



3 winning teams improve Zestimate accuracy in Zillow competition

Competitors were tasked with increasing the precision of the portal giant's home value estimator

BY [EMMA HINCHLIFFE](#) ★

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Competitors in a Zillow competition [improved the accuracy of the company's Zestimate](#), or home value estimator, by 4.4 percent — and will move on to develop a sale price algorithm in the competition's million-dollar second round.

The [machine learning competition](#) through the data science site [Kaggle](#) launched in May 2017 and drew more than 3,800 teams from 91 countries. One-hundred of those teams moved on to the second round and the top three won a total of \$50,000 from this round of the competition.

Zillow says its Zestimate tool has a rate of error of 4.2 percent in the three counties specified for the competition and tasked competitors with improving that accuracy. Teams worked across Slack, GitHub and Google Drive and ran up costly electric and cloud server bills trying to revamp Zillow's flagship tool over several months.

improvements in the Zestimate's accuracy," Zillow Group Chief Analytics Officer Stan Humphries, who built the Zestimate tool, said in a statement. "We hope Zillow Prize not only inspires current data scientists to dive into the world of real estate valuations, but also inspires a future generation to consider a career in data science and machine learning."

Zillow's Zestimate tool is specific to the U.S. real estate market, and competitors from around the world worked on the feature with varying degrees of knowledge of U.S. real estate.

Russ Wolfinger from the United States, Dmytro Poplavskiy from Australia and Jonathan Gradstein from Israel improved Zillow's home value estimator accuracy more than any competitor — by 4.4 percent — to reach a 4 percent rate of error. The team met online in another contest and took home \$25,000 for first place for Zillow's competition.



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A father-daughter team from Switzerland — Phil Margolis and 21-year-old Isabel Margolis — came in second place and won \$15,000.

"I've bought and sold a home in the U.S., and you look at properties, and there's all these theories about how to value them," Phil Margolis said in a statement. "This was really an interesting case where we could apply really advanced machine learning technology to real-world data."

Ryuji "Jack" Sakata, a data scientist at Panasonic in Osaka, Japan, came in third place and won \$10,000.

"I am not familiar with the U.S. housing market, but a challenge of creating a real forecast for the future was very interesting," Sakata said in a statement.

In the next round, the remaining 100 competitors have to build an algorithm that will predict sale prices, using many of the same tools and data points Zillow does: deep learning, hyperlocal data sets, county and tax assessor records and multiple listing service data. The algorithms will be judged against real-time home sales from August through October of this year.

Zillow expects to announce winners of the \$1 million first prize, \$100,000 second prize and \$50,000 third-place prize in early 2019.

Email Emma Hinchliffe

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A very interesting and worthwhile project. Since the day that Rich Barton announced the existence of

consumers are demanding that things be delivered on demand. That's why Amazon collected \$89 per user times 100 million plus users for Amazon Prime - in one weekend. Order today, get it delivered today. Even the mortgage underwriting and approval processes have been fully automated by companies like QuickenLoans, Carrington and loanDepot. Why as an industry are we the very last ones to embrace what the consumer has demonstrated they want? This historical attitude is without question our true Achilles' heel.

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Hank Miller Team/Harry Norman Realtors

AVMs and Zillow were/continue to be genuine disruptors for good. However...

I'm a certified appraiser with 29 yrs of full time experience. AVMs have a ceiling, never forget that. They cannot account for the external factors, the internal factors, buyer and seller motivations surrounding sale price and the most critical factor - accurate data. We all know the nonsense found in the public records and found in MLS listings - inaccurate and misleading is kind.

I just completed an appraisal on a sprawling 7 figure home with inlaw apartment over the detached garage. The agent simply included that area and those rooms into the GLA and room count. Agents routinely include basements into the room counts and GLA - all contrary to FNMA regs. Blame it on ignorance or willful misconduct...

So no matter how good the algorithms, if they're based upon garbage....but good for Z to keep pushing

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