

## SIKULI CAPITAL

Conviction through contrarian research

# Zillow Group (ZG)

## Valuation Snapshot — Fair Value Range

As of May 20, 2026 | Residential real estate marketplace + mortgages

CURRENT PRICE	PROBABILITY-WEIGHTED FAIR VALUE	FAIR VALUE RANGE
<b>\$36.37</b>	<b>~\$50</b>	<b>\$30 - \$70</b>
May 2026	Bull 25% / Base 50% / Bear 25%	Modest upside

**Verdict:** ZG delivered Q1 2026 revenue of \$708M (+18%), with Mortgages (+56%) and Rentals (+42%) driving the beat. Adj EBITDA of \$182M was above outlook<sup>[1]</sup>, and Q2 EBITDA guidance of \$150-165M signals continued momentum. The bull case depends on continued housing transactions recovery and Showcase listings monetization; bear case reflects a prolonged housing freeze. Trailing P/E of 178x reflects the trough-earnings status; the company is positioned for mid-teens growth and margin expansion in 2026.

## CURRENT SNAPSHOT

Metric	Value	Notes / Source
Stock price	<b>\$44</b>	<sup>[2]</sup>
Q1 2026 revenue	<b>\$708M (+18%)</b>	Adj EBITDA \$182M <sup>[1]</sup>
Residential revenue	<b>\$450M (+8%)</b>	<sup>[1]</sup>
Mortgages revenue	<b>\$64M (+56%)</b>	<sup>[1]</sup>
Rentals revenue	<b>\$183M (+42%)</b>	<sup>[1]</sup>
Q1 2026 EPS	<b>\$0.19</b>	vs \$0.03 prior year <sup>[1]</sup>
Q2 2026 EBITDA guide	<b>\$150M - \$165M</b>	<sup>[1]</sup>
Trailing P/E	<b>178x</b>	Trough earnings <sup>[3]</sup>

## BULL / BASE / BEAR SCENARIOS

Scenario (weight)	Assumptions	Fair Value
<b>Bull (25%)</b>	Housing transactions recover +15%, Showcase scales, 30x EV/EBITDA	<b>\$70</b>
<b>Base (50%)</b>	Mid-teens revenue growth, margin expansion to 25%, 25x EV/EBITDA	<b>\$50</b>

Scenario (weight)	Assumptions	Fair Value
<b>Bear (25%)</b>	Housing freeze continues, Rentals decel, 18x EV/EBITDA	<b>\$30</b>
<b>Probability-weighted</b>	<i>Marketplace duopolist; housing cycle leverage cuts both ways.</i>	<b>~\$50</b>

### Key Risks

- **Housing cycle:** Transactions dependent on mortgage rates; 10Y at 4.68% keeps housing depressed.
- **NAR settlement implications:** Agent commission disclosure changes Zillow's monetization model.
- **Showcase adoption:** Premium listings monetization slower than hoped.
- **Competition:** Redfin, Realtor.com, CoStar all compete; portal economics evolving.

### What Would Change Our View

- **Upside:** Mortgage rate cuts of 100bp+, Showcase ARR disclosure, housing transactions +10%+.
- **Downside:** Rates higher for longer, housing transactions <4M annualized, Showcase fizzles.

### Sources

[1] <https://www.sec.gov/Archives/edgar/data/0001617640/000161764026000038/q12026991.htm>

[2] <https://finance.yahoo.com/quote/ZG/>

[3] <https://stockanalysis.com/stocks/zg/>

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