

Consumers will drive change in property sector over next few decades

Linda Erasmus, chief executive of Fine & Country Sub-Saharan Africa, attended this year's Inman Conference in San Francisco in the US where top real estate professionals from around the world meet annually to get a feel for the state of the industry.



Image source: www.pexels.com

The event is the brainchild of Brad Inman, a businessman and entrepreneur in his own right. "This year was the 20th Inman Connect which turned out to be an event that was well timed with its content at this stage in my career," says Erasmus.

The basis of the convention was planned for open discussions by industry leaders on how to develop the real estate channel in not only a changing market, but also how to deal with the high speed of implementing these changes. The convention can be seen assisting individual businesses to find a model to connect with as the ongoing challenges between technology and human input continues.

Fear of technology-driven assistance

Erasmus says that the speed of changes in terms of service to the consumer is held back in South Africa by traditional agents who are still living in fear of technology-driven assistance. "Estate agents need to understand that the consumer will drive the change over the next few decades and the industry will be forced to deliver faster, smarter and more accurately than ever before."

Consumers will search for information and platforms with which to engage. According to Erasmus, real estate marketing is similar to the film industry - some films will be Box Office greatest hits and others will disappear from the grid with no notice at all: "The same can be said of the Facebook posts, the Instagram photos, the blogs and the newsletters produced by future agents. Many agents get a false sense of achievement thinking that they do participate on platforms, such as Facebook, even if the content means nothing to the customer. In order to create a movie that is a Box Office success, the director needs to create careful choreography between the players. In real estate offices, the same choreography element will come into play, as agents will need to work together in the interest of the audience in order to achieve success."

New models for real estate companies

Erasmus says that it is evident from the high number of professionals attending the conference that the real estate industry across the globe has woken up to acknowledge these changes as well as the expectation of today's customers.

"Some millennials have grown up to change the world of real estate and we can expect a couple of new models for real estate companies in the future. The early signs of this have already been experienced in South Africa," she says.

Erasmus also notes that a possible model where technology will facilitate all interaction with the customer may arise, where a reduced fee may attract the client. Purple Bricks and Lead Homes are good examples of these models. More of these models are expected to pop up, however the cost of technology will require a huge capital investment upfront.

Other insights around the business of real estate indicated that the traditional model may turn into a new model where more individuals participate in different steps of the transaction - a transaction choreographed by a team instead of one agent. The company share of the commission will become higher and agents receiving 60% and higher of the agreed commission (as per the traditional model) will soon disappear.



Has technology truly diminished the value of estate agents?

Ronald Ennik 19 Jul 2018



More office-bound employees

With a focus on the consumer and every step of the deal being monitored to enhance customer satisfaction, the end result for these companies will be buyers and sellers returning time after time. These companies may employ more people who are office bound and fewer interacting with clients in their homes concluding the negotiation process. A number of consumers will still pay a higher fee for excellence and services that cater to their needs.

The model where agents receive 100% of the commission will remain, however these will be the agents who embrace technology to assist them. They will face a cost to use developed technology for assistance, which may be costly.

The battle between the different models has already come to light in the last few years. Some agents do have technology in their offices but still make no effort to engage, leaving their clients with a low level of customer service.

Where the consumer becomes king, companies will monitor activities of agents more closely and each step of the sales process may be monitored to keep the customer engaged and satisfied.

Collaboration key

"It was such an insightful session when Inman addressed the real estate CEOs of the world. The outcome of their thoughts

on how estate agents will look in the next couple of years could be quite an eye-opener for agents who still do what they did 20 years ago and principals who think that serving the estate agent is more important than serving the customer,” says Erasmus.

The true question that emerged is how tech companies, real estate agencies and their employees, including estate agents, can all move faster and better, together.

For more, visit: <https://www.bizcommunity.com>