



\$10,000 Invested in Real Matters (TSX:REAL) in 2018 Is Worth This Much Today

Description

An obscure firm from Markham, Ontario, flew under the radar in recent years until it became [Canada's top-performing tech stock](#) in 2019. **Real Matters** ([TSX:REAL](#)), a network service provider for the mortgage lending and insurance industries, was the toast of the town that year after posting a total return of 273%.

In 2020 COVID year, the \$1.36 billion company was included in the second edition of the TSX's Top 30 growth stocks (rank 22) on account of its impressive share price appreciation over a three-year period. Had you invested \$10,000 on November 27, 2018, your money would be worth \$53,156.15, a total return of 431.6%.

Key growth driver

The combination of proprietary technology and network management capabilities is the key growth driver for Real Matters. Through its platform, tens of thousands of independent qualified field agents create a marketplace for mortgage lending and insurance industry services.

These field agents, mostly residential real estate appraisers, vie to deliver performance-driven services, bring superior quality, transparency and efficiency. Real Matters do away with the traditional high-touch, more costly, labour-intensive, and lengthy processes.

Multi-pronged strategy

The addressable market in the U.S. is huge. Real Matters is resolute and determined to capture a significant market share. By leveraging its network management services platform, it can consistently outperform competitors in Canada and across the border. Its share in the residential mortgage appraisal market (purchase and refinancing) should grow exponentially. Similarly, the multi-pronged strategy aims to disrupt the title and closing market.

Blue-chip client base

Thus far, the strategy is working pretty well. Real Matters' best-in-class technology-based platform attracted a prestigious client lineup. Its customer base today includes approximately 60 of the top 100 U.S. mortgage lenders. Furthermore, the client retention rate is a very high 95%.

Real Matters' technology is the primary reason it's the top-of-mind choice in the mortgage lending and insurance industries. The competitive advantage should be long-term and would generate increasing revenues in the coming years. Management said it would focus on a scalable software development discipline, operational excellence, and total commitment to client service. Clients and investors can expect long-term value.

Stellar fiscal 2020

Real Matters CEO Brian Lang was proud to report that the company capped off fiscal 2020 with a 41.4% increase in consolidated revenue versus fiscal 2019. Net income grew by 323.8%. Notably, the business performance in 2020 surpassed management's fiscal 2021 targets, or one year ahead of the committed timeline.

Very few companies can report such achievement in the wake of a global pandemic. The [low-interest-rate environment](#) favours Real Matters. Two of the 13 new lenders that went live in 2020 belong to the top 100 U.S. lenders. After garnering an 11.7% U.S. appraisal market share, the company targets between 15% and 20% in 2021.

Banner year

This early, management has fully defined performance targets for fiscal 2025. Given Real Matters' growth plans and future direction, market analysts recommend a buy rating. They forecast the stock price to climb 99.8% to \$31.97 in the next 12 months. The tech stock's current share price is a good entry. Invest now to ride on the momentum. I won't be surprised if 2021 ends up as the banner year.

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