ATLANTA COMMUNITIES
REAL ESTATE BROKERAGE

AUTOMATED VALUE MODELS

PROPERTY INFORMATION

ADDRESS   MLS #

WHAT IS AN AVM

AVM stands for "Automated Valuation Model." It is an estimated fair market value for a property, produced by a computer learning model. They are just one example of the many ways big data is playing a part in real estate.

Automated Value Models (AVMs) are used extensively in real estate to provide quick and data-driven estimates of a property's value. Here are ways they are utilized and the value they bring:

1. **Home Value Estimates:** AVMs are commonly used by real estate websites (e.g., Zillow, Redfin) to offer consumers an instant estimate of a home's value.These estimates help buyers and sellers get a ballpark figure of what a home might be worth.

2. **Lenders and Mortgage Providers:** Lenders use AVMs to assess property values during the mortgage approval process, especially for refinancing or low-risk loans. They can sometimes replace or complement in-person appraisals when speed or cost savings are important.

3. **Comparative Market Analysis (CMA):** AVMs assist in providing initial price estimates for homes before conducting a more thorough analysis. This helps set a baseline for listing prices and advising clients on market positioning.

4. **Real Estate Investment:** AVMs are used to evaluate potential investment properties quickly. By comparing AVM estimates with other data, they can assess whether a property is priced fairly or represents a good investment opportunity.

5. **Insurance:** Insurance companies may use AVMs to help determine the replacement cost of a home or its market value for coverage purposes.

LIMITATIONS OF AVMs

While AVMs are valuable, they do have limitations:

- **Lack of Property-Specific Details:** AVMs often do not account for the unique features of a home, such as renovations, upgrades, or its condition, which can lead to inaccuracies.

- **Geographic Variability:** AVMs can be less reliable in certain areas, especially in rural regions or where there are fewer comparable sales.

- **Market Volatility:** In fast-changing markets, AVMs may not always reflect the most current pricing trends or economic conditions.

AVMs are nowhere near being able to replicate the thorough price analysis of an experienced agent. The CMA is still far superior to computer models at identifying a price for a home. And working with an agent who knows the market is still better at selecting comparable properties, and have more comprehensive access to information about subject properties using MLS data. But when used properly AVMs can be of great benefitt.

YOUR HOME'S 'AVM' VALUES

We incorporate the following AVMs as supplementary valuation tools in our analysis to help clients establish a solid baseline for determining a competitive asking price in the market.

AVM VALUE SUMMARY

HIGH	MEDIAN	LOW

Zillow

ROCKET Mortgage

PENNYMAC

Homes.com

Rate

CRS Data
➥ SP/Tax Appr Ratio

realtor.com

CHASE

➥ Cost per SqFt

REDFIN

BANK OF AMERICA

➥ Home Price Index