



Why Real Matters (TSX:REAL) Is up Nearly 10% Today

Description

Real Matters ([TSX:REAL](#)) is a Toronto-based company that provides technology and network management solutions to mortgage lending and insurance industries in Canada and the United States. This company has relied on the strength of housing markets in North America in recent years. Today, I want to discuss whether Real Matters is worth snatching up as we open the month of February.

What is behind Real Matters's Tuesday jump?

Shares of Real Matters were up 9.7% in late-morning trading on February 1. The stock is still down 18% in 2022. Shares have [plunged 62%](#) in the year-over-year period.

The company announced the election of its directors yesterday afternoon. This came a few days after the release of its first-quarter fiscal 2022 earnings. In late 2021, I'd [discussed](#) why Real Matters looked like a TSX stock worth snatching up [on the dip](#).

How does the company look in early 2022?

Real Matters reported consolidated revenues of \$107 million in Q1 FY2022 — down from \$120 million in the previous year. It posted growth in its U.S. Appraisal and Canadian segments, but this was offset by a decline in the U.S. Title segment. This was due to a steep decline in refinance market volumes of 31.2%. Adjusted net income fell to \$3.5 million compared to \$12.0 million in the prior year.

The company announced the launch of four new lenders and one new channel with another lender in U.S. Appraisal in the first quarter. Can investors trust Real Matters, as the North American housing market faces a tough test in 2022?

North American real estate markets have thrived on historically low interest rates and friendly credit policies over the past decade. In Canada, the housing market has beat back every threat from a near collapse of alternative lenders in 2017 to the onset of the COVID-19 pandemic in 2020. Meanwhile, the housing market in the United States has picked up in the face of the global crisis. This has ignited

concerns about another housing bubble with the 2007-2008 financial crisis so fresh in the minds of investors.

On January 26, both the Bank of Canada (BoC) and the U.S. Federal Reserve opted to stand pat on the benchmark interest rate. However, central banks have telegraphed that upward moves are on the way in March and likely several more times in 2022. This poses a threat to an industry that has relied in part on easy credit being available to prospective buyers.

Should you buy Real Matters stock today?

Real Matters stock currently possesses a price-to-earnings ratio of 14. That puts the stock in favourable value territory at the time of this writing. Its stock plunged into technically oversold territory in late January. Real Matters has since rebounded to neutral levels, but it is not too late for investors to jump on this dip. This company still boasts an immaculate balance sheet and is on track for strong earnings growth going forward.

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