

Notes to Condensed Consolidated Financial Statements
(in thousands, except for shares and per share amounts, unaudited)

Note 1: Summary of Significant Accounting Policies

Basis of Presentation—The consolidated financial statements and accompanying notes have been prepared in accordance with generally accepted accounting principles in the United States of America (“GAAP”). All amounts are presented in thousands, except share and per share data.

The financial information as of December 31, 2018 is derived from the audited consolidated financial statements and notes for the year ended December 31, 2018 included in Item 8 in the Annual Report on Form 10-K (the “2018 Annual Report”) of Redfin Corporation (the "Company" or "Redfin"). The information included in this Quarterly Report on Form 10-Q should be read in conjunction with the notes and management’s discussion and analysis of the consolidated financial statements included in the 2018 Annual Report.

The unaudited condensed consolidated interim financial statements, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the Company's financial position as of March 31, 2019, the statements of comprehensive loss, cash flows, and stockholders' equity for the three months ended March 31, 2019 and 2018. The results for the three months ended March 31, 2019 are not necessarily indicative of the results to be expected for the year ending December 31, 2019 or for any interim period or for any other future year.

Principles of Consolidation—The unaudited condensed consolidated interim financial statements include the accounts of Redfin and its wholly owned subsidiaries. Intercompany transactions and balances have been eliminated.

Use of Estimates—The preparation of consolidated financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and results of operations during the respective periods. The Company evaluates its estimates on an ongoing basis. During the three months ended March 31, 2019, the estimated useful life of capitalized software for internal use was updated from one to two years. This change in estimate was not material. In addition, with the adoption of Accounting Standards Codification Topic 842, *Leases* ("ASC 842" or "Topic 842"), the Company estimated its incremental borrowing rate for the determination of the present value of lease payments. Further description of the impact of this pronouncement is included in Note 6: Leases. The amounts ultimately realized from the affected assets or liabilities will depend on, among other factors, general business conditions and could differ materially in the near term from the carrying amounts reflected in the consolidated financial statements.

Recently Adopted Accounting Pronouncements—In January 2019, the Company adopted ASU 2016-02, *Leases (Topic 842)*, using the optional alternative transition method under ASU 2018-11, *Leases (Topic 842) Targeted Improvements*. The optional alternative transition method applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The Company evaluated its portfolio of leases and determined a cumulative-effect adjustment to the opening balance of retained earnings was not needed, as the portfolio of leases contains only operating leases.

The Company elected the package of practical expedients permitted under the transition guidance within the standard, allowing the Company to carry forward the historical lease classification, carry forward the conclusions on whether current or expired contracts contain leases, and carry forward the accounting for initial direct costs for existing leases. Additionally, the Company elected the practical expedient for use of hindsight to determine the lease term for existing leases whereby it evaluated the performance of existing leases in relation to our leasing strategy and determined that most renewal options would not be reasonably certain to be exercised. This resulted in the shortening of lease terms for the existing leases.

Adoption of the standard resulted in the recording of right of use assets and corresponding lease liabilities of $33,953 and $49,395, respectively, as of January 1, 2019, the difference of which is due to lease incentives. Further description of the impact of this pronouncement is included in Note 6: Leases.

In January 2019, the Company adopted the guidance in the U.S. Securities and Exchange Commission (the "SEC") final rule under SEC Release No. 33-10532, *Disclosure Update and Simplification.* In August 2018, the SEC issued the final rule amending certain disclosure requirements that were redundant, duplicative, overlapping, outdated or superseded. In addition, the amendments expanded the disclosure requirements on the analysis of stockholders' equity for interim financial statements. Under the amendments, an analysis of changes in each caption of stockholders' equity presented in the balance sheet must be provided in a note or separate statement. The analysis should present a reconciliation of the beginning balance to the ending balance of each period for which a statement of comprehensive income is required to be filed.

Recently Issued Accounting Pronouncements—In August 2018, the Financial Accounting Standards Board ("FASB") issued ASU No. 2018-13, *Fair Value Measurement (Topic 820)*, which modifies the disclosures on fair value measurements by removing the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. The ASU expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income. The ASU is effective for public entities for fiscal years beginning after December 15, 2019, with early adoption permitted. The Company has not yet completed its assessment of the impact of the new standard on the Company’s consolidated financial statements.

In August 2018, the FASB issued authoritative guidance under ASU 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software: Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. The ASU requires implementation costs incurred by customers in cloud computing arrangements (i.e., hosting arrangements) to be capitalized under the same premises of authoritative guidance for internal-use software, and deferred over the noncancelable term of the cloud computing arrangements plus any option renewal periods that are reasonably certain to be exercised by the customer or for which the exercise is controlled by the service provider. The ASU is effective for public entities for fiscal years beginning after December 15, 2019. The Company has not yet completed its assessment of the impact of the new standard on the Company’s consolidated financial statements.

Note 2: Segment Reporting and Revenue

In its operation of the business, the Company's management, including its chief operating decision maker, who is also the Chief Executive Officer, evaluates the performance of the Company’s operating segments based on revenue and gross profit. The Company does not analyze discrete segment balance sheet information related to long-term assets, all of which are located in the United States. All other financial information is presented on a consolidated basis. The Company has five operating segments and two reportable segments, real estate services and properties.

Revenue is primarily generated from commissions and fees charged on each real estate services transaction completed by the Company or its partner agents, and proceeds from the sales of homes. The Company’s key revenue components are brokerage revenue, partner revenue, properties revenue, and other revenue. Revenue earned but not received is recorded as accrued revenue on the Company's consolidated balance sheets, net of an allowance for doubtful accounts. Accrued revenue, consisting of commission revenue, is known and is clearing escrow, and therefore it is not estimated.

Information on each of the reportable and other segments and reconciliation to consolidated net loss is as follows:

	Three Months Ended March 31,	
	2019	2018
Real estate services		
Brokerage revenue	$ 81,314	$ 70,143
Partner revenue	4,576	4,781
Total real estate services revenue	85,890	74,924
Cost of revenue	80,784	68,164
Gross profit	5,106	6,760
Properties		
Revenue	21,373	3,052
Cost of revenue	22,993	3,342
Gross profit	(1,620)	(290)
Other		
Revenue	3,047	1,917
Cost of revenue	3,780	2,691
Gross profit	(733)	(774)
Intercompany eliminations		
Revenue	(169)	—
Cost of revenue	(169)	—
Gross profit	—	—
Consolidated		
Revenue	110,141	79,893
Cost of revenue	107,388	74,197
Gross profit	2,753	5,696
Operating expenses	70,205	42,870
Interest income	2,316	577
Interest expense	(2,136)	—
Other income, net	92	158
Net loss	$ (67,180)	$ (36,439)

The following table presents the detail of accrued revenue for the periods presented:

	Three Months Ended March 31,	
	2019	2018
Accrued revenue	$ 16,481	$ 12,232
Less: Allowance for doubtful accounts	(228)	(139)
Accrued revenue, net	$ 16,253	$ 12,093

The following table presents the activity in the allowance for doubtful accounts for the period presented:

	Three Months Ended March 31,	
	2019	2018
Balance, beginning of period	$ 166	$ 160
Charges	74	(19)
Write-offs	(12)	(2)
Balance, end of period	$ 228	$ 139

Note 3: Fair Value of Financial Instruments

A summary of assets and (liabilities) at March 31, 2019 and December 31, 2018, related to the Company's financial instruments, measured at fair value on a recurring basis, is set forth below:

Financial Instrument	Balance sheet location	Fair Value Hierarchy	Fair Value March 31, 2019	Fair Value December 31, 2018
Money market funds	Cash and cash equivalents	Level 1	$ 375,259	$ 425,776
Forward sales commitments	Prepaid expenses and other current assets	Level 2	16	—
Forward sales commitments	Accrued liabilities	Level 2	(401)	(141)
Loans held for sale	Prepaid expenses and other current assets	Level 2	15,748	4,913
Interest rate lock commitments	Prepaid expenses and other current assets	Level 3	715	254
Interest rate lock commitments	Accrued liabilities	Level 3	(16)	—

The changes in the Level 3 financial instruments that are measured at fair value on a recurring basis were immaterial during the periods presented.

See Note 14: Debt for the carrying amount and estimated fair value of the Notes.

Assets and liabilities recognized or disclosed at fair value on a nonrecurring basis include items such as property, plant and equipment, goodwill and other intangible assets, cost method investments, and other assets. These assets are measured at fair value if determined to be impaired. For cost method investments, the Company did not record any significant nonrecurring fair value measurements after initial recognition for the period ended March 31, 2019.

Note 4: Inventory

	March 31, 2019	December 31, 2018
Properties for sale	$ 14,748	$ 12,649
Properties not available for sale	1,920	2,328
Properties under improvement	21,638	7,717
Inventory	$ 38,306	$ 22,694

Inventory costs include direct property acquisition costs and any capitalized improvements, net of applicable lower of cost or net realizable value write-downs. As of March 31, 2019 and December 31, 2018, lower of cost or net realizable value write-downs were $100 and $190, respectively.

Properties not available for sale represent purchased properties that have been temporarily rented back to the previous homeowner, typically for less than 30 days. Both properties not available for sale and properties under improvement are expected to be sold in less than twelve months.

Note 5: Property and Equipment

A summary of property and equipment at March 31, 2019 and December 31, 2018 is as follows:

	Useful Lives (Years)	March 31, 2019	December 31, 2018
Leasehold improvements	Shorter of lease term or economic life	$ 23,005	$ 19,285
Website and software development costs	2-3	21,766	19,948
Computer and office equipment	3	3,881	2,956
Software	3	595	595
Furniture	7	4,416	3,933
Property and equipment, gross		53,663	46,717
Accumulated depreciation and amortization		(23,045)	(21,530)
Property and equipment, net		$ 30,618	$ 25,187

Depreciation and amortization expense for property and equipment amounted to $1,515 and $1,881 for the three months ended March 31, 2019 and 2018, respectively.

Note 6: Leases

The extent of the Company’s lease commitments consist of operating leases for physical office locations with terms ranging from one to 11 years. The Company has accounted for the portfolio of operating leases by disaggregation based on nature and term of the lease. Generally, the leases require a fixed minimum rent with contractual minimum rent increases over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet, but rather lease expense from these leases is recognized on a straight-line basis over the lease term.

When available, the rate implicit in the lease to discount lease payments to present value would be used; however, none of the Company's significant leases as of March 31, 2019 provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate for each portfolio of leases to discount the lease payments based on information available at lease commencement.

The Company has evaluated the performance of existing leases in relation to its leasing strategy and determined that most renewal options would not be reasonably certain to be exercised.

The right of use asset and related lease liability is determined based on the lease component of the consideration in each lease contract. The Company has evaluated its lease portfolio for appropriate allocation of the consideration in the lease contracts between lease and nonlease components based on standalone prices and determined the allocation per the contracts to be appropriate.

Lease Cost	Classification	Three months ended March 31, 2019	
Operating lease cost [(a)]	Cost of revenue	$	1,693
Operating lease cost [(a)]	G&A expenses		855
Total lease cost		$	2,548

[(a)] Includes lease expense of $821 for leases with initial terms of 12 months or less.

Maturity of Lease Liabilities	Operating Leases	
2019, excluding the three months ended March 31, 2019	$	7,932
2020		11,919
2021		11,408
2022		10,635
2023		9,678
Thereafter		21,255
Total lease payments	$	72,827
Less: Interest		(24,892)
Present value of lease liabilities	$	47,935

Lease Term and Discount Rate	March 31, 2019
Weighted average remaining operating lease term (years)	7.1
Weighted average discount rate for operating leases	4.4 %

Supplemental Cash Flow Information	Three months ended March 31, 2019	
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	1,975
Right of use assets obtained in exchange for lease liabilities		
Operating leases	$	33,953

Note 7: Commitments and Contingencies

Legal Proceedings—From time to time, the Company is involved in litigation, claims, and other proceedings arising in the ordinary course of its business. Such litigation and other proceedings may include, but are not limited to, actions or claims relating to employment law (including misclassification), intellectual property, privacy and consumer protection, the Real Estate Settlement Procedures Act of 1974, the Fair Housing Act of 1968 or other fair housing statutes, cybersecurity incidents, data breaches or misappropriation, and commercial or contractual disputes. They may also relate to ordinary-course brokerage disputes, including, but not limited to, failure to disclose property defects, failure to meet client legal obligations, commission disputes, personal injury or property damage claims, and vicarious liability based upon conduct of individuals or entities outside of the Company's control, including partner agents and third-party contractor agents. The Company does not believe that any of its pending litigation, claims, and other proceedings is material to its business.

Facility Leases and Other Commitments—The Company leases its office space under noncancelable operating leases with terms ranging from one to 11 years. Generally, the leases require a fixed minimum rent with contractual minimum rent increases over the lease term, and certain leases include escalation provisions. Other commitments primarily relate to homes that the Company is under contract to purchase through its properties segment but that have not closed, and network infrastructure for the Company's data operations. Future minimum payments due under these agreements as of March 31, 2019 are as follows:

	March 31, 2019	
	Facility Leases	Other Commitments
2019	$ 7,932	$ 31,821
2020	11,919	2,412
2021	11,408	701
2022	10,635	1,138
2023 and thereafter	30,933	—
Total minimum lease payments	$ 72,827	$ 36,072

Warehouse Credit Facilities—In December 2016, Redfin Mortgage entered into a Mortgage Warehouse Agreement with Texas Capital Bank, National Association ("Texas Capital"), which was amended and restated in December 2017 and further amended on March 19, 2019. The Mortgage Warehouse Agreement expires on April 21, 2019. In April 2019, Redfin Mortgage and Texas Capital extended the Warehouse Agreement, as further described in Note 15: Subsequent Events. The Mortgage Warehouse Agreement requires Redfin Mortgage to maintain certain financial covenants and to provide periodic financial and compliance reports. Redfin Mortgage failed to satisfy a financial covenant contained in the Mortgage Warehouse Agreement as of March 31, 2019, but Texas Capital has not enforced its remedies under the agreement, which principally include the rights to (i) cease purchasing participation interests in loans from Redfin Mortgage and (ii) sell all interests of Texas Capital or Redfin Mortgage in any loan subject to the agreement. As of March 31, 2019 and December 31, 2018, there were $6,819 and $3,592, respectively, outstanding under the Mortgage Warehouse Agreement.

In June 2017, Redfin Mortgage entered into a Master Repurchase Agreement with Western Alliance Bank ("Western Alliance"), which was amended in September 2018. The Master Repurchase Agreement will expire on June 15, 2019. The Master Repurchase Agreement requires Redfin Mortgage to maintain certain financial covenants and to provide periodic financial and compliance reports. Redfin Mortgage failed to satisfy a financial covenant contained in the Master Repurchase Agreement as of March 31, 2019, but Western Alliance has not enforced its remedy under the agreement of requiring Redfin Mortgage to repurchase all outstanding loans held by Western Alliance. As of March 31, 2019 and December 31, 2018, there were $8,374 and $1,141, respectively, outstanding on the Master Repurchase Agreement.

Note 8: Acquired Intangible Assets

The following table presents details of the Company's intangible assets subject to amortization as of the dates presented:

	Useful Lives (years)	March 31, 2019						December 31, 2018					
		Gross		Accumulated Amortization		Net		Gross		Accumulated Amortization		Net	
Trade names	10	$	1,040	$	(468)	$	572	$	1,040	$	(442)	$	598
Developed technology	10		2,980		(1,341)		1,639		2,980		(1,266)		1,714
Customer relationships	10		860		(387)		473		860		(366)		494
		$	4,880	$	(2,196)	$	2,684	$	4,880	$	(2,074)	$	2,806

Acquired intangible assets are amortized using the straight-line method over their estimated useful life, which approximates the expected use of these assets. Amortization expense amounted to $122 for each of the three months ended March 31, 2019 and 2018. Amortization expense of $2,440 will be recognized over the next five years, or $488 per year.

Note 9: Accrued Liabilities

The following table presents the detail of accrued liabilities as of the dates presented:

	March 31, 2019		December 31, 2018	
Accrued compensation and benefits	$	33,774	$	22,862
Miscellaneous accrued liabilities		20,290		7,975
Total accrued liabilities	$	54,064	$	30,837

The increase in miscellaneous accrued liabilities since December 31, 2018 was driven primarily by an increase in marketing activity during the quarter ended March 31, 2019, which was a result of increased marketing spend and timing of those expenses.

Note 10: Other Payables

Other payables consists primarily of customer deposits for cash held in escrow on behalf of real estate buyers using TItle Forward, the Company's wholly owned title and settlement services subsidiary. Since the Company does not have rights to the cash, the customer deposits are recorded as a liability with a corresponding asset in the same amount recorded within restricted cash. The following table presents the detail of other payables as of the dates presented:

	March 31, 2019		December 31, 2018	
Customer deposits	$	10,194	$	6,226
Miscellaneous payables		180		318
Total other payables	$	10,374	$	6,544

Note 11: Equity and Employee Stock Plans

Common Stock—At March 31, 2019 and December 31, 2018, the Company was authorized to issue 500,000,000 shares of common stock with a par value of $0.001 per share.

2017 Equity Incentive Plan—The Company's 2017 Equity Incentive Plan ("2017 EIP") became effective on July 26, 2017, and provides for the issuance of incentive and nonqualified common stock options and restricted stock units to employees, directors, officers, and consultants of the Company. The number of shares of common stock initially reserved for issuance under the 2017 EIP was 7,898,159. The number of shares reserved for issuance under the 2017 EIP will increase automatically on January 1 of each calendar year beginning on January 1, 2018, and continuing through January 1, 2028, by the number of shares equal to the lesser of 5% of the total outstanding shares of the Company's common stock as of the immediately preceding December 31 or an amount determined by the board of directors.

Amended and Restated 2004 Equity Incentive Plan-The Company granted options under its 2004 Equity Incentive Plan, as amended ("2004 Plan"), until July 26, 2017, when the plan was terminated in connection with the Company’s IPO. Accordingly, no shares are available for future issuance under this plan. The 2004 Plan continues to govern outstanding equity awards granted thereunder.

2017 Employee Stock Purchase Plan—The Company initially reserved 1,600,000 shares of common stock for issuance under the 2017 Employee Stock Purchase Plan (the "2017 ESPP"). The number of shares reserved for issuance under the 2017 ESPP will increase automatically on January 1 of each calendar year beginning after the first offering date and continuing through January 1, 2028, by the number of shares equal to the lesser of 1% of the total outstanding shares of the Company’s common stock as of the immediately preceding December 31 or an amount determined by the board of directors.

The Company has reserved shares of common stock, on an as-converted basis, for future issuance as follows:

	March 31, 2019	December 31, 2018
Equity Incentive Plans		
Stock options outstanding	8,713,162	9,435,349
Restricted stock units outstanding	3,588,275	3,264,702
Shares available for future equity grants	9,199,286	5,068,013
Total	21,500,723	17,768,064
2017 Employee Stock Purchase Plan		
Shares available for purchase on January 1, 2019 and 2018, respectively	2,890,973	2,414,688
Shares issued since January 1, 2019 and 2018, respectively	—	425,228
Total shares available for future purchases	2,890,973	1,989,460

Preferred Stock—As of March 31, 2019 and December 31, 2018, the Company was authorized to issue 10,000,000 shares of preferred stock with a par value of $0.001, of which no shares were issued and outstanding.

Stock Options—The following table summarizes activity for stock options for the three months ended March 31, 2019 :

	Number Of Options	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value
Outstanding at December 31, 2018	9,435,349	$ 6.48	6.06	$ 74,669
Options exercised	(679,495)	5.49		
Options forfeited	(40,550)	9.15		
Options canceled	(2,142)	8.35		
Outstanding at March 31, 2019	8,713,162	6.55	6.00	119,575
Options exercisable at March 31, 2019	7,258,130	$ 6.01	5.69	$ 103,486

The grant date fair value of options to purchase common stock is recorded as stock-based compensation over the vesting period. As of March 31, 2019, there was $6,174 of total unrecognized compensation cost related to options to purchase common stock, which is expected to be recognized over a weighted-average period of 1.40 years.

Restricted Stock Units—The following table summarizes activity for restricted stock units for the three months ended March 31, 2019 :

	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested outstanding at December 31, 2018	3,264,702	$ 19.68
Granted	569,915	19.61
Vested	(139,889)	20.99
Forfeited or canceled	(106,453)	19.48
Unvested outstanding at March 31, 2019	3,588,275	$ 19.62

The grant date fair value of restricted stock units is recorded as stock-based compensation over the vesting period. As of March 31, 2019, there was $64,843 of total unrecognized compensation cost related to restricted stock units, which is expected to be recognized over a weighted-average period of 3.29 years.

During the three months ended March 31, 2019, the Company granted no restricted stock units subject to performance conditions. As of March 31, 2019, there were outstanding 134,602 restricted stock units subject to performance conditions (the "2018 Performance RSUs") at 100% of the target level. For the three months ended March 31, 2019, $278 of share-based compensation expense was recognized for the 2018 Performance RSUs.

Compensation Cost—The following table presents detail of stock-based compensation, net of the amount capitalized in internally developed software, included in the Company's condensed consolidated statements of operations for the periods indicated below

	Three Months Ended March 31,	
	2019	2018
Cost of revenue	$ 1,465	$ 1,300
Technology and development	2,656	1,473
Marketing	286	119
General and administrative	1,999	1,304
Total stock-based compensation	$ 6,406	$ 4,196

Note 12: Net Loss per Share Attributable to Common Stock

Net loss per share attributable to common stock is computed by dividing the net loss attributable to common stock by the weighted-average number of common shares outstanding. The Company has outstanding stock options, restricted stock units, options to purchase shares under its employee stock purchase plan, and convertible senior notes, which are considered in the calculation of diluted net income (loss) attributable to common stock per share whenever doing so would be dilutive.

The following table sets forth the calculation of basic and diluted net loss per share attributable to common stock during the periods presented:

	Three Months Ended March 31,	
	2019	2018
Numerator		
Net loss	$ (67,180)	$ (36,439)
Denominator		
Weighted average shares - basic and diluted	90,610,416	82,010,913
Net loss per share		
Net loss per share - basic and diluted	$ (0.74)	$ (0.44)

The following outstanding shares of common stock equivalents as of March 31, 2019 and 2018 were excluded from the computation of the diluted net loss per share attributable to common stock for the periods presented because their effect would have been anti-dilutive:

	Three Months Ended March 31,	
	2019	2018
Stock options	8,713,162	11,821,024
Restricted stock units	3,588,275	1,152,718
Employee stock purchase plan	290,647	156,530
Total	12,592,084	13,130,272

There is no impact from the Convertible Senior Notes due 2023 (the "Notes") on its diluted net loss per share for the three months ended March 31, 2019 as the notes are accounted for based on the treasury stock method as the Company has the ability, and intent, to settle any conversions of the Notes solely in cash.

Note 13: Income Taxes

The Company’s effective tax rate for the three months ended March 31, 2019 and 2018 was 0% as a result of the Company recording a full valuation allowance against the deferred tax assets.

In determining the realizability of the net U.S. federal and state deferred tax assets, the Company considers numerous factors including historical profitability, estimated future taxable income, prudent and feasible tax planning strategies and the industry in which it operates. Management reassesses the realization of the deferred tax assets each reporting period, which resulted in a valuation allowance against the full amount of the Company’s U.S. deferred tax assets for the three months ended March 31, 2019 and 2018. To the extent that the financial results of the U.S. operations improve in the future and the deferred tax assets become realizable, the Company will reduce the valuation allowance through earnings.

Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in the Company's ownership may limit the amount of net operating loss carryforwards that could be utilized annually in the future to offset taxable income. Any such annual limitation may significantly reduce the utilization of the net operating losses before they expire. A Section 382 limitation study performed as of March 31, 2017 determined there was an ownership change in 2006 and $1,538 of the 2006 net operating loss is unavailable.

As of December 31, 2018, the Company had accumulated approximately $125,850 of federal tax losses, approximately $6,180 (tax effected) of state tax losses. Federal net operating losses are available to offset federal taxable income and begin to expire in 2025. Federal net operating loss carryforwards of $39,365 generated during 2018 are available to offset future U.S. federal taxable income over an indefinite period.

The Company’s material income tax jurisdiction is the United States (federal). As a result of net operating loss carryforwards, the Company is subject to audit for tax years 2005 and forward for federal purposes. There are tax years which remain subject to examination in various other jurisdictions that are not material to the Company’s financial statements.

Note 14: Debt

Convertible Senior Notes—On July 23, 2018, the Company issued $143,750 aggregate principal amount of Notes.The Notes are senior, unsecured obligations of Redfin, and bear interest at a fixed rate of 1.75% per year, payable semi-annually in arrears on January 15 and July 15. The Notes mature on July 15, 2023, unless earlier repurchased, redeemed or converted. As of March 31, 2019, no conversion events have occurred. Redfin will settle conversions of the Notes by paying or delivering, as the case may be, cash, shares of its common stock, or a combination of cash and shares of its common stock, at its election. The Company has the ability, and intends, to settle any conversions solely in cash.

The Notes consisted of the following:

	March 31, 2019	December 31, 2018
Principal	$ 143,750	$ 143,750
Less: debt discount, net of amortization	(25,307)	(26,636)
Less: debt issuance costs, net of amortization	(3,349)	(3,528)
Net carrying amount of the Notes	$ 115,094	$ 113,586

The total estimated fair value of the Notes as of March 31, 2019 and December 31, 2018 was approximately $138,998 and $117,875, respectively, based on the closing trading price of the Notes on last day of trading for the period. The fair value has been classified as Level 2 within the fair value hierarchy given the limited trading activity of the Notes.

The following table sets forth total interest expense recognized related to the Notes for the period presented:

	Three months ended March 31, 2019
Amortization of debt discount	$ 1,329
Amortization of debt issuance costs	178
Total amortization of debt issuance costs and accretion of equity portion	1,507
Contractual interest expense	629
Total interest expense related to the Notes	$ 2,136
Effective interest rate of the liability component	7.25 %

Note 15: Subsequent Events

In April 2019, Redfin Mortgage and Texas Capital extended the expiration date of their Mortgage Warehouse Agreement to May 12, 2019. On May 7, 2019, Redfin Mortgage and Texas Capital amended and restated their Mortgage Warehouse Agreement. Pursuant to the new Mortgage Warehouse Agreement, Texas Capital agrees to fund loans originated by Redfin Mortgage, in its discretion, up to $15,000 and to take a security interest in such loans. The per annum interest rate payable to Texas Capital is a fixed rate equal to the rate of interest accruing on the outstanding principal balance of the loan, minus 0.5%, or 3.5%, whichever is higher. For each loan in which Texas Capital elects to purchase a participation interest, it will acquire an undivided 99% participation interest, by paying as the purchase price an amount equal to the participation interest multiplied by the principal balance of the loan. If a loan is not sold to a correspondent lender, Texas Capital's participation interests in the loans will be repurchased in whole or in part by Redfin Mortgage. Redfin Corporation has guaranteed Redfin Mortgage’s obligations under the Mortgage Warehouse Agreement. The Mortgage Warehouse Agreement requires Redfin Mortgage to maintain certain financial covenants and to provide periodic financial and compliance reports.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis of our financial condition and results of operations should be read together with our consolidated financial statements, the accompanying notes, and other information included in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2018. In particular, the disclosure contained in Item 1A. in our Annual Report, as updated by Part II, Item 1A. in this Quarterly Report, may reflect trends, demands, commitments, events, or uncertainties that could materially impact our results of operations and liquidity and capital resources.

The following discussion contains forward-looking statements, such as statements regarding our future operating results and financial position, our business strategy and plans, our market growth and trends, and our objectives for future operations. Please see "Note Regarding Forward-Looking Statements" for more information about relying on these forward-looking statements. The following discussion also contains information using industry publications. Please see "Note Regarding Industry and Market Data" for more information about relying on these industry publications.

When we use the term "basis points" in the following discussion, we refer to units of one-hundredth of one percent.

Prior to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, we had one reportable segment ("Real estate") that reflected revenue derived from commissions and fees charged on real estate services transactions closed by us or partner agents representing customers in buying and selling homes. Beginning with our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, we recognized a new reportable segment ("Properties") that reflects revenue from when we sell homes that we previously bought directly from homeowners. Concurrent with our recognition of the new "Properties" segment, we changed the name of our "Real estate" segment to "Real estate services." Prior to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2018, we included the results from our "Properties" segment as part of our "Other" segment. We have separated our "Properties" segment results from "Other" segment results for all periods presented.

Overview

We help people buy and sell homes. Our primary business is a residential real estate brokerage, representing customers in over 90 markets throughout the United States and Canada. We pair our own agents with our own technology to create a service that is faster, better, and costs less. We meet customers through our listings-search website and mobile application.

We use the same combination of technology and local service to originate mortgage loans and offer title and settlement services; we also buy homes directly from homeowners who want an immediate sale, taking responsibility for selling the home while the original owner moves on.

Our mission is to redefine real estate in the consumer’s favor.

Key Business Metrics

In addition to the measures presented in our consolidated financial statements, we use the following key metrics to evaluate our business, develop financial forecasts, and make strategic decisions.

	Three Months Ended								
	Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017
Monthly average visitors (in thousands)	31,107	25,212	29,236	28,777	25,820	21,377	24,518	24,400	20,162
Real estate services transactions									
Brokerage	8,435	9,822	12,876	12,971	7,285	8,598	10,527	10,221	5,692
Partner	2,125	2,749	3,333	3,289	2,237	2,739	3,101	2,874	2,041
Total	10,560	12,571	16,209	16,260	9,522	11,337	13,628	13,095	7,733
Real estate services revenue per transaction									
Brokerage	$ 9,640	$ 9,569	$ 9,227	$ 9,510	$ 9,628	$ 9,659	$ 9,289	$ 9,301	$ 9,570
Partner	2,153	2,232	2,237	2,281	2,137	2,056	1,960	1,945	1,911
Aggregate	8,134	7,964	7,790	8,048	7,869	7,822	7,621	7,687	7,548
Aggregate home value of real estate services transactions (in millions)	$ 4,800	$ 5,825	$ 7,653	$ 7,910	$ 4,424	$ 5,350	$ 6,341	$ 6,119	$ 3,470
U.S. market share by value	0.83%	0.81%	0.85%	0.83%	0.73%	0.71%	0.71%	0.64%	0.58%
Revenue from top-10 Redfin markets as a percentage of real estate services revenue	64%	66%	66%	68%	66%	69%	69%	69%	68%
Average number of lead agents	1,503	1,419	1,397	1,415	1,327	1,118	1,028	1,010	935

Monthly Average Visitors

The number of, and growth in, visitors to our website and mobile application are important leading indicators of our business activity because these channels are the primary ways we meet customers. For a particular period, monthly average visitors refers to the average of the number of unique visitors to our website and mobile application for each of the months in that period. Monthly average visitors are influenced by, among other things, market conditions that affect interest in buying or selling homes, the level and success of our marketing programs, and seasonality. We believe we can continue to increase monthly visitors, which helps our growth.

Given the lengthy process to buy or sell a home, a visitor during one month may not convert to a revenue-generating customer until many months later, if at all.

When we refer to "monthly average visitors" for a particular period, we are referring to the average number of unique visitors to our website and our mobile application for each of the months in that period, as measured by Google Analytics, a product that provides digital marketing intelligence. Visitors are tracked by Google Analytics using cookies, with a unique cookie being assigned to each browser or mobile application on a device. For any given month, Google Analytics counts all of the unique cookies that visited our website or either our iOS or Android mobile application during that month; each such unique cookie is a unique visitor. If a person accesses our mobile application using different devices within a given month, each such mobile device is counted as a separate visitor for that month. If the same person accesses our website using an anonymous browser, or clears or resets cookies on his or her device, each access with a new cookie is counted as a new unique visitor for that month. In some instances involving our mobile website, it is possible that third-party technological limitations may cause Google Analytics to count a person as a unique visitor when he or she is not.

Real Estate Services Transactions

Increasing the number of real estate services transactions in which we or our partner agents represent homebuyers and home sellers is critical to increasing our revenue and, in turn, to achieving profitability. Real estate services transaction volume is influenced by, among other things, the pricing and quality of our services as well as market conditions that affect home sales, such as local inventory levels and mortgage interest rates. Real estate services transaction volume is also affected by seasonality and macroeconomic factors. We include a single transaction twice when we or our partner agents serve both the homebuyer and the home seller of a transaction.

Real Estate Services Revenue per Transaction

Real estate services revenue per transaction, together with the number of real estate services transactions, is a factor in evaluating business growth and determining pricing. Changes in real estate services revenue per transaction can be affected by, among other things, our pricing, the mix of transactions from homebuyers and home sellers, changes in the value of homes in the markets we serve, the geographic mix of our transactions, and the transactions we refer to partner agents.

We generally generate more real estate services revenue per transaction from representing homebuyers than home sellers. However, we believe that representing home sellers has unique strategic value, including the marketing power of yard signs and digital marketing campaigns, and the market effect of controlling listing inventory. To keep revenue per brokerage transaction about the same from year to year, we expect to reduce our commission refund to homebuyers if more of our brokerage transactions come from home sellers.

We calculate real estate services revenue per transaction by dividing brokerage, partner, or aggregate revenue, as applicable, by the corresponding number of real estate services transactions in any period.

Aggregate Home Value of Real Estate Services Transactions

The aggregate home value of real estate services transactions completed by our lead agents and of the real estate services transactions we refer to partner agents is an important indicator of the health of our business, because our revenue is largely based on a percentage of each home’s sale price. This metric is affected chiefly by the number of customers we serve, but also by changes in home values in the markets we serve. We include the value of a single transaction twice when we or our partner agents serve both the homebuyer and home seller of a transaction.

U.S. Market Share by Value

Increasing our U.S. market share by value is critical to our ability to grow our business and achieve profitability over the long term. We believe there is a significant opportunity to increase our share in the markets we currently serve.

We calculate the aggregate value of U.S. home sales by multiplying the total number of U.S. home sales by the mean sale price of these sales, each as reported by the National Association of Realtors. We calculate our market share by aggregating the home value of real estate services transactions conducted by our lead agents or our partner agents. Then, in order to account for both the sell- and buy-side components of each transaction, we divide that value by two-times the estimated aggregate value of U.S. home sales.

Revenue from Top-10 Markets as a Percentage of Real Estate Services Revenue

Our top-10 markets by real estate services revenue are the metropolitan areas of Boston, Chicago, Denver (including Boulder and Colorado Springs), Los Angeles (including Santa Barbara), Maryland, Northern Virginia, Portland (including Bend), San Diego, San Francisco, and Seattle. We expect our revenue from top-10 markets to decline as a percentage of our total real estate services revenue over time.

Average Number of Lead Agents

The average number of lead agents, in combination with our other key metrics such as the number of brokerage transactions, is a basis for calculating agent productivity and is one indicator of the potential future growth of our business. We systematically evaluate traffic to our website and mobile application and customer activity to anticipate changes in customer demand, helping determine when and where to hire lead agents.

We calculate the average number of lead agents by taking the average of the number of lead agents at the end of each month included in the period.

Components of Our Results of Operations

Revenue

We generate revenue primarily from commissions and fees charged on real estate services transactions closed by our lead agents or partner agents.

Real Estate Services Revenue

Brokerage Revenue—Brokerage revenue consists of commissions earned on real estate services transactions closed by our lead agents. We recognize commission-based revenue on the closing of a transaction, less the amount of any commission refund or any closing-cost reduction, commission discount, or transaction-fee adjustment. Brokerage revenue is affected by the number of real estate services transactions we close, the mix of brokerage transactions, home-sale prices, commission rates, and the amount we give to customers.

Partner Revenue—Partner revenue consists of fees partner agents pay us when they close referred transactions, less the amount of any payments we make to customers. We recognize these fees as revenue on the closing of a transaction. Partner revenue is affected by the number of partner transactions closed, home-sale prices, commission rates, and the amount we give to customers. If the portion of customers we introduce to our own lead agents increases, we expect the portion of revenue closed by partner agents to decrease.

Properties Revenue

Properties revenue is earned when we sell homes that we previously bought directly from homeowners. Properties revenue is recorded at closing on a gross basis, representing the sales price of the home. RedfinNow is our primary properties offering.

Other Revenue

Other services revenue includes fees earned from mortgage banking services, title settlement services, Walk Score data services, and advertising.

Intercompany Eliminations

Intercompany eliminations represents revenue earned from transactions between operating segments which we eliminate in consolidating our financial statements. This primarily consists of services performed from our real estate services segment for our properties segment.

Cost of Revenue and Gross Margin

Cost of revenue consists primarily of personnel costs (including base pay, benefits, and stock-based compensation), transaction bonuses, home-touring and field expenses, listing expenses, property costs related to our properties segment, office and occupancy expenses, and depreciation and amortization related to fixed assets and acquired intangible assets. Property costs related to our properties segment include the property purchase price, capitalized improvements, selling expenses directly attributable to the transaction, and property maintenance expenses.

Gross profit is revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin has and will continue to be affected by a number of factors, but the most important are the mix of revenue from our relatively higher-gross-margin real estate services segment and our relatively lower-gross-margin properties segment, real estate services revenue per transaction, agent and support-staff productivity, personnel costs and transaction bonuses, and, for properties, the cost of homes.

Operating Expenses

Technology and Development

Our primary technology and development expenses are building software for our customers, lead agents, and support staff to work together on a transaction, and building a website and mobile application to meet customers looking to move. These expenses consist primarily of personnel costs including stock-based compensation, data-license expenses, software costs, and equipment and infrastructure costs, such as for data centers and hosted services. Technology and development expenses also include amortization of capitalized internal-use software and website and mobile application development costs.

Marketing

Marketing expenses consist primarily of media costs for online and offline advertising, as well as personnel costs including stock-based compensation. We expect to increase offline advertising media costs to approximately $35 million to $45 million in 2019, compared to around $12 million in 2018.

General and Administrative

General and administrative expenses consist primarily of personnel costs including stock-based compensation, facilities costs and related expenses for our executive, finance, human resources, and legal organizations, depreciation related to our fixed assets, and fees for outside services. Outside services are principally comprised of external legal, audit, and tax services.

Interest Income

Interest income consists primarily of interest earned on our cash and cash equivalents.

Interest Expense

Interest expense consists of interest payable on our convertible senior notes. Interest is payable on the notes at the rate of 1.75% semiannually in arrears on January 15 and July 15, commencing on January 15, 2019. Interest expense also includes the amortization of debt discount and issuance costs related to the notes.

Results of Operations

The following tables set forth our results of operations for the periods presented and as a percentage of our revenue for those periods.

	Three Months Ended March 31,	
	2019	**2018**
	(in thousands)	
Revenue	$ 110,141	$ 79,893
Cost of revenue[(1)]	107,388	74,197
Gross profit	2,753	5,696
Operating expenses		
Technology and development[(1)]	15,556	12,762
Marketing[(1)]	33,201	13,336
General and administrative[(1)]	21,448	16,772
Total operating expenses	70,205	42,870
Loss from operations	(67,452)	(37,174)
Interest income	2,316	577
Interest expense	(2,136)	—
Other income, net	92	158
Net loss	$ (67,180)	$ (36,439)

(1) Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Cost of revenue	$ 1,465	$ 1,300
Technology and development	2,656	1,473
Marketing	286	119
General and administrative	1,999	1,304
Total	$ 6,406	$ 4,196

	Three Months Ended March 31,	
	2019	2018
	(as a percentage of revenue)	
Revenue	100.0 %	100.0 %
Cost of revenue(1)	97.5	92.9
Gross profit	2.5	7.1
Operating expenses		
Technology and development(1)	14.1	16.0
Marketing(1)	30.1	16.7
General and administrative(1)	19.5	21.0
Total operating expenses	63.7	53.7
Loss from operations	(61.2)	(46.6)
Interest income	2.1	0.7
Interest expense	(1.9)	0.0
Other income, net	0.1	0.2
Net loss	(60.9)%	(45.7)%

(1) Includes stock-based compensation as follows:

	Three Months Ended March 31,	
	2019	2018
	(as a percentage of revenue)	
Cost of revenue	1.3 %	1.6 %
Technology and development	2.4	1.9
Marketing	0.3	0.1
General and administrative	1.8	1.7
Total	5.8 %	5.3 %

Comparison of the Three Months Ended March 31, 2019 and 2018

Revenue

	Three Months Ended March 31,		Change	
	2019	2018	Dollars	Percentage
	(in thousands, except percentages)			
Real estate services revenue				
Brokerage revenue	$ 81,314	$ 70,143	$ 11,171	16 %
Partner revenue	4,576	4,781	(205)	(4)
Total real estate services revenue	85,890	74,924	10,966	15
Properties revenue	21,373	3,052	18,321	600
Other revenue	3,047	1,917	1,130	59
Intercompany elimination	(169)	—	(169)	N/A
Total revenue	$ 110,141	$ 79,893	$ 30,248	38
Percentage of revenue				
Real estate services revenue				
Brokerage	73.8 %	87.8 %		
Partner revenue	4.2	6.0		
Total real estate services revenue	78.0	93.8		
Properties revenue	19.4	3.8		
Other revenue	2.8	2.4		
Intercompany elimination	(0.2)	0.0		
Total revenue	100.0 %	100.0 %		

In the three months ended March 31, 2019, revenue increased by $30.2 million, or 38%, as compared with the same period in 2018. Brokerage revenue represented $11.2 million, or 37%, of the increase. Brokerage revenue grew 16% during the period, driven by a 16% increase in brokerage transactions and a 0.1% increase in real estate services revenue per transaction. We believe this increase in brokerage transactions was attributable to higher levels of customer awareness of Redfin and increasing customer demand. Properties revenue grew $18.3 million, or 600% as compared with 2018, driven by a greater market presence and consumer awareness of RedfinNow, which resulted in a 438% increase in the number of properties sold.

Cost of Revenue and Gross Margin

	Three Months Ended March 31,		Change	
	2019	2018	Dollars	Percentage
	(in thousands, except percentages)			
Cost of revenue				
Real estate services	$ 80,784	$ 68,164	$ 12,620	19 %
Properties	22,993	3,342	19,651	588
Other	3,780	2,691	1,089	40
Intercompany elimination	$ (169)	$ —	(169)	N/A
Total cost of revenue	$ 107,388	$ 74,197	$ 33,191	45
Gross profit				
Real estate services	$ 5,106	$ 6,760	$ (1,654)	(24)%
Properties	(1,620)	(290)	(1,330)	459
Other	(733)	(774)	41	5
Total gross profit	$ 2,753	$ 5,696	$ (2,943)	(52)
Gross margin (percentage of revenue)				
Real estate services	5.9 %	9.0 %		
Properties	(7.6)	(9.5)		
Other	(24.0)	(40.4)		
Total gross margin	2.5	7.1		

In the three months ended March 31, 2019, total cost of revenue increased by $33.2 million, or 45%, as compared with the same period in 2018. This increase in cost of revenue was primarily attributable to a $17.3 million increase in cost of properties due to selling more homes by our properties business, a $7.2 million increase in personnel costs including stock-based compensation due to increased headcount, a $2.8 million increase in home-touring and field costs from serving more brokerage customers, and a $1.8 million increase in transaction bonuses from increased brokerage transactions.

Total gross margin decreased 460 basis points for the three months ended March 31, 2019, as compared with the same period in 2018, driven primarily by a decrease in real estate services gross margin and the relative growth of our properties business compared to our real estate services business, partially offset by improvements in properties and other gross margin.

Real estate services gross margin decreased 310 basis points for the three months ended March 31, 2019, as compared with the same period in 2018. This was primarily attributable to a 110 basis-point increase in home-touring and field costs, an 80 basis-point increases in personnel costs including stock-based compensation due to increased headcount, and a 60 basis-point increase in operating expenses, each as a percentage of revenue.

Properties gross margin increased 190 basis points for the three months ended March 31, 2019, as compared with the same period in 2018. This was primarily attributable to a 420 basis-point decrease in personnel costs including bonuses and stock-based compensation, as a percentage of revenue. This was partially offset by a 230 basis-point increase in the cost of homes purchased, as a percentage of revenue.

Other gross margin increased 1,640 basis points for the three months ended March 31, 2019, as compared with the same period in 2018. This was primarily attributable to an 760 basis-point decrease in personnel costs including stock-based compensation, a 510 basis-point decrease in operating expenses, a 260 basis-point decrease in depreciation and amortization, and a 100 basis-point decrease in office and occupancy expenses, each as a percentage of revenue.

Operating Expenses

	Three Months Ended March 31,		Change	
	2019	2018	Dollars	Percentage
	(in thousands, except percentages)			
Technology and development	$ 15,556	$ 12,762	$ 2,794	22 %
Marketing	33,201	13,336	19,865	149
General and administrative	21,448	16,772	4,676	28
Total operating expenses	$ 70,205	$ 42,870	$ 27,335	64
Percentage of revenue				
Technology and development	14.1 %	16.0 %		
Marketing	30.1	16.7		
General and administrative	19.5	21.0		
Total operating expenses	63.7 %	53.7 %		

In the three months ended March 31, 2019, technology and development expenses increased by $2.8 million, or 22%, as compared with the same period in 2018. The increase was primarily attributable to a $2.2 million increase in personnel costs including stock-based compensation due to increased headcount.

In the three months ended March 31, 2019, marketing expenses increased by $19.9 million, or 149%, as compared with the same period in 2018. The increase was attributable to a $19.1 million increase in marketing media costs as we expanded advertising.

In the three months ended March 31, 2019, general and administrative expenses increased by $4.7 million, or 28%, as compared with the same period in 2018. The increase was primarily attributable to a $2.1

million increase in personnel costs including stock-based compensation, largely the result of increases in headcount to support continued growth, and a $1.3 million increase in corporate events costs.

Liquidity and Capital Resources

As of March 31, 2019, we had cash and cash equivalents of $395.6 million, which consist of operating cash on deposit with financial institutions and money market funds.

As we continue to expand our RedfinNow business, we expect to incur significant additional cash outlay compared to historical periods due to costs related to the business, such as the property purchase price, capitalized improvement costs, and property maintenance expenses. For the three months ended March 31, 2019, we relied on our cash on hand to fund these purchases.

In July 2018, we issued $143,750,000 aggregate principal amount of convertible senior notes. The notes mature on July 15, 2023, unless earlier repurchased, redeemed or converted, and interest is payable in arrears on January 15 and July 15 of each year, commencing on January 15, 2019.

We believe that our existing cash and cash equivalents, together with cash to be generated from future operations, will provide sufficient liquidity to meet our operational needs and fulfill our debt obligations. However, our liquidity assumptions may change or prove to be incorrect, and we could exhaust our available financial resources sooner than we currently expect. As a result, we may elect to raise additional funds at any time through equity, equity-linked, or debt financing arrangements. We cannot assure you that any additional financing will be available to us on acceptable terms or at all.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Net cash used in operating activities	$ (47,157)	$ (20,492)
Net cash used in investing activities	(3,151)	(2,305)
Net cash provided by financing activities	$ 17,342	$ 12,036

Net Cash Used In Operating Activities

Our operating cash flows result primarily from cash received from our real estate services and sales of homes from our properties business. Our primary uses of cash from operating activities include payments for personnel-related costs, including employee benefits and bonus programs, marketing and advertising activities, purchases of homes for our properties business, and outside services costs. Additionally, our mortgage business generates a significant amount operating cash flow activity from the origination and sale of loans held for sale.

Net cash used in operating activities was $47.2 million for the three months ended March 31, 2019 , primarily attributable to a net loss of $67.2 million, offset by $10.8 million of non-cash items related to stock based compensation, depreciation and amortization , amortization of debt discounts and issuance costs, and lease expense related to right-of-use assets. Changes in assets and liabilities decreased cash used in operating activities by $9.3 million driven primarily by a $36.7 million increase in accounts payable and accrued liabilities related to timing of marketing payments. This was partially offset by an increase of $15.6 million in inventory related to our properties business and a $10.8 million increase in loans held for sale related to our mortgage business.

Net cash used in operating activities was $20.5 million for the three months ended March 31, 2018, primarily attributable to a net loss of $36.4 million, offset by $6.2 million from non-cash items related stock based compensation and depreciation and amortization expenses. Changes in assets and liabilities decreased cash used in operating activities by $9.7 million driven primarily by a $7.2 million increase in accrued liabilities, which is net of a $1.8 million legal settlement, a $3.9 million decrease in prepaid expenses, and a $1.0 million increase in accounts payable, all primarily due to the timing of payments, a $1.2 million decrease in accrued revenue related to timing of real estate transactions, partially offset by an increase of $3.7 million in other current assets primarily driven by a net increase in home inventory related to our properties business.

Net Cash Used In Investing Activities

Our primary investing activities include the purchase of property and equipment, primarily related to capitalized software development expenses and leasehold improvements.

Net cash used in investing activities was $3.2 million for the three months ended March 31, 2019 , primarily attributable to $1.5 million of capitalized software development expenses and $1.0 million related to equipment, furnishings, and leasehold improvements for new or expansion of existing office spaces.

Net cash used in investing activities was $2.3 million for the three months ended March 31, 2018, primarily attributable to $1.3 million of capitalized software development expenses and $0.6 million of leasehold improvements for office space.

Net Cash Provided By Financing Activities

Our primary financing activities have come from our initial public offering in August 2017, our follow-on offerings of common stock and convertible senior notes in July 2018, the exercise of stock options, and the issuance of shares under our employee stock purchase plan. Additionally, our mortgage business generates a significant amount financing cash flow activity due to borrowings from and repayments to our warehouse credit facilities.

Net cash provided by financing activities was $17.3 million for the three months ended March 31, 2019 , primarily attributable to $10.5 million increase in our net mortgage warehouse credit facility borrowing and $3.7 million in proceeds from the exercise of stock options.

Net cash provided by financing activities was $12.0 million for the three months ended March 31, 2018, attributable to a $6.8 million increase in customer escrow deposits, which is offset in our restricted cash balance, and $5.9 million in proceeds from the exercise of stock options.

Critical Accounting Policies and Estimates

Discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities and related disclosure of contingent assets and liabilities, revenue, and expenses at the date of the financial statements. Generally, we base our estimates on historical experience and on various other assumptions in accordance with GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting policies and estimates are described in Note 1 of our Annual Report on Form 10-K for the year ended December 31, 2018. There has been one material change to the critical accounting policies and estimates in Note 1 of our Annual Report, which is related to the adoption of ASC 842 as described in Note 1 and Note 6 to our condensed consolidated financial statements.

Recent Accounting Standards

See Note 1 to our condensed consolidated financial statements for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

Item 3. Qualitative and Quantitative Disclosures About Market Risk.

Our primary operations are within the United States and in the first quarter of 2019 we launched limited operations in Canada. We are exposed to market risks in the ordinary course of our business. These risks primarily consist of fluctuations in interest rates.

Interest Rate Risk

The principal market risk we face is interest rate risk. We had cash and cash equivalents of $395.6 million and $432.6 million at March 31, 2019 and December 31, 2018, respectively. The goals of our investment policy are liquidity and capital preservation. We do not enter into investments for trading or speculative purposes. Our investment policy allows us to maintain a portfolio of cash equivalents and investments in a variety of securities, including U.S. government treasury and agency issues, bank certificates of deposit that are 100% Federal Deposit Insurance Corporation insured, and SEC-registered money market funds that consist of a minimum of $1 billion in assets and meet the above requirements. We believe that we do not have any material exposure to changes in the fair value of these assets as a result of changes in interest rates due to the short-term nature of our cash and cash equivalents. Declines in interest rates, however, would reduce future investment income. A 100 basis-point decline in interest rates, occurring during and sustained throughout any of the periods presented, would not have been material.

Foreign Currency Exchange Risk

As our operations in Canada have been limited, and we do not maintain a significant balance of foreign currency, we do not currently face significant risk with respect to foreign currency exchange rates.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive and principal financial officers, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive and principal financial officers have concluded that as of such date, our disclosure controls and procedures were effective at the reasonable assurance level described below.

Changes in Internal Control

In connection with the evaluation required by Rule 13a-15(d) under the Securities Exchange Act of 1934, there were no changes in our internal control over financial reporting that occurred during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II - OTHER INFORMATION

Item 1A. Risk Factors.

Except as discussed below, there have not been any material changes from the risk factors included in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018. You should carefully consider the risks described below, together with all other information in this Quarterly Report on Form 10-Q, before investing in any of our securities. The occurrence of any single risk or any combination of risks could materially and adversely affect our business, operating results, financial condition, liquidity, or competitive position, and consequently, the value of our securities. The material adverse effects include, but are not limited to, not growing our revenue or market share at the pace that they have grown historically or at all, our revenue and market share fluctuating on a quarterly and annual basis, an extension of our history of losses and a failure to become profitable, not achieving the revenue and net income (loss) guidance that we provide, and harm to our reputation and brand.

We may be unable to secure intellectual property protection for all of our technology and methodologies, enforce our intellectual property rights, or protect our other proprietary business information.

Our success and ability to compete depends in part on our intellectual property and our other proprietary business information. To protect our proprietary rights, we rely on trademark, copyright, and patent law, trade-secret protection, and contractual provisions and restrictions. However, we may be unable to secure intellectual property protection for all of our technology and methodologies or the steps we take to enforce our intellectual property rights may be inadequate. Furthermore, we may also be unable to protect our proprietary business information from misappropriation.

If we are unable to secure intellectual property rights, our competitors could use our intellectual property to market offerings similar to ours and we would have no recourse to enjoin or stop their actions. Additionally, any of our intellectual property rights may be challenged by others and invalidated through administrative processes or litigation. Moreover, even if we secured our intellectual property rights, others may infringe on our intellectual property and we may be unable to successfully enforce our rights against the infringers because we may be unaware of the infringement or our legal actions may not be successful. Finally, others may misappropriate our proprietary business information, and we may be unaware of the misappropriation or unable to enforce our legal rights in a cost-effective manner. If any of these events were to occur, our ability to compete effectively would be impaired.

We process, transmit, and store personal information, and unauthorized access to, or the unintended release of, this information could result in a claim for damages, regulatory action, loss of business, or unfavorable publicity.

We process, transmit, and store personal information to provide services to our customers and as an employer. As a result, we are subject to certain contractual terms, as well as federal, state, and foreign laws and regulations designed to protect personal information. While we take measures to protect the security and privacy of this information, it is possible that our security controls over personal data and other practices we follow may not prevent the unauthorized access to, or the unintended release of, personal information. If such unauthorized access or unintended release occurred, we could suffer significant damage to our brand and reputation, customers could lose confidence in the security and reliability of our services, and we could incur significant costs to address and fix these security incidents. These incidents could also lead to lawsuits and regulatory investigations and enforcement actions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On July 27, 2017, the U.S. Securities and Exchange Commission declared effective the Registration Statement on Form S-1 (file number 333-219093) for our initial public offering. There has been no change to the information provided under "Use of Proceeds" in Part II, Item 2 of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2017.

Item 6. Exhibits.

The exhibits required to be filed as part of this Quarterly Report on Form 10-Q are listed below. Notwithstanding any language to the contrary, Exhibits 32.1, 32.2, and 101 shall not be deemed to be filed as part of this Quarterly Report for purposes of Section 18 of the Securities Exchange Act of 1934.

		Incorporated by Reference				
Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
10.1	Form of Restricted Stock Unit Award Notice and Restricted Stock Unit Award Agreement under the 2017 Equity Incentive Plan (February 2019)					X
31.1	Certification of Principal Executive Officer, pursuant to Rule 13a-14(a)					X
31.2	Certification of Principal Financial Officer, pursuant to Rule 13a-14(a)					X
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350					X
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350					X
101	Interactive Data Files					X

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 thereunto duly authorized.

Redfin Corporation
(Registrant)

May 8, 2019	/s/ Glenn Kelman
(Date)	Glenn Kelman President and Chief Executive Officer *(Duly Authorized Officer)*
May 8, 2019	/s/ Chris Nielsen
(Date)	Chris Nielsen Chief Financial Officer *(Principal Financial Officer)*

REDFIN CORPORATION
2017 EQUITY INCENTIVE PLAN
NOTICE OF RESTRICTED STOCK UNIT AWARD

Unless otherwise defined herein, the terms defined in the Redfin Corporation ("***Redfin***") 2017 Equity Incentive Plan (the "***Plan***") will have the same meanings in this Notice of Restricted Stock Unit Award and the electronic representation of this Notice of Restricted Stock Unit Award established and maintained by Redfin or a third party designated by Redfin (this "***Notice***").

Name:

Address:

You (the "***Participant***") have been granted an award of Restricted Stock Units ("***RSUs***") to acquire Shares of Redfin's Common Stock under the Plan subject to the terms and conditions of the Plan, this Notice and the attached Restricted Stock Unit Award Agreement (the "***Agreement***"), including any applicable country-specific provisions in any appendix attached hereto (the "***Appendix***"), which constitutes part of the Agreement.

Grant Number:	
Number of RSUs:	
Date of Grant:	
Vesting Commencement Date:	
Expiration Date:	The earlier to occur of: (a) the date on which settlement of all RSUs granted hereunder occurs and (b) the tenth anniversary of the Date of Grant. This RSU expires earlier if Participant's Service as an Employee or Director terminates earlier, as described in the Agreement.
Vesting Schedule:	[Insert applicable vesting schedule]

By accepting (whether in writing, electronically or otherwise) the RSUs, Participant acknowledges and agrees to the following:

Participant understands that Participant's relationship with Redfin or a Parent or Subsidiary or Affiliate is for an unspecified duration, can be terminated at any time (*i.e.*, is "at-will"), except where otherwise prohibited by applicable law and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is subject to Participant's continuing Service as an Employee or Director, unless the Committee otherwise determines. Participant acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time status and/or in the event Participant is on a leave of absence, in accordance with Redfin's policies relating to work schedules and vesting or as determined by the Committee. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting the RSUs, Participant consents to electronic delivery as set forth in the Agreement.

PARTICIPANT	**REDFIN CORPORATION**
Signature: ________________	By: ________________
Print Name: ________________	Its: ________________

REDFIN CORPORATION
2017 EQUITY INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Unless otherwise defined in this Restricted Stock Unit Award Agreement (this " ***Agreement***"), any capitalized terms used herein will have the meaning ascribed to them in the Redfin Corporation 2017 Equity Incentive Plan (the "***Plan***").

Participant has been granted Restricted Stock Units ("***RSUs***") to acquire Shares of Common Stock of Redfin Corporation (the " ***Redfin***"), subject to the terms and conditions of the Plan, the Notice of Restricted Stock Unit Award (the " ***Notice***") and this Agreement, including any applicable country-specific provisions in any appendix attached hereto (the "***Appendix***"), which constitutes part of this Agreement.

1. Settlement. Settlement of RSUs will be made within 30 days following the applicable date of vesting under the Vesting Schedule set forth in the Notice. Settlement of RSUs will be in Shares. No fractional RSUs or rights for fractional Shares will be created pursuant to this Agreement.

2. No Stockholder Rights. Unless and until such time as Shares are issued in settlement of vested RSUs, Participant will have no ownership of the Shares allocated to the RSUs and will have no rights to dividends or to vote such Shares.

3. Dividend Equivalents. Dividends, if any (whether in cash or Shares), will not be credited to Participant.

4. Non-Transferability of RSUs. The RSUs and any interest therein will not be sold, assigned, transferred, pledged, hypothecated, or otherwise disposed of in any manner other than by will or by the laws of descent or distribution or court order or unless otherwise permitted by the Committee on a case-by-case basis.

5. Termination; Leave of Absence; Change in Status. If Participant's Service as an Employee or Director terminates for any reason, all unvested RSUs will be forfeited to Redfin immediately, and all rights of Participant to such RSUs automatically terminate without payment of any consideration to Participant, unless the Committee otherwise determines. Participant's Service as an Employee or Director will be considered terminated as of the date Participant is no longer providing services as an Employee or Director (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any) and will not, subject to the laws applicable to Participant's Award, be extended by any notice period mandated under local laws (e.g., Service would not include a period of "garden leave" or similar period). Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's service status changes between full- and part-time status and/or in the event Participant is on an approved leave of absence in accordance with Redfin's policies relating to work schedules and vesting of awards or as determined by the Committee. Participant acknowledges that the vesting of the Shares pursuant to the Notice and this Agreement is subject to Participant's continued Service as an Employee or Director, unless the Committee otherwise determines. In case of any dispute as to whether termination of Service as an Employee or Director has occurred, the Committee will have sole discretion to determine whether such termination of Service as an Employee or Director has occurred and the effective date of such termination (including whether Participant may still be considered to be providing services while on an approved leave of absence).

6. Withholding Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by Redfin or, if different, a Parent, Subsidiary or Affiliate employing or retaining Participant (the "***Employer***"), the ultimate liability for all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant ("***Tax-Related Items***"), is and remains Participant's responsibility and may exceed the amount actually withheld by Redfin or the Employer. Participant further acknowledges that Redfin and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs and the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that Redfin and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER APPROPRIATELY QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION BEFORE DISPOSING OF THE SHARES.*

(b) Withholding. Prior to any relevant taxable or tax withholding event, as applicable, Participant agrees to make adequate arrangements satisfactory to Redfin and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes Redfin and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by Redfin and/or the Employer; or

(ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by Redfin (on Participant's behalf pursuant to this authorization); or

(iii) withholding in Shares to be issued upon settlement of the RSUs, provided Redfin only withholds the number of Shares necessary to satisfy no more than the maximum applicable statutory withholding amounts; or

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted by applicable law;

all under such rules as may be established by the Committee and in compliance with Redfin's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of Redfin under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) will establish the method of withholding from alternatives (i)-(v) above, and the Committee will establish the method prior to the Tax-Related Items withholding event. Unless determined otherwise by the Committee in advance of a Tax-Related Items withholding event, the method of withholding for this RSU will be (iii) above.

Depending on the withholding method, Redfin may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to Redfin or the Employer any amount of Tax-Related Items that Redfin or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. Redfin may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. <u>Nature of Grant</u>. By accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by Redfin, it is discretionary in nature, and it may be modified, amended, suspended or terminated by Redfin at any time, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at Redfin's sole discretion;

(d) the RSU grant and Participant's participation in the Plan will not create a right to employment or be interpreted as forming an employment or services contract with Redfin, the Employer or any Parent or Subsidiary or Affiliate;

(e) Participant is voluntarily participating in the Plan;

(f) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(g) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from Participant's termination of Service as an Employee or Director (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the RSUs to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against Redfin, or any Parent or Subsidiary or Affiliate or the Employer, waives his or her ability, if any, to bring any such claim, and releases Redfin, any Parent or Subsidiary or Affiliate and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(j) unless otherwise provided in the Plan or by Redfin in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(k) the following provisions apply only if Participant is providing services outside the United States:

(i) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that neither Redfin, the Employer nor any Parent or Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

8. **No Advice Regarding Grant.** Redfin is not providing any tax, legal or financial advice, nor is Redfin making any recommendations regarding Participant's participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Plan.

9. ***Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, Redfin and any Parent, Subsidiary or Affiliate for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that Redfin and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Redfin, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

Participant understands that Data will be transferred to the stock plan service provider as may be designated by Redfin from time to time or its affiliates or such other stock plan service provider as may be selected by Redfin in the future, which is assisting Redfin with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes Redfin, the stock plan service provider as may be designated by Redfin from time to time, and its affiliates, and any other possible recipients which may assist Redfin (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that Redfin would not be able to grant Participant RSUs or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of

Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

10. Language. If Participant has received this Agreement, or any other document related to the RSU and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

11. Appendix. Notwithstanding any provisions in this Agreement, the RSU grant will be subject to any special terms and conditions set forth in any Appendix to this Agreement for Participant's country. Moreover, if Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to Participant, to the extent Redfin determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

12. Imposition of Other Requirements. Redfin reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent Redfin determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

13. Acknowledgement. Redfin and Participant agree that the RSUs are granted under and governed by the Notice, this Agreement and by the provisions of the Plan (incorporated herein by reference). Participant: (a) acknowledges receipt of a copy of the Plan and the Plan prospectus, (b) represents that Participant has carefully read and is familiar with their provisions, and (c) hereby accepts the RSUs subject to all of the terms and conditions set forth herein and those set forth in the Plan and the Notice.

14. Entire Agreement; Enforcement of Rights. This Agreement, the Plan and the Notice constitute the entire agreement and understanding of the parties relating to the subject matter herein and supersede all prior discussions between them. Any prior agreements, commitments or negotiations concerning the purchase of the Shares hereunder are superseded. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing and signed by the parties to this Agreement. The failure by either party to enforce any rights under this Agreement will not be construed as a waiver of any rights of such party.

15. Compliance with Laws and Regulations. The issuance of Shares and any restriction on the sale of Shares will be subject to and conditioned upon compliance by Redfin and Participant with all applicable state, federal and local laws and regulations and with all applicable requirements of any stock exchange or automated quotation system on which Redfin's Common Stock may be listed or quoted at the time of such issuance or transfer. Participant understands that Redfin is under no obligation to register or qualify the Common Stock with any state, federal or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the Shares. Further, Participant agrees that Redfin will have unilateral authority to amend the Plan and this RSU Agreement without Participant's consent to the extent necessary to comply with securities or other laws applicable to issuance of Shares. Finally, the Shares issued pursuant to this RSU Agreement will be endorsed with appropriate legends, if any, determined by Redfin.

16. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. In the event that the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (a) such provision will be excluded from this Agreement, (b) the balance of this Agreement will be interpreted as if such provision were so excluded and (c) the balance of this Agreement will be enforceable in accordance with its terms.

17. **Governing Law and Venue.** This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto will be governed, construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of law.

Any and all disputes relating to, concerning or arising from this Agreement, or relating to, concerning or arising from the relationship between the parties evidenced by the Plan or this Agreement, will be brought and heard exclusively in the United States District Court for the Western District of Washington or the Superior Court of King County, Washington. Each of the parties hereby represents and agrees that such party is subject to the personal jurisdiction of said courts; hereby irrevocably consents to the jurisdiction of such courts in any legal or equitable proceedings related to, concerning or arising from such dispute, and waives, to the fullest extent permitted by law, any objection which such party may now or hereafter have that the laying of the venue of any legal or equitable proceedings related to, concerning or arising from such dispute which is brought in such courts is improper or that such proceedings have been brought in an inconvenient forum.

18. **No Rights as Employee, Director or Consultant.** Nothing in this Agreement will affect in any manner whatsoever the right or power of Redfin, or a Parent or Subsidiary or Affiliate, to terminate Participant's Service, for any reason, with or without Cause.

19. **Consent to Electronic Delivery of All Plan Documents and Disclosures.** By Participant's acceptance (whether in writing, electronically or otherwise) of the Notice, Participant and Redfin agree that the RSUs are granted under and governed by the terms and conditions of the Plan, the Notice and this Agreement. Participant has reviewed the Plan, the Notice and this Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Agreement, and fully understands all provisions of the Plan, the Notice and this Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan, the Notice and this Agreement. Participant further agrees to notify Redfin upon any change in Participant's residence address indicated on the Notice. By acceptance of the RSUs, Participant agrees to participate in the Plan through an on-line or electronic system established and maintained by Redfin or a third party designated by Redfin and consents to the electronic delivery of the Notice, this Agreement, the Plan, account statements, Plan prospectuses required by the U.S. Securities and Exchange Commission, U.S. financial reports of Redfin, and all other documents that Redfin is required to deliver to its security holders (including, without limitation, annual reports and proxy statements) or other communications or information related to the RSUs and current or future participation in the Plan. Electronic delivery may include the delivery of a link to Redfin intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other delivery determined at Redfin's discretion. Participant acknowledges that Participant may receive from Redfin a paper copy of any documents delivered electronically at no cost if Participant contacts Redfin by telephone, through a postal service or electronic mail to Stock Administration. Participant further acknowledges that Participant will be provided with a paper copy of any documents delivered electronically if electronic delivery fails; similarly, Participant understands that Participant must provide on request to Redfin or any designated third party a paper copy of any documents delivered electronically if electronic delivery fails. Also, Participant understands that Participant's consent may be revoked or changed, including any change in the electronic mail address to which documents are delivered (if Participant has provided an electronic mail address), at any time by notifying Redfin of such revised or revoked consent by telephone, postal service or electronic mail to Stock Administration. Finally, Participant understands that Participant is not required to consent to electronic delivery if local laws prohibit such consent.

20. **Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that, depending on Participant's country, Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell the Shares or rights to Shares under the Plan during such times as Participant is considered to have "inside information" regarding Redfin (as defined by the laws in Participant's country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Redfin insider trading policy. Participant acknowledges that it is Participant's responsibility to comply with any applicable restrictions, and Participant is advised to speak to Participant's personal advisor on this matter.

21. **Code Section 409A.** For purposes of this Agreement, a termination of employment will be determined consistent with the rules relating to a "separation from service" as defined in Section 409A of the Internal Revenue Code and the regulations thereunder ("***Section 409A***"). Notwithstanding anything else provided herein, to the extent any payments provided under this RSU Agreement in connection with Participant's termination of employment constitute deferred compensation subject to Section 409A, and Participant is deemed at the time of such termination of employment to be a "specified employee" under Section 409A, then such payment will not be made or commence until the earlier of (i) the expiration of the six-month period measured from Participant's separation from service from Redfin or (ii) the date of Participant's death following such a separation from service; provided, however, that such deferral will only be effected to the extent required to avoid adverse tax treatment to Participant including, without limitation, the additional tax for which Participant would otherwise be liable under Section 409A(a)(1)(B) in the absence of such a deferral. To the extent any payment under this RSU Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Payments pursuant to this section are intended to constitute separate payments for purposes of Section 1.409A-2(b)(2) of the Treasury Regulations.

22. **Award Subject to Redfin Clawback or Recoupment.** To the extent permitted by applicable law, the RSUs will be subject to clawback or recoupment pursuant to any compensation clawback or recoupment policy adopted by the Board or required by law during the term of Participant's employment or other Service that is applicable to Participant. In addition to any other remedies available under such policy and applicable law, Redfin may require the cancellation of Participant's RSUs (whether vested or unvested) and the recoupment of any gains realized with respect to Participant's RSUs.

BY ACCEPTING THIS AWARD OF RSUS, PARTICIPANT AGREES TO ALL OF THE TERMS AND CONDITIONS DESCRIBED ABOVE AND IN THE PLAN.

APPENDIX

Canada

The following provisions shall amend and replace the referenced sections of the Redfin Corporation 2017 Equity Incentive Plan for grants of Restricted Stock Units to Canadian Employees.

9.3. Termination of Service. Except as may be set forth in the Participant's Award Agreement, if Participant's Service terminates for any reason, including due to Disability, vesting ceases immediately, and all rights of Participant to vesting automatically terminate without payment of any consideration to Participant as of the Termination Date (unless determined otherwise by the Committee).

28.6. "***Cause***" means any reason which would entitle Redfin to terminate the Participant's Services without notice or payment in lieu of notice at common law and includes, without limiting the generality of the foregoing: (i) dishonesty, fraud, misconduct or negligence in connection with Redfin duties, (ii) unauthorized disclosure or use of Redfin's confidential or proprietary information, (iii) misappropriation of a business opportunity of Redfin, (iv) materially aiding a Redfin competitor, (v) the criminal conviction of the Participant of an offence involving moral turpitude, dishonesty or a breach of trust; (vi) failure or refusal to attend to the duties or obligations of the Participant's position or Redfin's rules, policies or procedures; or (vii) any other reason that would constitute just cause at common law. The determination as to whether a Participant is being terminated for Cause will be made in good faith by Redfin and will be final and binding on the Participant. The foregoing definition does not in any way limit Redfin's ability to terminate a Participant's employment or consulting relationship at any time as provided in Section 20 above. The term "Redfin" will be interpreted to include any Subsidiary or Parent, as appropriate. Notwithstanding the foregoing, the foregoing definition of "Cause" may, in part or in whole, be modified or replaced in each individual employment agreement, Award Agreement or other applicable agreement with any Participant, and such definition supersedes the definition provided in this Section 28.6.

28.13. "***Disability***" means a physical or mental incapacity that prevents the Participant from performing the essential duties of the Participant's Service to Redfin or any Parent, Subsidiary or Affiliate and which cannot be accommodated under applicable human rights law without imposing undue hardship on Redfin or any Parent, Subsidiary or Affiliate employing or engaging the Participant, as determined by Redfin for purposes of the incentive stock options or other Award.

28.40. "***Service***" will mean service as an Employee, Consultant, Director or Non-Employee Director, to Redfin or a Parent, Subsidiary or Affiliate, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. An Employee will not be deemed to have ceased to provide Service in the case of a statutory-protected leave or as approved by Redfin. Further, an Employee will not be deemed to have ceased to provide Service if a formal policy adopted from time to time by Redfin and issued and promulgated to employees in writing provides otherwise. However, in no event may an Award be exercised after the expiration of the term set forth in the applicable Award Agreement. In the event of statutory-protected leave, if expressly required by applicable laws, vesting will continue for the period expressly required by the legislation or Redfin-approved leave of absence and, upon a Participant's returning, Participant will be given vesting credit with respect to Awards to the same extent as would have applied had the Participant continued to provide active Service to Redfin throughout the leave on the same terms as Participant was providing Service immediately prior to such leave. An Employee will have terminated employment as of the date he or she ceases to provide Service (regardless of whether the termination is in breach of local employment laws or is later found to be invalid) and employment will not be extended by any notice period mandated by applicable law, including legislation and common law, *provided however*, that a change in status from an Employee to a Consultant or a Non-Employee Director (or vice versa) will not terminate a Participant's Service, unless determined by the Committee, in its discretion. The Committee will have sole discretion to determine whether a Participant has ceased to provide Service and the effective date on which the Participant ceased to provide Service.

"***Termination Date***" means the date on which Participant ceases to be an Employee or Contractor, meaning the effective date on which the Employee or Contractor is no longer providing Service to Redfin or any Parent, Subsidiary or Affiliate (excluding any notice period which may extend beyond the date on which active services cease). For greater clarity, such date will be determined without regard to any applicable notice of termination, severance or termination pay, compensation or indemnity in lieu of notice, or any claim by the Participant thereto (whether express, implied, contractual, statutory or arising otherwise at law).

The following paragraph shall amend and replace the last paragraph of the Notice of Restricted Stock Unit Award under the Redfin Corporation 2017 Equity Incentive Plan for grants of Restricted Stock Units to Canadian Employees.

Participant understands that Participant's relationship with Redfin or a Parent or Subsidiary or Affiliate is for an indefinite duration, can be terminated at any time in compliance with required statutory and contractual requirements, except where otherwise prohibited by applicable law, and that nothing in this Notice, the Agreement or the Plan changes the nature of that relationship. Participant acknowledges that the vesting of the RSUs pursuant to this Notice is subject to Participant's continued Service as an Employee or Director, unless the Committee otherwise determines. Participant acknowledges that the Vesting Schedule may change prospectively in the event that Participant's service status changes between full- and part-time status and/or in the event Participant is on a leave of absence, in accordance with Redfin's policies relating to work schedules and vesting or as determined by the Committee at its sole discretion. Participant also understands that this Notice is subject to the terms and conditions of both the Agreement and the Plan, both of which are incorporated herein by reference. Participant has read both the Agreement and the Plan. By accepting the RSUs, Participant consents to electronic delivery as set forth in the Agreement.

The following provisions shall amend and replace the referenced sections of the Restricted Stock Unit Award Agreement under the Redfin Corporation 2017 Equity Incentive Plan for grants of Restricted Stock Units to Canadian Employees.

5. <u>Termination of Services.</u> Unless the Committee otherwise determines, if Participant's Service as an Employee or Director terminates for any reason, including due to Disability, all unvested RSUs will be forfeited to Redfin immediately, and all rights of Participant to such RSUs automatically terminate without payment of any consideration to Participant as of the Termination Date.

Participant acknowledges and agrees that the Vesting Schedule may change prospectively in the event Participant's service status changes between full- and part-time status and/or in the event Participant is on an approved leave of absence in accordance with Redfin's policies relating to work schedules and vesting of awards or as determined by the Committee. Participant acknowledges that the vesting of the Shares pursuant to the Notice and this Agreement is subject to Participant's continued and active Service as an Employee or Director, unless the Committee otherwise determines. In case of any dispute as to whether termination of Service as an Employee or Director as an Employee or Director has occurred or the precise Termination Date, the Committee will have sole discretion to determine whether such termination of Service has occurred and the Termination Date.

6. Taxes.

(a) Responsibility for Taxes. Participant acknowledges that, regardless of any action taken by Redfin or, if different, a Parent, Subsidiary or Affiliate employing or retaining Participant (the "***Employer***"), the ultimate liability for all income tax, contributions to the Canada Pension Plan and any other applicable amounts that must be withheld by the Employer related to Participant's participation in the Plan ("***Tax-Related Items***"), is and remains Participant's responsibility and may ultimately exceed the amount actually withheld by Redfin or the Employer. Participant further acknowledges that Redfin and/or the Employer (i) make no representations or undertakings regarding the tax consequences of any aspect of the RSUs, including, but not limited to, the grant, vesting or settlement of the RSUs, the subsequent sale of Shares acquired pursuant to such settlement and the receipt of any dividends; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's tax liability or achieve any particular tax result. Further, if Participant is subject to tax in more than one jurisdiction, Participant acknowledges that Redfin and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction. *PARTICIPANT SHOULD CONSULT A TAX ADVISER QUALIFIED IN THE COUNTRY OR COUNTRIES IN WHICH PARTICIPANT RESIDES OR IS SUBJECT TO TAXATION WITH RESPECT TO THE TAX CONSEQUENCES RELATED TO THE RSUs.*

(b) Withholding. Prior to settlement of the RSUs, Participant agrees to make adequate arrangements satisfactory to Redfin and/or the Employer to satisfy all Tax-Related Items. In this regard, Participant authorizes Redfin and/or the Employer, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(i) withholding from Participant's wages or other cash compensation paid to Participant by Redfin and/or the Employer, so long as such withheld amount is further authorized in writing by the Participant prior to payment; or

(ii) withholding from proceeds of the sale of Shares acquired upon settlement of the RSUs either through a voluntary sale or through a mandatory sale arranged by Redfin (on Participant's behalf pursuant to this authorization); or

(iii) withholding in Shares to be issued upon settlement of the RSUs, provided Redfin only withholds the number of Shares necessary to satisfy no more than the maximum applicable statutory withholding amounts; or

(iv) Participant's payment of a cash amount (including by check representing readily available funds or a wire transfer); or

(v) any other arrangement approved by the Committee and permitted by applicable law;

all under such rules as may be established by the Committee and in compliance with Redfin's Insider Trading Policy and 10b5-1 Trading Plan Policy, if applicable; provided however, that if Participant is a Section 16 officer of Redfin under the Exchange Act, then the Committee (as constituted in accordance with Rule 16b-3 under the Exchange Act) will establish the method of withholding from alternatives (i)-(v) above, and the Committee will establish the method prior to the Tax-Related Items withholding event. Unless determined otherwise by the Committee in advance of a Tax-Related Items withholding event, the method of withholding for this RSU will be (iii) above.

Depending on the withholding method, Redfin may withhold or account for Tax-Related Items by considering applicable statutory withholding rates or other applicable withholding rates, including up to maximum applicable rates, in which case Participant will receive a refund of any over-withheld amount in cash and will have no entitlement to the Common Stock equivalent. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, Participant is deemed to have been issued the full number of Shares subject to the vested RSUs, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items. The Fair Market Value of these Shares, determined as of the effective date when taxes otherwise would have been withheld in cash, will be applied as a credit against the Tax-Related Items withholding.

Finally, Participant agrees to pay to Redfin or the Employer any amount of Tax-Related Items that Redfin or the Employer may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by one or more of the means previously described. Redfin may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if Participant fails to comply with his or her obligations in connection with the Tax-Related Items.

7. Nature of Grant. By accepting the RSUs, Participant acknowledges, understands and agrees that:

(a) the Plan is established voluntarily by Redfin, it is discretionary in nature, and it may be modified, amended, suspended or terminated by Redfin at any time at its discretion, to the extent permitted by the Plan;

(b) the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at Redfin's sole discretion;

(d) the RSU grant and Participant's participation in the Plan will not create a right to employment or continuance of employment, or be interpreted as forming an employment or services contract with Redfin, the Employer or any Parent or Subsidiary or Affiliate;

(e) the RSU grant and Participant's participation in the Plan will not interfere in any way with the right of Redfin, the Employer or any Parent or Subsidiary or Affiliate to terminate the Participant's employment or contract at any time;

(f) Participant is voluntarily participating in the Plan, which means you have not been induced or required to accept the RSU grant or to participate in the Plan by expectation of employment, engagement or appointment (or continued employment, engagement or appointment);

(g) the RSUs and the Shares subject to the RSUs are not intended to replace any pension rights or compensation;

(h) the RSUs and the Shares subject to the RSUs, and the income and value of same, are not employment or contractor compensation and are not part of normal or expected compensation for purposes of calculating any damages for wrongful dismissal, pay in lieu of notice, termination pay, severance, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;

(i) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(j) no claim or entitlement to compensation or damages will arise from forfeiture of the RSUs resulting from Participant's termination of Service as an Employee or Director, whether or not later found to be invalid, in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any, or a wrongful dismissal. Participant irrevocably agrees never to institute any claim against Redfin, or any Parent or Subsidiary or Affiliate or the Employer, waives his or her ability, if any, to bring any such claim, and releases Redfin, any Parent or Subsidiary or Affiliate and the Employer from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant will be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(k) unless otherwise provided in the Plan or by Redfin in its discretion, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any Corporate Transaction affecting the Shares; and

(l) the following provisions apply only if Participant is providing services outside the United States:

(i) the RSUs and the Shares subject to the RSUs are not part of normal or expected compensation or salary for any purpose;

(ii) Participant acknowledges and agrees that neither Redfin, the Employer nor any Parent or Subsidiary or Affiliate will be liable for any foreign exchange rate fluctuation between Participant's local currency and the United States Dollar that may affect the value of the RSUs or of any amounts due to Participant pursuant to the settlement of the RSUs or the subsequent sale of any Shares acquired upon settlement.

9. ***Data Privacy.*** ***Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal information as described in this Agreement and any other RSU grant materials by and among, as applicable, the Employer, Redfin and any Parent, Subsidiary or Affiliate, or their successors or assigns, for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.***

Participant understands that Redfin and the Employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of stock or directorships held in Redfin, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. While Redfin and the Employer generally collect your personal inforation from you directly, Redfin and the Employer may sometimes collect additional information from third parties including tax and social insurance authorities.

Participant understands that Data will be transferred to the stock plan service provider as may be designated by Redfin from time to time or its affiliates or such other stock plan service provider as may be selected by Redfin in the future, which is assisting Redfin with the implementation, administration and management of the Plan. Participant understands that the

recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country and that Participants Data may be accessible to law enforcement or other authorities in the foreign jurisdiction pursuant to a lawful request. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes Redfin, the stock plan service provider as may be designated by Redfin from time to time, and its affiliates, and any other possible recipients which may assist Redfin (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing his or her participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that if he or she resides outside the United States, he or she may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that Redfin would not be able to grant Participant RSUs or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative. Participant acknowledges that the Data Privacy Notice applies only to Participant's participation in the Plan.

The following paragraph shall be included as the penultimate paragraph of the Restricted Stock Unit Award Agreement under the Redfin Corporation 2017 Equity Incentive Plan for grants of Restricted Stock Units to Canadian Employees.

The parties have expressly required that this Agreement, any communication and all other contracts, documents and notices relating to this Agreement be drafted in the English language. Les parties ont expressément exigé que la présente convention, la communication et tous les autres contrats, documents et avis qui y sont afférents soient rédigés dans la langue anglaise.

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Glenn Kelman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Redfin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Glenn Kelman

Glenn Kelman
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

PURSUANT TO RULE 13a-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934

I, Chris Nielsen, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Redfin Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Chris Nielsen

Chris Nielsen
Chief Financial Officer
(Principal Financial Officer)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

I, Glenn Kelman, Chief Executive Officer of Redfin Corporation (the “Company”), certify pursuant to 18 U.S.C. Section 1350 that, to my knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Glenn Kelman

Glenn Kelman

Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

PURSUANT TO 18 U.S.C. SECTION 1350

I, Chris Nielsen, Chief Financial Officer of Redfin Corporation (the “Company”), certify pursuant to 18 U.S.C. Section 1350 that, to my knowledge, the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 8, 2019

/s/ Chris Nielsen

Chris Nielsen
Chief Financial Officer