# The reality of online real estate values

Someday, when the machines take over, if a homeowner contacts you about selling his house, you'll dispatch a fleet of drones packed with sensors and cameras to his property. The drones will scan the house (noting its condition and features), plug the data into an algorithm, and give you a remarkably accurate estimate of the selling price for that property.

That day has not come.
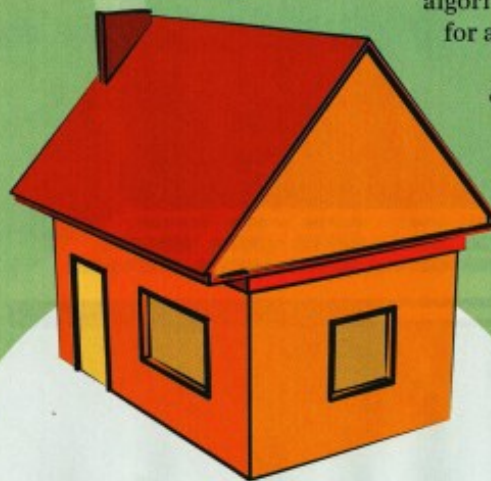
Although automated valuation models (AVMs) are widely used—they power online price estimators at sites like Zillow—their accuracy and reliability vary considerably. Here's background about what AVMs are and information to show consumers *you're* the best source to help determine a sales price or offer amount.

What is an AVM?

Automated valuation models (AVMs) plug basic property characteristics, publicly available data, local market information, and price trends into a computer algorithm to arrive at an estimated value for a property.

Different companies use different AVMs. Each one relies on its own formula and data sources, which companies don't reveal. But those that do not use MLS data are obviously less accurate than those that do, further contributing to the unreliability

A better kind of AVM available only to REALTORS®

The automated valuation models available to consumers may have drawbacks that affect their accuracy, but you, as a REALTOR®, have access to a different, better one—the REALTORS® Valuation Model (RVM). Why is an RVM better? It uses better data, as the vast majority of MLSs in Texas authorize their data for RVM; therefore, an RVM is consistently more accurate than other AVMs. You can access the RVM through REALTORS® Property Resource, a comprehensive database of property information available only to REALTORS®, at narrpr.com.

and inconsistency of the estimates.

Most models do not account for property condition. For example, two adjacent houses built in 1973 that are the same in every way will generate very similar estimates, despite the fact that one has new siding and a modern kitchen and bathrooms while the other has the original avocado green fixtures and rotting siding.

These AVMs will not deliver an accurate price for a property in Texas. Consumers need your expertise and data to properly price their home for sale or make a fair offer for a property.

What to tell consumers about AVMs

A seller tells you that her property should be priced at $320,000. You ask her how she arrived at that figure, which you think is too high, and she says, "On this website." What's your response?

You don't need to come up with an explanation of why sites that use automated valuation models aren't accurate. Those sites have already done it for you. See what these sites say—in their own words—about the values they produce on page 17.

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