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Asia edition

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# MODUS

ASK THE BIG QUESTIONS

Q1 2017

## GLOBAL POSITIONING SYSTEM

China plots its course  
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**ARE ESTATE AGENTS ABOUT TO BE**

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a buyer or vendor, there is an abundance of online firms clamouring for your business. With many offering more services and lower fees than traditional firms, could this spell the end of estate agents on the high street?

This is not the first wave of innovation to sweep over the property market. In the early part of this century, the emergence of online property portals moved estate agency online. But while sites such as Rightmove in the UK are run and used by existing agents, the current wave of innovation is being driven by firms with much grander ambitions.

Matt Robinson is the man behind London-based start-up Nested. He is also the co-founder of GoCardless, a company that allows small businesses to easily accept direct-debit payments, and which has raised close to £20m in funding. For his new project, he “wanted to get into a space where the average customer is extremely dissatisfied, and property ticked that box. None of the online agents are run by technologists. They are just estate agents who have thought, ‘maybe we could do this without a shop front.’”

Nested is aimed at vendors in need of a quick sale. Customers enter their property details online and are offered a guaranteed sale price within 24 hours. If the property sells for a higher price, the company takes 20% of the additional sum. If a buyer is not found within 90 days, Nested promises to stump up the cash. “It’s incredibly powerful for anybody who needs to move on a particular timeline,” says Robinson. »

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**AGENTS  
PROVOCATEUR**  
Proptech start-ups are moving in on estate agency, but are they underestimating the professional’s role in the sector?

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**G**eorge Spencer is not a fan of letting agents. “I’d moved two or three times in London and had a really bad time,” he says. The process of finding a property seemed full of inconvenience and expense for tenants. He suspected landlords were not finding the experience any better. “My dad’s a portfolio landlord; he constantly bitched and moaned about letting agents. These guys don’t deserve to exist in 2017. It seems like nobody is happy with the system.”

Six years ago Spencer launched Rentify, an online agency aimed at making renting easier for both landlords and tenants. He saw no need for a high-street presence or a fleet of branded estate agency cars. Instead, he ploughed the money he saved on these into offering a wider range of services and reduced fees. Prospective tenants could call to book viewings around the clock. Landlords were offered a tiered fee structure depending on the services they required. Rentify now claims to have 10,000 landlords using its services every month.

Spencer is far from the only tech entrepreneur to have spotted an opportunity in property. In the years since Rentify launched, a host of other start-ups have entered the estate agency market (box, overleaf). Purplebricks, an online firm that operates in Britain and Australia, now claims to be the third largest estate agent in the UK. Whether you are

Words *Mark Wilding*

## BEATEN BY A BETTER OFFER?

“For most people, buying a house means imagining a different future. Agents play a key role in that”

RICHARD DUNNING University of Sheffield

**M**uch of what businesses such as Nested and Rentify offer has been made possible by dispensing with many of the costs traditionally associated with estate agents. But they have found one element that is still indispensable: people. Nested still uses valuers to check the prices it guarantees. “People are incredibly important to our business,” says Robinson. Likewise, Rentify employs a team of agents to manage properties and strike deals with tenants.

Other start-ups work closely with more traditional agency firms. In Hong Kong, OneHouse is an online property portal that allows agents to bid for instructions on home sales. The site also allows buyers and sellers the chance to connect directly, but chief executive Chester Leung MRICS says most still choose to use an agent. According to Leung, OneHouse has helped new agencies find a space in a market traditionally dominated by established firms. “We’re finding new ways for SMEs to enhance their exposure and find new clients,” he says.

There is also evidence from other countries that suggests technology does not spell the end for traditional agents,

particularly in cases where online firms struggle to match the service provided by their high-street rivals. An RICS report published in January 2016, *New Business Practices: Estate Agency Interactions in England and New Zealand Housing Markets*, found that Kiwi clients continue to expect a high level of engagement from their agent and that “previous attempts of agencies offering lower fees and less service have tended to be unsuccessful.”

In the UK, online-only firms have established a foothold, but they continue to operate alongside both traditional agents and start-ups offering innovative approaches. Jan Hýtch FRICS, partner at estate agent Arnolds Keys and past president of the National Association of Estate Agents (NAEA), says tech firms have “realised the entirely automated model is too extreme for the average consumer and have gradually introduced more of the traditional services. At the same time, traditional agents have started to introduce the benefits of online service. So what’s happened has been a gradual creep towards somewhere in the middle.”

**T**he market currently supports businesses that provide a range of services with varying levels of engagement between agent and customer. Richard Dunning, research associate at the University of Sheffield and author of the RICS report, believes this will continue. “Buying a house is a difficult process to go through and for most people it means imagining a new, different future. Agents play a key role in that and it’s difficult for an online tool to do that at the moment.”

Mark Hayward, managing director at the NAEA, shares a similarly optimistic view. “The online models have found they have got to narrow the gap between online and traditional because people need people,” he says. Hayward believes existing agents should learn from their start-up competitors while maintaining a personal touch. “Don’t feel threatened. Adapt to it. With all threats there are opportunities.” ■

**DOWNLOAD THE RICS REPORT** on English and New Zealand estate agency at [rics.org/agencyinteract](https://www.rics.org/agencyinteract)

## TAKE FIVE

# The online start-ups remodelling agency

### RENTIFY

Aims to be a one-stop shop for landlords, and guarantees rents based on algorithm-generated valuations. Rentify says 10,000 landlords use its services every month. With more than £150m of property under management in London, the firm has its sights set on new markets such as Manchester and New York.

### NESTED

Founded by tech entrepreneur Matt Robinson, Nested caters to vendors in need of a quick

sale, the UK start-up offers customers a guaranteed sale price within 24 hours. Any sale above that valuation nets the company a 20% commission, but if the property fails to sell within 90 days, Nested will come up with the cash.

### ONEHOUSE

In a market dominated by major players, OneHouse aims to give smaller agencies a leg up. The Hong Kong-based portal allows agents to bid for instructions on house sales, while also

offering sellers and buyers the opportunity to connect directly. The company launched an online auction service for car parks earlier in 2016.

### PURPLEBRICKS

The online agency launched in April 2014 and now bills itself as the third largest estate agent in the UK. The company operates a hybrid model – attracting enquiries online but employing “local property experts” to provide valuations and assist with sales. The company floated

on the London Stock Exchange last December at £240m and recently expanded to Australia.

### JUWAI

Launched in 2011 and provides international listings in Chinese, catering to buyers from China who last year invested more than £35bn in properties abroad. Juwai claims to have more than 2.5 million listings in 89 countries and makes money from listing fees. A flotation on the Australian Stock Exchange is expected in the coming months.