# AIRE Time with Mike

**XSpaces Call Transcript:**

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**Speakers:**

- Mike Logozzo (Chief Executive Officer, reAlpha)
- Thomas Kutzman (Chief Financial Officer, reAlpha)

**Moderator:**

- Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company)
- Paul Cecil (Vice President of Strategy, reAlpha)

## Opening / Housekeeping

**Paul Cecil (Vice President of Strategy, reAlpha):** All right, hi everyone. My name is Paul Cecil. I am the Vice President of Strategy here at reAlpha, and I will be one of the moderators for today's live conversation here on X Spaces.

Before we begin today, please note that today's discussion may include forward-looking statements, and our forward-looking disclaimer is found in the comments below along with our link to our Investor Relations website, where you can find our press releases, filings, and additional materials.

Thanks everyone for tuning in this morning, and I will turn it over to Dan to get us kick started here.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** All right, awesome. Great. Thanks for that, Paul.

Good morning everyone. Thank you for joining us today for our fireside chat with reAlpha. Appreciate you guys taking the time to be here. Really pleased to be joined, as Paul said, by CEO Mike Logozzo and CFO Thomas Kutzman.

I want to anchor today's conversation around four themes here. So, broad real estate backdrop. We'll talk about rates, affordability, transaction volumes, industry consolidation, and consolidation. reAlpha's positioning as an integrated buyer-side platform across Realty, Mortgage, Title, and AI. The path to profitability, especially after the recent restructuring and AI-led efficiency push, and the company-specific execution milestones focused on InstaMortgage, title expansion, geographic parity, attach rates, and capital strategy.

With that, let's jump in.

## Main Discussion

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Tom, maybe starting with you, the macro backdrop is still difficult. NAR reported April existing home sales at 4.0 million annualized, down more than 2% year-over-year, and Freddie Mac's latest 30-year mortgage rate is still around 6.5%.

How are you guys seeing the spring home buying season play out across your markets, and what does this environment tell you about the need for a more affordability-oriented buyer platform?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Thanks, Dan. Thanks for joining. It's Tom here.

So I would say that the home buying season is definitely underway. We're seeing increased activity seasonally pick up now despite the macro environment.

And what I would say is, like, if you look back to Q1, I think the home buying season started a little bit later this year, obviously driven by uncertainty from the macro picture with the Iran conflict, what that did in terms of mortgage rates, interest rates generally.

So when you look at that landscape, that's where our model really came into shape and play this season with elevated rates. Prices still elevated due to inventory in several regions across the country. Our rebate really gives buyers an edge in combating that affordability issue.

So despite uncertainty and not seeing that mean reversion, we're still seeing buyer demand for our style of real estate and savings component.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** And maybe for Mike, when you and I spoke back in March, you had mentioned that roughly 6% mortgage rates felt like the line in the sand where things could begin to thaw.

Is that still the right threshold? And if rates stay in the mid-sixes rather than breaking lower, and we've obviously had some commentary from the new Fed officials here that we might see hikes rather than cuts, how does that change the growth strategy for reAlpha? More focused on rebates, rate buy-downs, mortgage attachment, lower cost acquisition, or regional market selection?

**Mike Logozzo (Chief Executive Officer, reAlpha):** Hey, Dan. Thank you again for being here today and allowing us to chat.

Yeah, you're right. When we last spoke, we did mention that line in the sand being 6%. What we're seeing, I will call more of a psychological threshold than like a line. There was a brief period of time where it dipped just below that 6% level of the rate, and then we saw lead activity increase pretty substantially. Then when rates moved back up above 6%, this started to level out again.

But with that said, a higher rate environment doesn't really deter us. In many ways, I believe it drives some more value proposition even further.

You know, some of the stats, like existing home sales are up only like 0.2% month-over-month in April. It's like an annualized rate of just over 4 million now. You mentioned Freddie Mac's latest 30-year rate already.

I mean, that's a challenging environment for buyers. So our focus is to help them make the transaction work. We're trying to reduce the total transaction costs through our rebate model. And we talked about in the past how that works, but for those who don't know, we currently offer 1% rebate back of the purchase price for using our Realty services and additional 0.5% back for using our mortgage services. And that's real money.

You know, that on top of improving the experience through integration between Realty and Mortgage and using technology to reduce friction through search all the way through to closing.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So, I look at it in general, I appreciate that response and agree with you. I mean, look, the underlying demand we've heard from the industry is generally there, right? It's been a combination of supply. And I think, as you said, it's really more buyer affordability is the problem, is the core issue here.

So the framing is interesting because much of the industry has historically been built around sellers. I mean, just look at all of the platforms, right? It's been listing inventory, agent count, a lot of seller leads, although we did shift to buyer leads eventually that there's a little now reds in.

But why do you think the buyer side is a more attractive place to build? And what does reAlpha understand about digitally native buyers that traditional brokerages may be missing?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah. So I think there's three key things on the buyer opportunity versus listing or seller opportunity.

The first thing is more tools and tasks can be made available to be more efficient as an online experience for buyers, where selling is still a very offline experience. If you're listing your home and hiring a listing agent, that listing agent's got to see the house, visit the house, price the house, photos, open houses. There's a lot of things that you can't truly automate that are still a lot of people hours involved.

The second key component, what we focus on is that buyers want to be involved in their process. They're more digitally native now, and they have the ability to collaborate digitally with our tools and our technologies for that collaboration between the buyers and the agents in the moments that matter.

And the third is obviously we're a company, we're seeking revenue and profits. There's more dollars in a home buyer's journey than a home seller. If you're listing your home, you list your home, you pay your commission, and you move on. Where a buyer, there's the real estate aspect of commission, there's mortgage, there's title, and many other things even beyond the transaction itself when you think longer term.

So there's just a much more scalable way to approach buyers with a digital product versus sellers at this time.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Yeah, no, I mean, that makes sense, and we will definitely get into some of those tools, some of the attachments, and certainly the automation strategy that you guys are pursuing a little bit later in this call.

But I want to keep it still for now just on a higher-level perspective. Maybe go back to Mike and just, you know, as CEO, as you're looking at the industry, it's clearly consolidating.

You know, Rocket's got Mortgage, Redfin, title, closing, personal finance, and they just added servicing through Mr. Cooper. Compass just bought Anywhere for $1.6 billion. They're now the largest brokerage, although it's interesting to debate whether headcount matters in this environment versus tools.

How do you think about reAlpha's position in that world? Are you trying to be a smaller, more focused version of the same integrated transaction model? Or is your differentiation, your buyer-first rebate-led and AI-native from the beginning?

**Mike Logozzo (Chief Executive Officer, reAlpha):** I would say that, I mean, obviously there's a lot of movement in the consolidation play, and all of those examples you mentioned, I think were just within the last 12 months or less.

So, you know, we view that movement towards integration as a validation of the direction of the market.

The way we see it as our position, though, is, you know, we're not looking to be a smaller version of these guys. Our position is different.

We're trying to build this buyer-first model that's organized around affordability and transaction coordination and AI-enabled efficiency and create one-stop shopping that is just reAlpha. It's not these large entities that have been acquired and brought together. We call stitched together. We're building this literally from the ground up.

However, we are doing acquisitions, but they're acquisitions of smaller companies that we could very easily integrate as we're building our product ourselves.

So, obviously, we're not building everything organically from scratch. The distinction is that we're acquiring and integrating these capabilities into a unified platform strategy rather than assembling them for scale.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** And let me follow up on that, though. First of all, it makes sense, right, in the context of where you sit.

I am curious, though, do you think the consolidation in the industry that I just mentioned validates your strategy, or do you think it makes the competitive environment harder? Said differently, when you've got larger players that are vertically integrating, does it make it harder to acquire customers or does it educate the market that the old fragmented model is broken?

**Mike Logozzo (Chief Executive Officer, reAlpha):** As I mentioned earlier, I mean, we do view it primarily as validation.

These large players consolidate across brokerage, mortgage, title, servicing. It reinforces that the old fragmented model is not efficient enough toward where the industry's heading.

That doesn't mean the competitive environment becomes any easier, though. I mean, these larger players, they have so much more capital than us. They obviously have brand awareness. They have a lot more traffic. But it obviously is educating the market, and it shows consumers and investors that integration really does matter.

So, you know, our opportunity is to be more focused, and we're not trying to own every part of homeownership and be at national scale overnight.

We want to focus on the buyer transaction affordability, increasing the number of services used within our platform. And if we can execute this, that gives us a differentiated lane that we can operate in.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So, in addition to all that, Mike, as if there's not enough going on, then maybe I guess this one could be for Tom as well.

There is a very live fight over listings, portals, and data control. So we've got the whole pocket listings, obviously encompassing the sale of exchange in several public and court. We've got the same relationship between the two companies, the one that's related to the business and related blows versus transparent syndication, MLS control versus portal control, who owns the consumer's relationship.

And again, I know you've got the big guys with sort of the big guns all kind of pointed at each other right now. But as you guys think about it, how important is top-of-funnel search ownership? Can a company win by owning a transaction workflow, even if, say, Zillow ends up controlling more of the initial listing discovery?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah, so I think that the fight over listing syndication, what portal or brokerages display, and data control is real and it definitely matters.

But from where we sit, the loudest voices in this debate are largely arguing about whose inbox the consumer lands in, not about what happens to the consumer after that.

And at reAlpha, we're focused on consumers, not our egos.

And I think right now some of the lawyers are going to benefit more from than the consumers themselves with these fights.

And look, we are MLS members in the jurisdictions where we operate. We follow the rules on data licensing, and we believe that maximum transparent exposure of listings is good for buyers, good for sellers, and good for the market.

And the consumer deserves to see everything.

Whether they see it on our site or someone else's site, we still have a differentiated value proposition versus our competitors in the form of savings.

So we do focus on search and having a rich search experience, but you really still have to differentiate yourself for the consumers.

So we don't want to just be curated. We're not just a curated subset of inventory that happens to benefit a particular brokerage's private listings, like some of those big names you mentioned.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** I love that answer. It's very true, Tom, across the board. And yes, I think we have learned now through both bull and bear markets, the lawyers always win.

So I think well said on that front. Just even looking at Zillow's margins in the front half of the year, the tens of millions of dollars they've spent on legal alone, I think certainly addresses your answer.

And just to put a finer point on that, Tom, and by the way, I hear you. I think your answer is very on point, especially for where you guys are trying to play in the marketplace.

Just out of curiosity, if that portal layer does consolidate, you're just trying to monetize the transaction rather than the search session. So does that mean anything for you?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** I mean, I think there's room for multiple scaled platforms, but the companies that will win in real estate have to be more than just listings.

They have to offer multiple services across the transaction.

And like I said earlier, it's about having a compelling value proposition.

So if I were looking at the past analogs to predict what happens in real estate, and I think we've had this conversation in past calls, Dan, I think real estate is going to follow the pattern of how OTAs consolidated into one place.

Like you used to have flight sites and hotel sites and rental car sites, and they all came into one place where you can take on whatever services you need for your transaction.

And at the end of the day, bringing all those things together for the transaction in one place that's not fragmented streamlines the cost for the consumer.

And that's how we really help people tackle affordability.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Yeah, that makes sense. I will say, Tom, since I also followed the online travel space, there are probably still too many of them.

But it'll be interesting to see now that you're getting a lot more of the AI-native guys like Navan and others come to market.

But you are right. I mean, we certainly saw, we've kind of consolidated down to three main players and then a bunch of ancillary, either review-type sites or travel aggregators at this point, and then a handful of international guys.

So I think that's probably realistic.

I mean, our personal view, obviously, is Zillow and Rocket being kind of the largest and biggest, and then you've got CoStar on the commercial side, are going to sort of control most of the market.

So we'll see. But less relevant for you guys in the grand scheme of things, more focus on you guys here.

I guess I want to ask, go back to Mike on this one, and then I want to dive into some of the more specifics on the company.

So approximately two years ago, we had the NAR settlement. Have we actually seen a change in buyer behavior? It definitely changed the mechanics of the buyer broker agreements and MLS compensation disclosure. But has it changed consumer expectations around agent value, commission transparency, and the willingness to use a lower-cost or rebate-oriented model?

**Mike Logozzo (Chief Executive Officer, reAlpha):** Yeah, yeah. I mean, I'm the first to admit, when I saw the NAR settlement two years ago, I thought the change would be a little bit more than what we're seeing today.

And I guess I could chalk that up to the fact that real estate historically has been a very slow adopter to change. And this is probably just another example of that.

But I think what we are seeing is that buyers are more educated now than they were before. You had mentioned they changed the mechanics around the buyer representation.

So buyers now need written agreements before they tour homes when working with an MLS participating agent. The offers of compensation are no longer allowed on the MLS platform. Compensation is negotiable.

All of that stuff is helping the buyer be smart about how they, I guess, navigate this transaction. It's created more awareness about what buyers are paying for, what services they're receiving, how commissions work.

So I wouldn't go as far as to say that buyers no longer want guidance. I still believe they do, because this is one of the single largest transactions that they're going to make in their life. It's still complex. It's emotional. It's a financially significant transaction.

But with the buyer being more educated, I think it creates an opening for more models that are transparent, lower cost, better aligned with the buyer's economic needs. And that's where our rebate-oriented model can really resonate with them.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So let's dive into that.

And just for the record, right, when the NAR settlement happened, we actually published a very lengthy piece addressing how commission rates could act. There was a scenario anyway where commission rates could actually go up in that structure, depending on the services provided.

But yes, you're completely right. Real estate is slow to adopt change, which is what I think makes your story interesting as you guys press for more change, especially technologically driven change.

And really just how the space is sort of creatures of habit, especially consumers. Most of real estate still done word of mouth, even with Zillow having 250 million unites. You know, typically call your local broker and show your house, which we know is evolving.

And you guys are starting to be a significant component of the change that we're seeing in the space as technology makes things a lot easier, especially with AI agents now loading in.

So let's talk about reAlpha as, let's call you guys the main rebate player.

 

So you've got Prevu already operating on that model and an average Realty-only rebate of roughly $7,500.

Tom, how should investors think about the rebate as a customer acquisition tool versus a structural margin trade-off? Is the model attractive because you can give money back to the buyer and still make the economics work through mortgage, title, AI efficiency, and repeatable workflows?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yes. So I always like to say that buyers come for the rebate, but stay for the service.

And when you have the combination of our technology and salaried agents, which is an important distinction versus traditional, it allows us to deliver that savings.

If you do just real estate on its own, but then we have the added benefit of additional services like mortgage where we can then bundle additional savings and additional benefits to the consumer.

And just, I know Mike touched on it earlier, but it's important for people to always remember that if you use us just for real estate, you can get up to 1% of your purchase price back. If you use us for real estate and mortgage, you can increase that rebate to a total of up to 1.5% of your purchase price.

So that's a significant portion of your home price.

But then when you think about how people are putting down, you know, in most cases 20%, 25% of their home value, it's a significant amount of your equity in your home that you're getting back.

So, you know, I think it's definitely a great customer acquisition tool, but it's something that not everybody can deliver on if they didn't have the technology.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So it's a great segue into what I wanted to ask next. He said stay for the services.

And so probably from Mike, on the last earnings call, you emphasized that real estate is not a single service model. So the goal is to originate more transactions inside the platform and keep more of the transaction inside the platform, which is, I think, what Thomas is trying to outline.

So what evidence are you seeing that that flywheel is beginning to work? Are customers actually using multiple services? And are you now tracking attach rate across real estate, mortgage, and title as a core KPI?

**Mike Logozzo (Chief Executive Officer, reAlpha):** Yeah.

So internally, we're tracking attach rates very closely and we're seeing early signs of cross-service engagement between the real estate and mortgage happening in both directions, which is an even better sign.

I would say our primary constraint today is where our state and services overlap. We just do not have full parity where two or more states are offered together in the same state that we're licensed.

 

So I think we had mentioned that we were in Realty in 32 states. I'm sorry, Realty in 12 states plus D.C., Mortgage in 32 states. But to put that into perspective where we have the overlap, that is just in eight states right now.

So we are currently addressing the parity there. InstaMortgage is going to help, as well as the expansion of our Prevu into other states that's currently happening organically.

But what I could tell you, though, is we're starting to see what we call green shoots in the states that have the eight states where we are overlapping. It is very encouraging to us.

And as we expand that overlap, this is where that flywheel becomes more measurable.

And the key is not just originating more customers, right? It's going to be increasing the number of services that each customer uses inside the platform.

And as we get more parity, we'll be able to share more of these metrics. But we need to establish a solid baseline first.

And that's basically our primary focus right now is to get that parity so we can establish that baseline and start showing everybody how multi-service transactions are really starting to take shape here.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Well, so, Mike, of course, because I'm being the analyst that I am, and we always ask for more information. That's our job.

You literally just said you are still in the process of building these things out and getting the parity that you seek before you start giving out more information around this.

But is there, I guess, at least from a high level, or is there any way we can think about how to define the attach rate targets we should watch for?

So maybe at scale or when you get parity done. Like, for example, if customers who start with Realty, what percentage should eventually use Mortgage or what percentage of Mortgage customers should use Title? And what level of multi-service attach would make the unit economics of the platform fairly different from a traditional brokerage?

**Mike Logozzo (Chief Executive Officer, reAlpha):** Dan, I mean, I appreciate your persistence.

We're just not yet disclosing those specific targets at this stage right now. As I mentioned earlier, once we have more markets where we have two or more services offered together, we'll be in a much better position to measure, compare, and disclose these more attach rate targets that I know that the market wants to see.

Directionally, in the states where we do offer Realty and Mortgage, we are seeing these green shoots. We are seeing handoffs coming in from both directions, from people coming in from Realty needing Mortgage and people getting pre-approved from Mortgage that needs Realty.

 

It's working. We want a better baseline so we can then share and show the growth and everybody can watch that as we grow.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Okay, fair enough, Mike. I'm filing that question away for later.

**Mike Logozzo (Chief Executive Officer, reAlpha):** I know. I fully expect it.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Okay, so we will get updates from you on your journey, and when you guys are ready to share, it's definitely something I think investors will want to hear about.

So let's pivot and let's talk about Homebuying Hub.

So Q1, you launched Hub to coordinate search, financing, and closing, and you also enhanced the make-an-offer flow to reduce friction at the point where buyer intent becomes real.

Are there any early evidence that those product changes are improving conversion? Again, I know super early, but are you seeing more users move from search to tour, tour to offer, offer to mortgage, or offer to close?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah, we're definitely seeing a pickup across all those conversion points, Dan, and Homebuying Hub was a great step forward for the reAlpha platform in Q1, and it drew a lot of inspiration from many of the features that Prevu had proven with consumers already in terms of conversion.

So, for example, you mentioned the make-an-offer flow. Prevu had a make-an-offer flow going back to probably 2017, 2018. And it's been a great way to have reAlpha customers connect quickly with an agent, right?

So, you know, when you have a make-an-offer button, which not every site has surprisingly in the real estate world, you connect with far more high-intent buyers.

So why create a bunch of complexity for people? Sometimes you just know the house you want to make an offer on, and you want to connect with an agent that can help you with that. And that flow definitely serves that fully.

And then, overall, we've been very happy with how the integration of Prevu's technology into the reAlpha platform has been progressing.

There's still more to come for both the consumer side and the agent-facing side, which obviously the public doesn't see. But we are making good strides on that, and we're very excited about the progress and what that means for conversion over the long term.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** We're trying to get the public to see, Tom. That's the whole point of doing this, right?

 

So we appreciate that this is still in process and development and that we'll get milestones as we move along. But do appreciate the color in terms of incremental conversion.

And hopefully, as you guys continue to play that out, we'll be able to get more specific updates around conversion and attach to both what you and Mike said.

Speaking of technological enablement, there's this small thing you guys might have heard of. It's called AI. It's kind of out there right now, and it's slightly changing a few things in the industry and everywhere.

You know, there's clearly going to be a narrative, I think, that AI will kill the real estate broker. True or false, we don't know yet. You framed AI as an enabler, not autopilot. So human interaction about the process, which I happen to buy into, I think handing a major home purchase to a machine is dangerous at this point in time anyway.

So where does the line, which parts of the home buyer journey can be automated or AI-assisted today? And where does trust, licensing, negotiation still require a human expert?

**Mike Logozzo (Chief Executive Officer, reAlpha):** So Dan, you hit the nail on the head, right, where we mentioned that AI is an enabler for both our home buyers and the people who serve them.

So when you think about our home buyers, AI helps with search, education, affordability, guidance, transaction status, and the navigation of the process. We think of it as a concierge-type approach.

For people, we use AI to reduce the repetitive work, improve workflow coordination, support document processing, and then that ultimately allows teams to spend more time on the higher-value customer interactions.

So you mentioned trust. So, you know, things like negotiation, judgment calls on when we're doing things that are, have to be compliant, major financial decisions, those emotionally complex moments that we talked about also, these are the things that we want to make sure that we still have humans available to be there and to make themselves more available to do those types of things by giving them the AI to help on those other things that I had mentioned earlier, the repetitive work, the workflow coordination.

So, you know, Tom mentioned that we have licensed agents here in reAlpha, but we want to make sure that they're spending time on those higher-value touchpoints with the customer.

So AI doesn't replace the human. It makes the human more effective. And we allow the business to scale without scaling headcount at the same rate, which is a great thing as well if you're an investor in the company.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** We're definitely going to get into some of the trade-off between tokens and humans, I think, Mike, at some point here.

But I want to stick on the AI sort of higher-level stuff for a moment. You brought it up as part of your answer now.

 

I do think there is a bigger strategic theme, and this also applies to the portal guys as well. The search experience is kind of broken, and whoever fixes it wins the top of the funnel.

What do you think a genuinely AI-native home search experience looks like? I mean, better personalization, conversational search, real-time affordability, maybe in your guys' case you've got rebate visibility, mortgage qualification embedded in search, or is it something outside the box or more radical than what we're thinking about than the current portal experience offers?

**Mike Logozzo (Chief Executive Officer, reAlpha):** What I'm seeing is most search experiences are built around static filters. You know, when you think about price, number of beds, number of bathrooms, location.

Where this next version, I think, is heading, and what we're working on, are things like understanding the buyer's preferences, their budget, their constraints, introducing the rebate opportunity and how that helps them, what their mortgage readiness is, and really helping them navigate the transaction and not just automate some filters that you currently see on a lot of these other sites.

So for reAlpha, this really has two dimensions.

So with Claire, who is our concierge for the home buyer, Claire's intended to help buyers move from search to education to affordability, to transaction readiness in a more guiding experience.

But then secondly, we're incorporating capabilities from our subsidiary AiChat, which is a conversational AI subsidiary based in Singapore. AiChat has built technology around AI agents, omni-channel engagement, conversational commerce, and AI ticketing and workflows.

And this is a leading-edge company that we were using to bring into our platform as well to help make us state-of-the-art in all things reAlpha.

So the strategic point where I'm trying to make is we're not starting at zero. AiChat's technology is built to manage real customer interactions and understand intent, escalate whenever there's needed, and move users through a workflow. And all those capabilities are also applicable to home buying.

So, again, we're not starting from zero there.

And then externally, we're focused on how reAlpha is showing up on generative platforms and answer engines.

So people are talking about it's not just SEO anymore, right? It's AEO, answer engine optimization, and GEO, generative engine optimization.

It's about making sure that reAlpha is also going to show up with a level of authority and consistency on these generative platforms when people are speaking or trying to interact with a ChatGPT to make sure that reAlpha is showing up there as well to help them through the process.

So we want to improve the guidance from both inside our platform through Claire using our AiChat technologies, but also making sure that reAlpha becomes part of this answer engine and ecosystem when buyers are asking questions across this broader AI ecosystem that exists today.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So let me actually, first of all, it's a great answer and appreciate all the color there.

I just want to take a step back just before we get too deep in the weeds on the specifics here and make sure that when we're talking with investors that they understand the difference within internally when you guys talk about consumer-facing versus corporate AI.

Can you just separate those out? Like you just talked about Claire, right? So what AI is visible to the buyer versus what AI is operating internally across marketing, M&A research, back office workflows, what have you?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah.

So AI has been at the forefront of what reAlpha has been doing on the consumer side since day one. You and Mike both mentioned Claire in terms of our AI concierge. Obviously, we have a loan AI assistant, which also helps with the collection of documents and making our loan officers more efficient in their interaction with borrowers and other toolings we use on both the agent and loan officer side.

But that's obviously consumer-facing revenue production, right?

On the corporate side, in terms of the more administrative functions, over the past six months, we've been really leaning into various AI tools, things like Claude and other products.

And we've been rolling them out in select departments to see those productivity gains, the repetitive tasks, speeding up our product velocity.

And we're now rolling those tools out to even more departments. So, you know, considering it almost company-wide. Everybody has different tools for their type of work.

And it really gave us great insights on how our talented people can be even more productive.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So let's dive into that, Tom. This question has CFO written all over it.

The restructuring that you guys announced is obviously one of the most important company-specific updates.

So you reduced the workforce by roughly 25%. You consolidated your vendors, you reshored certain functions, and you've targeted approximately $2 million in annual savings.

What changed in your thinking? Was this primarily a reaction to market conditions in burn, or was it a proactive view that agentic AI has changed the operating model enough that reAlpha can scale with a smaller team?

 

And when you give your answer, Tom, obviously, keep in mind we've had some, you know, rather public discussions about the balance between token costs and human costs and some guys blowing through their token budgets in months rather than years.

And so, you know, love to get kind of your broader perspective as you think about navigating that balance.

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah, well, I guess I'll start off by saying we have throttles on all of our token limits. So if you need more tokens, you need to probably ask our CTO or me for extra.

So we're definitely mindful of that. We're not going to blow through tokens over here.

But I think from the proactive standpoint of this move, I think there's also a timing thing here. And this is not about me. It's about the company. But I am new to my seat, right? I took the role of CFO in late February.

So a lot of the changes we've made, the initiatives we've made, it is bringing a fresh lens to the seat. I was obviously the founder of Prevu, and so I do bring an additional operator's lens.

So when I was taking on the new seat, making my initial impressions of our cost structure, talking to other leaders across the organization, I picked up on simple patterns that an operator would.

So when I brought different ideas to Mike and the board, it became very clear things we could do just to optimize. Every company should be optimizing all the time.

So we instituted a return-driven spending initiative to align our cost structure, right? We're making sure that every dollar we spend is aligned with our business outcomes.

And that coincides also with a world of leveraging AI right now.

So a lot of things came together at the same time, but I think it was more of a timing of a fresh lens in the seat and an organization that's always open to change and optimization.

So the other key thing, separate from AI, separate from vendor optimization, we did make an important strategic decision to plan to reshore some of our key product and tech roles, particularly more of the strategic leadership on some of those roles.

Because what we found was, with real estate, it is very nuanced. You do need domain expertise around. So we wanted to co-locate some of those strategic roles closer to the business units.

And we're seeing that even in the early moments. Obviously, we're still hiring for some of those potential seats. But we're seeing a much greater product velocity with some of those changes immediately.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So the logical follow-on question is how do investors measure whether this works? Is it lower quarterly cash burn, faster product velocity, higher gross margin, better conversion, or just simply a clear path to adjusted EBITDA break-even?

**Mike Logozzo (Chief Executive Officer, reAlpha):** I would say investors should measure success through our increased revenues, lower quarterly cash burn, improved operating leverage, and faster execution with a leaner structure, and a clear path towards adjusted EBITDA break-even and a path of profitability.

So, as you're seeing reAlpha on a quarter-by-quarter basis, you're seeing those things trend in the right direction. That's how you should measure our success.

And I want to go back and I guess reiterate what Tom mentioned about the RIF. It wasn't simply a cost-cutting exercise. It was really about aligning the operating model with where the business is going, especially as AI allows us to scale more efficiently.

Over time, once we start to achieve greater state parity across the Realty and Mortgage and Title, I think investors obviously should also measure us on the attach rate of our multi-service platforms.

I think we've talked about this already, but right now I think it's really a lot about the financial fundamentals.

If we start seeing those go in the right direction, then we'll start getting into the technicals of the transaction and attach rates once we get to state parity.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Those attach rates that you still won't give me yet, right, Mike? Those ones?

**Mike Logozzo (Chief Executive Officer, reAlpha):** We're working diligently on it.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Okay, got it. Fair enough. No, no, I know. It's still early in the process. I'm just teasing you a bit.

So Q1 gross margin improved to 66%. You still had about a $4 million adjusted EBITDA loss. The cash was $5 million at quarter end. How much runway do you have after the restructuring, and what are the practical milestones you need to hit before investors can underwrite that path to profitability with more confidence?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah, so I guess there's a few things to unpack there.

So on the Q1 adjusted EBITDA side, that number included our final non-cash expense related to our media-for-equity marketing credits that were being used. So that was approximately $500,000 or so in Q1.

So that's something that investors should be aware of as they think about our market expense line and coming quarters as we focus on narrowing our losses and working towards the path of profitability over time.

So that's something we've paused at the moment, and we are diversifying our marketing with some of our more economical channels.

So on an EBITDA basis, you should see a narrowing there over time.

And then in terms of runway, obviously we did disclose in our recent 10-Q approximately five months of runway based on average burn rate at that time.

However, there's two key things to keep in mind here.

First is the actions we took in restructuring over the past month or two. Those are going to dramatically reduce our burn rate, obviously with the quoted annual savings.

In addition, real estate is a seasonal business. So average burn rates coming out of Q1 are different as you move through Q2, Q3.

So we're in the heart of home buying season when average burn rates are lower for businesses like ours in a growth stage.

So all this to say is that we have extended our runway short term, but we do have access to capital, and we've looked at a lot of different opportunities there.

So people are excited about our story. So it's not about a runway. It's about execution and platform building.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Fair.

But let's just talk about capital strategy for a second. You've mentioned the diversified approach, strategic debt, term facilities, traditional dilution. You also have acknowledged in the past that you're not opposed to dilution if needed.

How are you thinking about capital today?

Given the stock history and the recent reverse split, which I do want to address in a second, but I still want to focus on this topic here first, what's the bar for issuing equity versus using debt or acquisition structures tied to performance?

**Mike Logozzo (Chief Executive Officer, reAlpha):** When it comes to our capital strategy, I would say that our focus is on maintaining flexibility while operating with discipline.

As you guys know, in the current capital markets environment, especially for emerging small-cap companies, we need to be very thoughtful about every source of capital.

And that includes equity, debt, structured acquisition financing, other strategic alternatives.

So the bar for issuing equity is obviously much higher after the stock history, reverse split.

 

That doesn't mean equity is off the table forever, but it does mean we need to be extremely disciplined and make sure any capital decision is tied to value creation.

And we will have a very critical eye on everything that comes across our desk.

We mentioned InstaMortgage briefly, but obviously that's a significant transaction. Once that closes, we file a Super 8-K. I think that that could open up additional opportunities for us as well.

But again, we're evaluating a number of opportunities now, just trying to keep our options open.

Our goal, at the end of the day, is just to be selective and not reactive.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Don't worry, Mike, I promise you we will get to InstaMortgage questions. I know investors want to know. We're almost there.

I do want to just ask you first, though, or actually, I guess maybe for Tom here. And I've talked to both of you about this.

I think you guys viewed the reverse split as positive, necessary. You did a 1-for-25 effective April 30. You're getting that as that minimum bid compliance on May 14.

What do you want investors to take away from that process? And now that the listing issue is addressed, how do you rebuild market confidence around execution, liquidity, and long-term shareholder value?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yes, I think you hit the nail on the head there, Dan.

I mean, the reverse split was necessary. We had to do it for compliance with NASDAQ to get the minimum bid requirement.

And as you know, you're a seasoned analyst, volatility comes right after a reverse split. That's completely normal. Obviously, some investors freak out about those things, but it's completely a normal pattern.

But we're beginning to see that volatility abate. You're seeing major moves higher, not today particularly, but you're seeing those waves higher. You're seeing people come back to the story.

So with the compliance to the exchange behind us, we're focused on growing our revenue, closing acquisitions, and also state expansion to get that alignment that Mike was talking about.

So we can start getting you those attach rates that you love to ask us about.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Fair enough and appreciate the color there.

All right, Mike, let's do it. InstaMortgage.

Acquisition signed in December, expected to add direct lending capabilities across 32 states, complement your existing mortgage brokerage operation.

Where does the transaction stand today from a regulatory approval perspective? And I guess I'll try and say, is the first half—we're June 5th today—is the first half '26 closing expectations still the right framework?

**Mike Logozzo (Chief Executive Officer, reAlpha):** I'm sure a lot of people are anxiously awaiting the answer to this.

We are currently going through what we refer to as a change-of-control process for InstaMortgage. And we're getting very close to the finish line. I can't tell you how close, but we're getting there.

I think it's really important to note that change of control is a state-by-state regulatory approval process. So it's not like a federal where we go through kind of one authority. There's 32 states here.

All required states need to approve before the transaction can officially close. And every state has their own approval process and timeline, and we need to respect that.

So we remain very optimistic. We are extremely collaborative and responsive. Anytime somebody needs something, they get it immediately.

But this is one of those areas where getting it right matters more than rushing the process.

Again, we're working with these regulatory bodies, and we want to make sure that we're doing it right.

But strategically, InstaMortgage matters because it moves us from being a mortgage brokerage towards direct lending capabilities. That improves our margins. It gives us more control over the borrower experience. It allows us to participate more fully in the economics of the entire mortgage transaction. It gives us flexibility in how we can help buyers.

And obviously, InstaMortgage will bring some great things along with it and talent, revenues, additional revenue sources, a lot of additional technologies that we can incorporate as well.

We are extremely excited for it and clearly awaiting getting to the finish line. We're pretty darn close, but not there yet.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So sounds like you're still confident that it's going to close.

And I would just say maybe, Tom, if you want to riff a little bit off of Mike's answer, can you just give us more specifics around what changes economically?

Is it greater revenue perhaps per mortgage transaction, as Mike said, you get to better control of the borrower experience, you get faster close times, or can you offer savings in more creative ways, like rebate applied to closing costs or rate buy-downs?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yes.

So, I mean, obviously, overall, the transaction benefits the company from a revenue perspective, not only for their existing stream of revenues, but obviously the ability to capture more revenue per transaction in more states in terms of the cross-sell of real estate into mortgage.

They do bring greater alignment for us, as Mike spoke about on the real estate side.

And this is a significant transaction. So obviously, we can't provide any exact numbers yet, but as Mike said, we will be putting out, upon a successful closing, we would put out a Super 8-K, which would give pro forma numbers for the combined entity. And that will give investors a good look of what that means from a revenue perspective.

So obviously, we're very excited about this transaction. And it can only close as fast as the slowest state.

So we'll keep everybody updated as soon as we get our final approvals.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Will the Super 8-K contain any additional color on thoughts? I know you guys have given them publicly on what InstaMortgage brings to the transaction, but just ways that you'll leverage it once it closes, or will we get an update from you guys further down the road on that?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah, so the way the Super 8-K works, obviously, even other consolidation in the industry saw Super 8-Ks even come out from Compass and Anywhere.

You would get, obviously, full breakdown of both companies, audited financials as well as interim period financials.

So you'd get a good perspective of margins and everything else. And obviously, once that information's out there, we'll have more calls with the Street to walk them through that to help them better understand their modeling on a go-forward basis.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Okay, makes sense.

We will anxiously await the Super 8-K, Mike and Tom, which means that the deal will have closed. So I assume you guys are just as anxious to put it out as we are to see it.

So, of course, again, being the analyst that I am and having just had the conversation about a deal that hasn't quite closed yet, I have to ask you, Mike, about title, which you've cited as the next major piece.

With title currently only in a few states and needed to align Realty, Mortgage, and Title across the same geography, what's the roadmap there?

Is title expansion more likely to come organically through partnerships, acquisitions, or through different transaction structures with existing title companies?

**Mike Logozzo (Chief Executive Officer, reAlpha):** So, yeah, first and foremost, I'd like to say that we're actively, actively evaluating title options right now.

 

This isn't something that we're doing sequentially, waiting for InstaMortgage to close and then starting. So we're currently going through the process.

It is obviously the next logical component of the platform, currently in three states in title. So this is a priority to align with Realty and Mortgage in the same geography.

This is when a lockstep multi-service attach that you and I have been talking about gives a stronger unit economics.

What I love about it is that in addition to home buying, we start thinking about refis, right?

I know mortgage rates are high right now, but eventually things are going to get down to a point where people will start to refi. That's an additional revenue generator for us as well because it's not just mortgage when you refi. Mortgage needs title.

So it's a great way for us to get a double dip on the revenues there, and that's in addition to the home buying platform.

So we're looking at multiple options right now for a title company: traditional acquisitions, we're looking at partnerships, organic expansion.

I think a key lesson learned from InstaMortgage is speed to market.

So, particularly with the change of control at the state level, we need to make that part of our decision criteria as well.

And I believe in all the research that we're doing is that change of control for a title company is much lighter than change of control for a mortgage lender, but we need to keep all of those things in mind when we're looking at what types of companies we want to either acquire or partner with to go forward there.

And I guess, yeah, I guess that would sum it up.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** Okay. No, it makes sense.

And it's good to know that you guys are, even with InstaMortgage yet to be closed, you're still keeping your eye on the ball in terms of how you want to continue to expand the business.

I guess if I just step back for a second and kind of try to tie a lot of pieces together here before we wrap up, and we just think, you know, Mike, you've mentioned state parity. You guys clearly, InstaMortgage changes the equation. You're dealing with 32 states there.

It is true in the market that different markets are behaving very differently. So you've got California, Northeast are super tight. Texas, Florida, Colorado, and the Carolinas have seen a lot more inventory.

 

How does that influence your expansion priorities? Are you looking for markets where affordability pain is the highest or inventory is loosening, where mortgage attaches strongest, or where rebate awareness is easiest to build?

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Yeah.

So I think we're still seeing those regional disparities in terms of inventory that we talked about earlier in the year.

And the way we think about real estate expansion generally is, you know, we identify states to go to that one, have a revenue opportunity for us as a company, and then two, the multi-service alignment. Are we licensed in mortgage in those states?

Affordability is an issue in every market, some more pronounced than others, but affordability is an issue in all markets.

So that's sort of table stakes no matter where we go for American home buyers.

But we want to align revenue and business outcomes and multi-service alignment as well.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** All right.

So we're getting close to the hour here. Mike, I want to go to you and kind of ask you sort of a tying-it-all-together question or set of questions here.

You have said you want reAlpha to be seen as a category creator and that organic growth over time can make the brand a household name.

For public market investors, what are the two or three milestones over the next 12 months that would prove this is becoming a real category and not just a collection of acquired assets?

Is it InstaMortgage closing, title expansion, multi-service attach rate, lower burn, revenue growth, production of volume, demonstrable AI-driven operating leverage?

I think the answer is going to be yes. But however you want to frame it, Mike, I want to turn it over to you and kind of get your opinion here.

**Mike Logozzo (Chief Executive Officer, reAlpha):** Sure.

Trying to think of its three or four milestones here. I could combine and make them three, but I think geographic alignment across Realty, Mortgage, and Title is extremely important. And InstaMortgage is a component of that, right? That helps us achieve the geographic alignment.

It also helps with the multi-service attach rates. So we want to show improvement in the multi-service attach of where we have the overlay.

Next, we want to show that we're narrowing our losses and showing a clear path to profitability.

We know that that is extremely important to the market. It's extremely important to our board, our executive team. We are very, very focused on that.

And continued disciplined execution.

We have, I think we did three acquisitions in about 14 months. We've improved our economics. We simplified the rebate model. We've restored NASDAQ compliance. We're starting to see transaction volume. Well, I think it's already more than doubled. We probably, I think we put that on our Q.

So we need to show continued execution there, continued improvement in all of these different areas.

And if we can execute on all of these things, that story transitions from building a platform to proving the model out.

So we know we got some work ahead of us. We know that we have some things that are outside of our control, like InstaMortgage getting the change of control done.

But we also know that once these things fall into place, we have a wide open space that we can actually go out there and show everybody who we are and what we can do and what we can achieve.

## Closing Remarks

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** So with that, Mike, I'll just, you know, that was the last one that I had for you.

I appreciate today all of the color. I'll actually just flip it back to you guys if there are any kind of closing remarks or takeaways that you guys want to leave people with.

**Mike Logozzo (Chief Executive Officer, reAlpha):** I would say, thanks to everybody who listened, taking the time out of their day to understand where we currently are.

I know that we've been somewhat quiet. I think a lot of it was waiting for the InstaMortgage transaction. But people deserve an update. We want to give everybody an update as to where we currently are there.

And appreciate the opportunity to tell our story.

Dan, we always appreciate you challenging us on certain topics as well. Keeps us on our toes and shows us a little bit of the direction that we need to go as an executive team in order to make the market feel good about us.

**Daniel Kurnos (CFA | Managing Director - Internet & Media, The Benchmark Company):** I will continue to ask the challenging questions, Mike, and I appreciate you and Tom being open and honest with your answers and sharing as much as you can at this point in time.

But with that, I'll just say again, reiterate thanks to Mike and Tom for doing this.

I know you guys wanted to get out and talk to people.

I think it's a great first step and really appreciate everybody listening in today to the story. You can certainly follow up with the team if you have more questions.

But thanks everyone for doing this. And Mike and Tom, really appreciate your time today.

**Mike Logozzo (Chief Executive Officer, reAlpha):** Thanks, Dan.

**Thomas Kutzman (Chief Financial Officer, reAlpha):** Thanks, Dan.

**Paul Cecil (Vice President of Strategy, reAlpha):** Thank you.