

## Billions of Snowflakes in Summer & Eye-Popping Housing Stats

### What is the Real Valuation of Snowflake?

Technically, it was still summer when shares of Snowflake, a cloud data warehousing company, dizzily zoomed upward on their first day of trading in the biggest software IPO ever. Interestingly, the expected debut price of Snowflake was originally in the \$75 - \$80 per share range, but then it was announced that Warren Buffett and Salesforce were both sinking hundreds of millions into Snowflake via a private placement. That news helped push Snowflake's IPO expectations up by about 50% to the \$100 - \$120 per share range.

Demand for the IPO was so great that shares finally ended up debuting at \$245/share – more than triple the original expectations. Sure it might have been tempting to invest as you watched the first day of trading unfold and its stock price zoomed from \$245 to \$275 to \$300 to a high of \$319. And by the time it settled at \$253.93, you might have been amazed at its 112% gain. But how many investors truly realized a gain of 112% in the first day? And what is the true valuation of Snowflake?

When Snowflake's price was first announced, it was in the \$80 range, which would have pegged the company's valuation at about \$22 billion. Within the first day of trading, however, Snowflake was trading over \$300/share, which would be a valuation of about \$70 billion.

Is it worth \$70 billion? Or \$22 billion? The answer to that is very murky and depends on a lot of assumptions.

But for those who think they missed out on an exciting IPO, heed the words of Frank Sloatman, Snowflake's CEO, when he said: "What you're seeing is the difference between the frothy, opportunistic retail side of the marketplace and the long-term shareholders."

### Housing is Very Hot

On Tuesday, September 22<sup>nd</sup>, the National Association of Realtors released Existing Home Sales Data for the month of August and not only was August the third consecutive month of positive sales gains, but all four major regions of the country experienced month-over-month and year-over-year gains.

Consider these eye-popping stats:

- Total existing-home sales rose 2.4% in August.
- Sales were up 10.5% from a year ago.
- August's national price increase marks 102 straight months of year-over-year gains.
- Unsold inventory sits at a 3-month supply.
- Properties typically remained on the market for 22 days in August.
- Sixty-nine percent of homes sold in August 2020 were on the market for less than a month.

### Home Prices Skyrocketing from August 2019

Consider these eye-popping price increases:

- The median existing-home price for all housing types in August was \$310,600, up 11.4% from August 2019 (\$278,800), as prices rose in every region.
- Existing-home sales in the Northeast jumped 13.8% in August and the median price of \$349,500 was a 10.4% increase from a year ago.
- Existing-home sales in the Midwest increased 9.3% from a year ago and the median price of \$246,300 was a 10.7% increase from a year ago.
- Existing-home sales in the South rose 13.0% from a year ago and the median price of \$269,200 was a 12.3% increase from August 2019.
- Existing-home sales in the West leapt 9.6% from a year ago and the median home price of \$456,100 was a 11.8% jump from August 2019.

### More Data Later in the Week

More economic data will be released later this week, including Jobless Claims on Thursday and Durable Goods data on Friday.

Sources: [nar.realtor](http://nar.realtor)