

# Despite rising use of tech during lockdown, property sees minimal disruption

The estate agent versus proptech disruption debate was recently explored during a Let's Talk Property webinar hosted by Real Estate Investor and eLan Property Group. The panel largely agreed that while proptech advancement has accelerated during the Covid-19 lockdown, there have been no dramatic changes in the industry and not much disruption on the immediate horizon.



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Panellists included Samuel Seeff, chairman of the Seeff Property Group, along with other executive heads of traditional and online estate agencies and a property portal. The panel largely agreed that while proptech advancement has accelerated during the Covid-19 lockdown, there have been no dramatic changes in the industry and not much disruption on the immediate horizon.

Samuel Seeff, chairman of the Seeff Property Group and one of the panellists on the webinar, says that if ever there was a time for proptech to take centre stage, it was during the Covid-19 lockdown, yet despite the significant use of technology and advances, it was only really when agents were permitted to assist purchasers with physical viewing and negotiation to conclude deals that the market started moving again.

He notes that it is not just in SA, but across major markets, including the USA, where it is now clear that while technology is enabling estate agents to provide a more professional service, it is not replacing agents any time soon.

## Property particularly resilient

Despite estate agents being singled out for disruption, Seeff says that it is interesting that of all industries, property has been particularly resilient in terms of disruption. The reality seems that people are just not comfortable with their biggest asset being traded purely online, he says.

Selling and buying a home is the single most significant financial transaction that most people will ever make. It is not like buying a pair of shoes or even a couch online. The costs and consequences are significant, explains Seeff. Given the financial and legal complexity, sellers and buyers need the assistance of a professional intermediary, preferably a trusted local operator with a track record in the area.

The disruption that we have seen has been in terms of the professionalisation of the industry through the new qualifications framework together with proptech which enables agents to offer a faster and more professional service to sellers and buyers, he says further.

## Critical role of an estate agent

Important aspects of the transaction between seller and buyer, however, still requires a trusted agent who can guide the seller and buyer through the process and provide guidance on financing options, pricing, and the market. The critical outcome and objective of any real estate transaction is negotiating and facilitating an equitable win-win outcome for both seller and purchaser and this is the critical role that an estate agent plays, says Seeff.

Sellers and buyers also still largely make use of recommendations. As one panellist mentioned, in the USA, statistics show

that 90% of real estate business comes from referrals and repeat business. This, says Seeff, is largely due to the human interaction and experience.

Agents who have not yet adapted to new technology may be finding it disruptive, but Seeff says that most are embracing and adopting technology. Certainly, within the Seeff Property Group we are seeing a high rate of adoption, he says.

Generally, what has been punted as disruption by newcomers have added nothing new to the industry in terms of technology or systems which traditional agents are not already offering with great success, says Seeff. Property portals, for example, disrupted the print advertising industry, not estate agents.

## **Automating the real estate chain**

Real disruption raised by one panellist, and Seeff agrees, will only come once the entire real estate chain is automated, from the banks to the municipalities, signature of documentation and the deeds offices. It was cited that in the USA for example, the transfer of a property can now be registered within seven days.

Flowing from this, another panellist noted that big data will be another disruption in the form of real time data, analytics and trends to enable agents to better advise clients and predict how the market may move. This can however only flow from the full digitalisation of real estate transactions. Currently, data is about six months old, and possibly older now with the deeds office delays. Seeff says that to make informed predictions requires more accurate information.

Another potential disruptor which has been punted for the SA market is iBuyer. This being where technology is used to make an offer on your home instantly and the property is then later resold on the open market at a profit, generally after upgrading it.

Seeff says that it is questionable whether iBuyer will gain much traction in SA in view of the costs, including a higher interest rate and capital gains tax. It is much easier to buy and trade in markets where interest rates and property costs are lower, and it is unlikely that investors will see property as a viable investment here, he says.

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