



This Real Estate Software Stock Is Finally a Bargain!

Description

The housing market is heating up across North America. As the pandemic is resolved, millennials are rushing out to purchase homes like never before. That's pushed housing market activity to all-time highs.

Pent-up demand from the past year coupled with record-low interest rates should push activity higher. Homebuyers already face bidding wars in most cities across North America, and the competition could heat up as we enter the spring homebuying season.

This surge in activity during the reopening should benefit the sector's key software facilitator: **Real Matters** ([TSX:REAL](#)). Here's why this [high-flying tech stock](#) is finally looking like a bargain.

A volatile year

It's been a volatile year for Real Matters, going by the 200%-plus rally registered in 2020. The mortgage lending and insurance industries' network service provider has come under pressure, almost giving up all the gains in recent weeks. Amid the sell-off, the stock is starting to look like a bargain.

Real Matters is backed by a combination of proprietary technology and network management capabilities that affirm its edge in real estate transactions. Its platform boasts tens of thousands of independent agents, resulting in a massive marketplace for mortgage lending and insurance industry services.

The Software-as-a-Service (SaaS) company generates more than 90% of its revenues in the United States, a heating upmarket, going by a spike in home sales in January on a decline in mortgage rates. The platform remains well positioned to profit, as it boasts of a robust clientele base made up of 60 of the top 100 mortgage lenders.

Revenue growth

The best-in-class technology has already propelled the company to top-of-mind choice in the mortgage lending and insurance industries. Over the past three years, the company's sales have jumped

1,700%, with net profit margin expanding from 8.1% to 30.5% affirming underlying growth. Real Matters should continue to generate increasing revenues given the high client retention rate of 95%.

In 2020, Real Matters posted a 41% increase in revenues, with net income increasing 323.8%. While the business performance surpassed analyst estimates, the trend is expected to continue in 2021.

While the stock did rally by more than 150% in 2020, it is down by 40% from all-time highs leaving room to jump in. At the moment, it's trading at a price-to-earnings ratio of 24.6. That's incredibly low, given the market sentiment for SaaS stocks.

Bottom line

Real Matters stock seems to be declining just as the housing market is heating up. Across North America, capital is flowing into residential real estate like never before. The company's income statements reflect this surge. Sales, margins, and net income are all up over the past year.

This disconnect between the underlying fundamentals and the stock price creates an opportunity for investors. This could be a chance to catch a robust SaaS stock at a bargain price. Add this to your 2021 watch list.

CATEGORY

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