Cascade Investment Advisors, Inc.

Get To Know Your Stock: CoreLogic, Inc.

CoreLogic (NYSE: CLGX) is in the business of analyzing residential real estate, including transactions, collateral quality, hazards, performance and management costs. If you have had a roof over your head, you have benefited from CoreLogic services. The company we see today is the amalgamation of several divisions of disparate companies brought together over decades.

The story began in 1991 when three real estate information firms combined certain of their divisions to make a single service company which was eventually named Experian. The central business of Experian was credit reporting, but it so happened that some of credit reporting had to do with home mortgages. This spurred development of analytics to evaluate homes as collateral. This portion of Experian was sold to First American Financial, a title insurance company. At this point, real estate had a bit of a 'wild west' reputation, with fraud around valuations and transactions uncomfortably common.

A few years later, two college friends who had spent years trying to cook up a business together began work on real estate valuation models, offering a service that helped spot fraud in the business and also allowed single point access to multiple models at once. This became CoreLogic Systems. This new approach caught the eye of First American, which bought CoreLogic, combined it with its own real estate analytics operations, and eventually spun it out to stand on its own.

CoreLogic has purchased a number of niche real estate companies since it moved away from its First American parent, the most notable of which is the Case Shiller home price index service. Case Shiller is a robust database of home prices tracking back several decades. It can tell you, for instance, that Portland, Oregon home prices basically didn't drop at all in the 1990 and 2001 recessions, but did drop almost 20% in the 2008/2009 recession. On the other hand, Boston home prices sank like a stone in 1990, but rose strongly in 2001.

CoreLogic is also deeply into weather. Obvious weather risks include water, fire, hail and wind. But in the category of water, CoreLogic analyzes 'weather' created by your own appliances, such as burst water heaters and leaking washing machines. The company has a risk profile for badly behaving appliances!

CoreLogic does best when real estate activity is hopping, but it still makes profits even when the market is sleepier. Insurance companies use it for pricing property insurance, real estate managers use it for predicting rental performance, and if rates fall enough to spur refinancing's, that can kick off borrower evaluation, underwriting work flow management and a host of other services.

The company operates mostly in the US but does have a division in Sydney, Australia. It has 5800 employees, and in a nod to shareholders, it just initiated its first ever dividend. The dividend is a mark of confidence that after these decades of organization and re-organization of the bits and pieces that comprised it, CoreLogic has finally grown up.