



AVM
POWERED BY TERANET

Insightful data to enhance your valuation needs

The Teranet Automated Valuation Model (AVM) produces current market estimates for residential properties across Canada using advanced mathematical models and Teranet's national property information database.

Our AVM is an invaluable tool to assist financial institutions to manage opportunity and risk across the entire spectrum of the lending lifecycle: from prospecting and acquisition, to funding, to portfolio management, and finally to client retention and growth.



Efficiently Manage Your Business



Improve Customer Acquisition

Gain deeper insights into target markets through real time valuation of customer's real property assets.

Immediate LTV determination for faster approvals or valuation service escalation, enabling lower costs to acquire and faster turn-around-times.



Optimize Portfolio Management

Ongoing assessment and reporting of overall property values in a lending portfolio.

Prioritize and intelligently manage recoveries knowing consumers real estate ownership and equity position.



Optimize Risk Mitigation

Estimate the potential LTV as part of your collateral risk assessment.

Access additional dimensions of property value, risk profiles and equity position to determine viability of loan.

Performance Metrics of the Teranet AVM

Teranet reports AVM accuracy by comparing the actual sale price against the AVM prediction immediately prior to each transaction. Detailed performance reports are available upon request.

Our current AVM covers:

80% More than 80% of total properties across Canada

90% More than 90% of total properties across all Canadian urban centers

The Teranet AVM Methodology

The Teranet AVM leverages a cascade of two proprietary statistics models to provide the best valuation of properties based on available neighbourhood information.



The **Teranet Machine Learning Model** is a boosting-based machine learning model. Boosting is a machine learning ensemble meta-algorithm used primarily to reduce bias and variance in supervised learning algorithms. This model leverages a rich dataset including land registry data (i.e. title data, sales data and parcel data), property data (i.e. tax assessment data and structural data), demographic data and neighbourhood specific data, and other derived data from internal data processing.

A machine learning model is able to learn from these transactions and the contribution of each attribute on a property valuation in a short period of time – a feat not easily achieved by human statisticians.

The **Teranet Sales Comparison Model** is a comparable sales model based on two primary underlying processes: the selection of ‘comparable sales’ meaning the determination that another recent and proximal property sale is a suitable comparable; the adjustment to valuation for significant differences between the subject property and the property of the comparable sale. This model leverages a rich dataset including land registry data (i.e. sales data and parcel data), property data, neighbourhood specific data, and other data derived from internal data processing.

The Sales Comparison model evolves through adjustments to the definition of ‘comparable neighbourhoods’ from which comparable sales are selected and the ongoing responsiveness of the valuation adjustments as the weighting of attributes may change over time.



Teranet’s AVM product is blend of estimation models where values are chosen from the model that displays the best accuracy profile for a region and property type based on back testing. Each model’s performance is reviewed on a monthly basis and changes are made accordingly.

Get the Competitive Advantage Today

To learn more about how to accelerate your business with the Teranet AVM, please contact your dedicated sales professional today.

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