The Canadian Proptech Race to Automated

Property Valuation Supremacy

Insightt hereby designates Automated Property Valuations (APV) developed by real estate related companies a key **"Disruption Tool"**.

Disruption tools have the potential to dramatically change the face of the real estate industry. No where is there a better example of real estate disruption than Zillow in the United States and their "Zestimate", an APV has been at the forefront of Zillow's breathtaking rise to prominence within the industry.

What they have accomplished with the Zestimate is nothing short of impressive. The Zestimate tool is able to estimate a property's real time market value with an accuracy that is within 5% of its selling price, 82% of the time across the entire United States.

The Zestimate was introduced more than a decade ago and since then it has become a big hit with both homeowners and wanna-be homeowners. It has been a game changer for their business model. To learn more about the Zestimate model and its accuracy, Insightt created a Zillow Zestimate 101 resource article, click here to view.

Now that Zillow is firmly established as the APV champion in the US market, Insightt has researched the market to see who has the potential to claim this crown in the Canadian the real estate industry? So far, there is no clear-cut winner, but there are number of proptechs that are making some huge strides.

Insightt monitors and tracks innovation in the Canadian real estate industry to identify which proptech disruptors will lead the way forward in the automated valuation race. At this time, we see three Canadian proptech companies that understand the importance of big data, artificial intelligence and have already developed industry leading APV's. These three companies that are our current picks for having the best chances for automated valuation supremacy in Canada include:
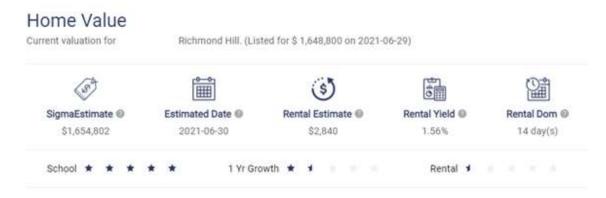
House Sigma: this proptech real estate brokerage was the first real estate brokerage to make real estate housing market information simple and easy to understand for consumers, real estate investors and even Realtors. The brokerage has made a conscious effort to leverage data and technology as a differentiator and they have done a great job. House Sigma has created interactive, visual and real rime housing market information, something that has always been lacking in the Canadian real estate market. Don't believe us, see for yourself how impressive their housing market information is: https://housesigma.com/web/en/market

House Sigma has also developed a robust and accurate APV tool that they include on every listing called SigmaEstimate. We have included their results for a property listed in Richmond Hill, ON.

Home Value
Current valuation for Richmond Hill. (Listed for $ 1,648,800 on 2021-06-29)

SigmaEstimate	Estimated Date	Rental Estimate	Rental Yield	Rental Dom
$1,654,802	2021-06-30	$2,840	1.56%	14 day(s)

School ★ ★ ★ ★   1 Yr Growth ★ ↘   Rental ↘

Source: House Sigma - https://housesigma.com

House Sigma shows their strength as a data company since they are able to provide rent estimates, rental yields and even let the consumer know the state of the real estate market as shown below:

Market Demand:

Buyer's Market | Balanced | Seller's Market

Source: House Sigma - https://housesigma.com

Zolo Realty: This is another impressive proptech real estate company that has been in the market for some time now and have been leveraging technology and data. The team at Zolo have built an impressive real time property valuation model, which we have tested with impressive results. Below is an example of a real time property value estimate generated by Zolo Realty for a townhouse in Waterdown, ON.

Your Estimate

Cole Street, Waterdown, ON, Canada
3 bed, 2000-2500 sqft, twnhs

The approximate value is:

$962,104

Source: Zolo Realty - https://www.zolo.ca/compare.php#valuation

Properly Homes Brokerage: The team at Properly has not only raised a lot of private equity capital to propel their rocket ship real estate brokerage, but they have the potential to disrupt the real estate industry. The team at Properly has focussed on solving customer pain points in the real estate transaction through a Sales Assurance program and they also have built a very impressive property valuation model that leverages artificial intelligence. What we like about their Properly valuation solution is that the client validates key facts about the home in their APV which will help to make it more accurate.
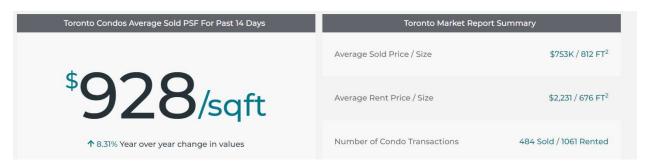
Source: Properly - https://www.properly.ca/

We also wanted to give an honourable mention to Condos.ca even though they have not yet listed a real time APV on their website. This company has the data capabilities and strength to have an APV up and running very quickly.

Property.ca Inc. Brokerage: this real estate brokerage has been around for some time now and have been a clear leader dealing with big data and market information in the condominium market. What is most impressive about this company is that they look at the selling price of condominiums on a price per square foot. The company has built a competitive advantage by sourcing square footage information to be able to provide this helpful information to their clients and agents. While at the time of this article, the company did not have a real time property valuation tool shown on their website, they have the data capabilities and strengths that would allow them to have one up and running very quickly.

Toronto Condos Average Sold PSF For Past 14 Days	Toronto Market Report Summary	
$928/sqft	Average Sold Price / Size	$753K / 812 FT^2
↑ 8.31% Year over year change in values	Average Rent Price / Size	$2,231 / 676 FT^2
	Number of Condo Transactions	484 Sold / 1061 Rented

Source: Condos.ca - https://condos.ca/

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Putting it All into Perspective:

While we have only featured four proptech companies in this article, there are plenty of great start-ups building impressive property valuation models. Some notable companies that have made great headway with data, insights and building an APV include Buy Properly, Konfidis and Offerland.

We see real time property valuation as a key **Disruption Tool** in the Canadian market. Real estate companies that are not making serious investments in data and technology are at risk of being disrupted.

Article Written By:

Brian Bell – MBA, M.Pl, Broker

Brian is a real estate and technology consultant and founder at Insightt. Insightt helps companies real estate and real estate related companies understand the risks of disruption, but more importantly help them take innovation to the next level through data, technology and training. See our latest research reports at insightt.ca

Bruce Atyeo: Bruce has 40 years of experience as an institutional client of the residential real estate industry.

Bruce co-founded Canada's largest relocation management company and is highly regarded for his innovation within this industry. Bruce and his team pioneered many innovative relocation practices that continue as industry standards.

Bruce provides valuable real estate industry experience and insights to our team.