

REAL ESTATE

## Compass, Redfin foist layoffs amid tumultuous housing market

June 14, 2022



*Compass and Redfin laid off 10 and 8 percent of their workforces, respectively. Image credit: Redfin*

By LUXURY DAILY NEWS SERVICE

Real estate brokerages Compass and Redfin are imposing sizable layoffs as home sales continue declining.

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**Compass** and **Redfin** laid off 10 and 8 percent of their workforces, respectively, this week, totaling more than 900 people. As mortgage rates have soared since January and actual mortgage demand has fallen immensely, brokerages are anticipating that home sales will not improve soon.

"A layoff is always an awful shock, especially when I've said that we'd go through heck to avoid one, and that we raised hundreds of millions of dollars so we wouldn't have to shed people after just a few months of uncertainty," said Glenn Kelman, CEO of Redfin, in a **statement** on the company's website.

"But mortgage rates increased faster than at any point in history," he said. "We could be facing years, not months, of fewer home sales, and Redfin still plans to thrive."

Housing market hits

**CNBC** reports that mortgage demand has fallen to its lowest level in more than two decades.

Interest rates have increased since the start of 2022, with the average 30-year fixed mortgage rate up more than 2 percent, for the week ending June 9, from the end of 2021. Even for luxury buyers, higher mortgage rates can translate to thousands more a month in housing expenses (**see story**).



*Brokerages are anticipating housing market issues will get worse before they get better. Image credit: Redfin*

Brokerages like Redfin and Compass are anticipating that housing market issues get worse before they get better, and are attempting to be proactive for shareholders.

At market close on June 14, after the layoff announcements, Redfin's stock was down 4.91 percent to \$8.13 a share and Compass was down 10.50 percent to \$4.26 a share.

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