

## Zillow Announces Acquisition of Trulia for \$3.5 Billion in Stock

Official word came from Zillow, Inc. (NASDAQ:Z) this morning that the company has entered into a definitive agreement to acquire listings portal rival Trulia, Inc. (NYSE:TRLA) for \$3.5 billion in stock. What had been rumored for weeks was picked up by the mainstream media Friday that the companies were in discussions about the acquisition. The release issued this morning reported the deal is expected to close sometime in 2015.

According to the release, Zillow and Trulia will continue to maintain their own consumer brands, offering buyers, sellers, homeowners and renters access to vital information about homes and [real estate](#) for free, and providing advertising and software solutions that help real estate professionals grow their business.

Trulia CEO Pete Flint will remain as CEO of Trulia, reporting to Zillow CEO, Spencer Rascoff. Flint and a second director will join the Board of Directors of the combined company. Further operational and organizational details will be announced at closing, according to the release.

As part of the agreement, Trulia shareholders will receive 0.444 shares of Class A Common Stock of Zillow, Inc. for each share of Trulia, and will own approximately 33% of the combined company at closing. Current Zillow holders of Class A Common Stock and Class B Common Stock will receive one comparable share of the combined company at closing, and will represent approximately 67% of the combined company. The transaction assumes Trulia's convertible notes will be assumed by the combined company at closing. The value of the deal represents a premium of 25% to Trulia's closing price on July 25, 2014.

"Consumers love using Zillow and Trulia to find vital information about homes and connect with the best local real estate professionals," Rascoff said. "Both companies have been enormously successful in creating compelling consumer brands and deep industry partnerships, but it's still early days in the world of real estate advertising on mobile and web. This is a tremendous opportunity to combine our resources and achieve even more impressive innovation that will benefit consumers and the real estate industry."

"Trulia and Zillow have a shared mission and vision of empowering consumers while helping real estate agents, brokerages and franchisors benefit from technological innovation," said Flint. "By working together, we will be able to create even more value for home buyers, sellers, and renters, as well as create a robust marketing platform that will help our industry partners connect with potential clients and grow their businesses even more efficiently. Our two companies share complementary employee cultures with innovative, consumer-first philosophies and a deep commitment to create the best products and services for our industry partners."

Both Zillow and Trulia are primarily media companies, generating the majority of revenue through advertising sales to real estate professionals. Despite continued growth as public companies, significant opportunities of scale remain as the majority of advertising dollars in the real estate sector have yet to migrate online or to mobile. For example, the two companies' combined revenue currently represents less than 4 percent of the estimated \$12 billion real estate professionals spend on marketing their services to consumers each year.

Zillow and Trulia are two rapidly growing real estate sites on mobile and the Web, enabling advertisers to reach a large and expanding consumer base. In June, Zillow reported a record 83 million unique users across mobile and Web. For the same month, Trulia reported a record 54 million monthly unique users across its sites and mobile apps. The two brands have limited consumer overlap – approximately half of Trulia.com's monthly visitors do not visit Zillow.com, and approximately two-thirds of Zillow.com's monthly visitors across all devices do not use Trulia.com. Maintaining the two distinct consumer brands will allow the combined company to continue to offer differentiated products and user experiences, attract more users and maximize the distribution of free content across multiple platforms, apps and channels.

A summary of expected benefits of the deal, include:

- o **Faster Innovation.** By combining resources, the companies expect to accelerate innovation on mobile and Web to provide more valuable tools and services to consumers and

professionals.

- o **Greater Access to Free Real Estate Market Data.** The companies expect to share real estate market data, housing trend analysis, and forecasts to make more free data available to consumers and real estate professionals to empower people to make more informed decisions.
- o **Broader Distribution.** Home sellers and their agents, brokerages, and participating MLSs will benefit from seamless free distribution of listings across even more platforms to reach an even larger audience of consumers.
- o **Enhanced Value and ROI for Advertisers.** The companies expect to offer shared services and marketing platforms for advertisers that enhance agent productivity and marketing and deliver greater return on their investment.
- o **Corporate Cost Savings.** By operating independent consumer brands through one corporation, the companies expect to realize synergies to improve overall operational efficiency over the long-term. By 2016, management expects to achieve at least \$100 million in annualized cost avoidances.

The agreement is subject to the satisfaction of customary closing conditions, including the expiration of U.S. antitrust waiting periods and shareholder approval of both companies. Zillow co-founders Rich Barton and Lloyd Frink, who control a majority of the shareholder voting power of Zillow, have agreed to vote in favor of the transaction. In addition, Trulia directors holding 7.4% of Trulia stock have entered into voting agreements with Zillow to vote in favor of the transaction.

Goldman, Sachs & Co. acted as the exclusive financial advisor, and Shearman & Sterling LLP and Perkins Coie LLP acted as legal counsel to Zillow. J.P. Morgan Securities LLC acted as a financial advisor, and Goodwin Procter LLP and Wilson Sonsini Goodrich & Rosati acted as legal counsel to Trulia. Qatalyst Partners LP also acted as a financial advisor to Trulia.

To read the release from Zillow, [click here](#).

*Stay tuned to RISMedia for continuing developments on the acquisition.*

Want instant access to great articles like this for your blog or newsletter? Check out our **30-day FREE trial of [REsource](#)** Licensed Real Estate Content Solutions. Need easy stay-in-touch e-Marketing solutions too? Try **[Pop-a-Note](#) for 99 cents!**