



## Tired of High Home-Buying Costs? This Company Aims to Change That in 2020

### Description

Does the high cost of buying a property in Canada in 2020 have you worried? Buying a home in Canada can be a stressful experience.

Not only are the housing prices in markets such as Toronto and Vancouver becoming unaffordable, but there are also high costs of closing a housing deal that you have to take into account.

There are realtor and legal fees, and you must consider the cost of mortgages and insurance as well. One company that is aiming to reduce those costs is **Real Matters** ([TSX:REAL](#)).

### Real estate disruptor

Real Matters is a relatively newly publicly listed company. Its stock was listed on May 12, 2017. The company provides mortgage title and closing services all across North America. Real Matter's platform uses proprietary technology to create a marketplace for mortgage lending and insurance industry services.

The company aims to disrupt the real estate industry and bring transparency and efficiency to the home-buying process. Real Matters boasts of a 95% customer-retention rate, which is very impressive.

### Early struggles

Real Matters had a rough start. Shortly after its IPO debut for the year 2018, the stock had a total return of -60.56%. This massive drop was caused by its decline in revenue and subsequent income loss of US\$4.6 million.

Tech stocks are not for the faint of heart, so invest wisely and diversify properly. However, in 2019, it seems like the stock is back on track.

## Rapid growth

With a market cap of \$846 million, Real Matters stock has performed exceptionally well since the start of 2019. With a return of 228.79%, had you invested \$10,000 in Real Matters on January 1, 2019, your investment would be worth \$33,287 today, just over a year later.

The company was rapidly expanding in the U.S. in 2019. Sales in the U.S. grew 26% for titles and 14% for appraisals. Revenue from the latest quarter was US\$322 million, which is up 14.6% from the previous year. Net income has similarly shown an increase from a loss of US\$4.6 million in 2018 to a gain of US\$9 million in 2019.

With a price-to-earnings (P/E) ratio of 31.5, the company is pricey but justified for a rapidly growing tech company.

## Big opportunity lies ahead

Real Matters feels like they have just scratched the surface of the total market opportunity. The company values the market at US\$13 billion. The company claims to hold 20% of the market for appraisal software in America. It's expecting to expand by between 15% to 20% over the next year.

The company also claims over 60 of the top 100 mortgage lenders in the United States as customers who use its platform and is trying its best to grow that number to 100.

## Conclusion

Real estate has traditionally been resistant to disruption, which is why the fees to closing are so high. Technology has disrupted so many industries. We've seen it happen with the travel, taxi, and phone industries, just to name a few. It's just a matter of time before companies like Real Matters start disrupting the real estate industry. Home buyers would welcome lower transaction costs with open arms.

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1. Investing
2. Tech Stocks

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